

## Down Payment Assistance Program

### Fact Sheet

The Down Payment Assistance Program assists Prince Edward Islander's with modest incomes, who pre-qualify for an insured mortgage, to purchase their first home.

Eligible applicants can apply to receive a conditionally interest free loan for up to 5% of the purchase price of a program eligible home, to a maximum loan of \$11,250, with the loan proceeds to be used towards the down payment of the home.

<b>Eligibility:</b>	<ul style="list-style-type: none"> <li>- For an applicant to be eligible for assistance, the following criteria must be met:               <ul style="list-style-type: none"> <li>o The purchase price of the home may not exceed \$225,000</li> <li>o The property is in Prince Edward Island</li> <li>o The applicant is a first-time home buyer</li> <li>o The applicant does not have the financial ability to pay 5% of the purchase price without assistance of the program</li> <li>o The applicant is pre-approved for an insured mortgage by a recognized financial institution</li> <li>o The applicant has a satisfactory credit rating and must not have any defaulted outstanding debt obligation on file in the Province's Central Default Registry</li> <li>o The applicant's total household income is \$80,000 or less</li> <li>o At least one of the applicants is a Canadian citizen</li> </ul> </li> <li>- The purchased property must be the applicant's principal residence; rental properties, seasonal and recreational properties are not eligible.</li> <li>- Mobile homes are eligible provided they are permanently affixed to a property owned by the applicant.</li> </ul>
<b>Loans:</b>	<ul style="list-style-type: none"> <li>- The down payment assistance loan may be up to a maximum of \$11,250;</li> <li>- The loan must go toward the down payment and cannot be used for financing, closing or other costs.</li> <li>- The loans are conditionally interest free and are repayable over ten years.               <ul style="list-style-type: none"> <li>o The loans will bear interest at fixed rate of 5% per annum which will accrue and accumulate during the term of the loan, and be forgiven when the loan principal has been repaid in full;</li> <li>o Payments will be applied to loan principal, but should the program participant default on their repayment obligations under their loan, the unpaid loan principal and accumulated accrued interest will become due in full.</li> </ul> </li> <li>- Participants may opt to waive their payments for the first year of the loan, to allow new home owners to adjust to any unforeseen costs.</li> </ul>
<b>Process:</b>	<ul style="list-style-type: none"> <li>- Eligible applicants start the process by submitting an application to Finance PEI for a determination on eligibility;</li> <li>- Successful applicants will be issued a Pre-Approval Letter, enabling them to begin their search for an insured 1<sup>st</sup> mortgage from a recognized financial institution, and a program eligible home to purchase.</li> </ul>
<b>Program Duration:</b>	<ul style="list-style-type: none"> <li>- Applications under the Down Payment Assistance Program will be accepted until the <u>earlier</u> of:               <ul style="list-style-type: none"> <li>o The date that the authorized allocation under the program has been fully committed; and,</li> <li>o March 31, 2020.</li> </ul> </li> </ul>
<b>Other Information:</b>	<ul style="list-style-type: none"> <li>- The Province is committing \$1,000,000 to be loaned to program participants.</li> <li>- The Down Payment Assistance Program is administered by Finance PEI, a Provincial Crown Corporation.</li> <li>- Applications are available at Finance PEI, 94 Euston Street 2<sup>nd</sup> Floor in Charlottetown or on-line at <a href="http://www.princeedwardisland.ca/homedownpayment">www.princeedwardisland.ca/homedownpayment</a> .</li> </ul>