

POLICY 2.7 – Guaranteed Housing Loan Plan

Policy Category: Financial
Effective Date: January 1, 2001
Supersedes: September 28, 2000

Full-time regular members of the University academic and administrative staff [hereinafter referred to as "member(s)"] who need assistance in the purchase, renovation, addition to or refinancing of a principal residence may qualify for a bank loan guaranteed by The University of Western Ontario under the following conditions:

- 1.00 The duly appointed officers of the University must be satisfied that the borrower requires the loan as an assistance or residual loan, that the maximum level of primary financing has been obtained and in the opinion of the officers does not create an undue risk to the University.
- 2.00 The borrower shall be a full-time member of the academic and administrative staff of the University.
- 3.00 The proceeds of such loan shall be used for the purchase, renovation, addition to or refinancing [see Note (a) below] of a principal residence which shall be located within a thirty-mile radius of the University. On application, exceptions may be made by the President on the thirty-mile radius requirement.
- 4.00 Such residence shall be primarily for occupancy by the said member and his/her immediate family; arrangements may be made under special circumstances to lease the residence for a period not exceeding 14 months, subject to the prior approval of the University.
- 5.00 The borrower, or the borrower and spouse, shall have an equity in such property of not less than 10% of the purchase price thereof.
- 6.00 The loan to be guaranteed shall not be in excess of the less of \$30,000.00 or the borrower's gross annual salary; the loan to run for a term not longer than the less of 20 years or the borrower's University retirement date.
- 7.00 The borrower, at his/her expense, shall provide the University with a written opinion, from a duly qualified appraiser or real estate broker or salesperson (other than the listing or selling real estate broker or salesperson), relative to the market value of the residence property.
- 8.00 In the case of a renovation and/or an addition, the borrower must be prepared to provide the University with proof the funds will be or have been expended on the said renovation and/or addition. Examples of such proof may be one or all of the following:
 - detailed building plans
 - contract with a contractor
 - proof of payments to a contractor
 - invoices for labor and/or materials

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Major appliances do not qualify for assistance.

- 9.00 The said loan shall bear interest to be calculated at a rate not in excess of one-quarter of one percent above the prime lending bank rate for loans of up to 10 years or less and one-half of one percent for loans in excess of 10 and up to 20 years.
- 10.00 The borrower, at his/her expense, and through the solicitors of The University of Western Ontario, shall give to the University a mortgage on the security of residence property, such mortgage to be subject only to such other mortgage or mortgages as arranged at the time of the purchase of the property, to be drawn for a principal sum equal to the principal amount of the loan received by the borrower from the Bank of Montreal and to be calculated at the said bank rate to be payable, however, only in the event the University shall be required to make payment under its guarantee, or on the happening of any of the following occurrences, namely:
- (a) Upon the termination of the borrower's full-time employment with the University;
 - (b) Upon the completion of any sale of the said property;
 - (c) Upon the leasing of the said premises for a definite term in excess of 14 months, or upon the expiration of 14 consecutive months of an indefinite leasing period;
 - (d) Save as aforesaid, upon the termination of the use of the said residence primarily for occupancy by the said member and his/her immediate family.
- 11.00 Unless the loan is otherwise insured, the borrower shall transfer, and assign to the University as collateral security to the mortgage, all his/her rights, title, and interest in the Sun Life Insurance Company Group Life Policy No. 93318, and shall arrange for the transfer, assignment and release to the University of the interest therein of any named beneficiary. The policy shall be reassigned to the borrower upon termination of or satisfaction of the liability to the University under its guarantee.
- 12.00 Members of the academic and administrative staff will not be eligible to participate in the Plan more frequently than once every three years.
- 13.00 The total financial exposure of the University as a result of this Plan shall not exceed \$1.5 million at any one time. If and when this limit is reached, applications relative to the purchase of a first home will receive priority.
- 14.00 The Board of Governors delegates authority for approval of applications for guarantees as follows:
- (a) Interim approval of an application for guarantee must be given in writing and must be signed by any two of the following:
 - one of: The President & Vice-Chancellor, or
The Provost & Vice-President (Academic), or
The Vice-President (Operations & Finance)
- and**
- one of: The Associate Vice-President (Finance & Facilities), or
The Treasurer, or
The Treasury Analyst

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- (b) Final approval of an application for guarantee must be given in writing by the Associate Vice-President (Finance & Facilities) or the Treasurer or the Treasury Analyst.

NOTES:

- (a) In situations of refinancing where there is a major renovation or addition, the total amount of mortgages after refinancing must not exceed the total amount before refinancing plus the costs of the renovation or addition. This means that refinancing is not a plan to convert equity in a principal residence to cash. It is a plan to assist in the mix of debts structure (between 1st and 2nd mortgages), and to finance a renovation or addition.
- (b) Application should be made for the approval of a guaranteed loan before the member submits an offer to purchase a residence property, if such assistance will be required by him/her in connection with such purchase. The application should be directed to the Controller.