Guidelines
Home Relocation and Purchase Loan

This Home Relocation and Purchase Loan program applies to new faculty members who hold regular, tenured or tenure track appointments at the rank of Assistant Professor, Associate Professor or Professor. The program was expanded (effective July 1, 2010) to also apply to the following categories of new faculty and new librarians who hold regular appointments, and whose appointment took effect on or after July 1, 2010: Assistant Teaching Professors, Teaching Professors, Artists-in-Residence, Academic Administrators, and Librarians. This program does not apply to anyone with a limited term appointment.

Members of the above group are referred to as below as “Eligible Member” or “Member” and they are eligible to apply for a Home Loan.

Application forms may be obtained from the Vice-President Academic and Provost’s website (http://web.uvic.ca/vpac/) or Financial Services (contact Teresa Rush at 721-7029).

Deadline
An Eligible Member must apply for the Home Loan no later than five years after the start date of his or her appointment. If the Member plans to purchase a residence prior to the effective date of his or her appointment, he or she may apply at any time after the appointment has been approved by the Vice-President Academic and Provost.

Terms of the Home Loan

- The principal amount of the loan is up to $35,000.
- The term of the loan is five years, unless renewed as specified below, or until the Eligible Member leaves the employ of the University, whichever is earlier.
- The principal amount of the loan is due and payable at the end of the first term unless renewed, and it must be repaid on the last day of the term of the loan.
- The loan is interest free during its term.
- The loan will only be given to assist with the purchase of the Eligible Member’s first owner-occupied residence in Victoria. The loan may not be used to refinance a purchase already made or to make a new purchase when the Member already owns a house in Victoria at the time of their appointment.
- Normally, the total amounts of the first mortgage on the property plus the University loan, plus any unsecured loan negotiated with the bank directly, must not exceed 95% of the purchase price of the residence.
- The principal amount may be repaid at any time or in installments during the term of the loan. However, no repayment is required until the end of the first term.
- A mortgage securing the loan will be registered against the title to the residence in the Land Titles Office. The University will pay all legal fees and registration costs associated with the registration and discharge of the mortgage.
- The loan funds will normally be released to the Member’s conveyancing lawyer by the University’s lawyer after the mortgage is submitted for registration in the Land Title Office.

Income Tax Implications

Vice-President Academic and Provost

October 2010
Because the loan is interest free, the value of the interest foregone by the University will be reported on the Member’s T-4 slip as a taxable benefit. The interest rate used to calculate the taxable benefit from the loan will be the quarterly rate set by Canada Revenue Agency for interest free loans.

If the loan qualifies as a Home Relocation Loan under the Income Tax Act, the Member will be able to deduct an off-setting amount to avoid tax on this amount.

The qualifications for a Home Relocation Loan include the requirements that the Member is moving within Canada, more than 40 kilometres and is purchasing the home to take up employment and relocate as a consequence. It is also restricted to the first $25,000 of principal and the first 5-year term of the loan. These conditions may change from time to time and there may be other requirements imposed as well.

Information on taxation issues can be found on Canada Revenue Agency’s website: http://www.cra-arc.gc.ca. Members are advised to consult an accountant or other financial advisor for further guidance.

THE UNIVERSITY MAKES NO REPRESENTATION ABOUT WHETHER YOUR LOAN QUALIFIES AS A HOME RELOCATION LOAN. IT IS UP TO ELIGIBLE MEMBERS TO OBTAIN THE NECESSARY TAX INFORMATION AND ADVICE.

Renewal of Loan

Six months prior to the end of the five-year term of the loan, a Member may apply for a renewal for another term of five years, provided the Member is continuing in his or her appointment.

Renewal of the loan is discretionary on the part of the University and may depend upon whether the University has sufficient funds available to meet the needs of new Eligible Members applying.

If the University agrees to renew, the Member must normally commence repayment of the principal by making monthly payments. Anyone who borrowed funds under this program prior to July 1, 2011 is required to pay the University at least $400 per month during the renewal term [Please note: If only the minimum monthly payment of $400 is paid, the residual on the loan after five years will be $11,000]. Anyone who borrowed funds under the program on or after July 1, 2011 will be required to pay the University at least $584 per month during the renewal term. All repayments are by payroll deduction each pay period.

The amount of the monthly payments may be reduced in exceptional circumstances.

The renewal term will be for five years or until the Member leaves the University’s employment, whichever is earlier. The remaining principal balance must be repaid on the last day of the term.

If renewed, the loan will continue to be interest free during its term.

If the University declines to renew the loan, the University will notify the Member not less than four months prior to the end of the initial five year term.

Sale of Residence

When a Member sells the residence for which the Home Loan was originally made, the amount of the Home Loan then unpaid must be repaid to the University.

The University may, in its discretion, agree to allow the Member to transfer the Home Loan to a principal residence that he or she is purchasing after sale of the original residence.

Such arrangements must be individually approved and must be discussed in advance with Financial Services.