

This Agreement is made pursuant to section 57 of the National Housing Act and sets out the terms and conditions on which Canada Mortgage and Housing Corporation, in its capacity as Program Administrator of the First Time Home Buyer Incentive program (“**Program Administrator**”), will advance to you, as the Homeowner, a portion of the Original Home Value for your new Property (the “**Incentive**”).

In exchange for providing this assistance through the First Time Home Buyer Incentive program, you agree that the Program Administrator will be entitled to share in a percentage of the Market Value of the Property at the time of repayment equal to the percentage of the Original Home Value used to determine the Incentive. Examples of this are shown in the Schedule attached hereto.

This Agreement also sets out important information relating to the cost of borrowing associated with the First Time Home Buyer’s Incentive program.

Capitalized terms between quotations and in bold font and those used as headings in the table have the meaning set out where each such capitalized term is first used.

The parties have agreed that this Agreement and all documents related thereto will be drafted in the English language. Les parties aux présentes ont convenu que cette convention et tous les documents qui s’y rapportent soient rédigés en langue anglaise.

1. Homeowner

2. Property

3. First Insured Lender

4. Guarantor

5. Original Home Value on Date of Advance

\$ _____ This is the lesser of the purchase price of the Property and the lending value as determined by the mortgage loan insurer (except in the case of purchase with improvements).

6. Incentive

The Program Administrator agrees to make available to the Homeowner the Incentive in the principal amount of \$ _____. This Incentive is _____ % of the Original Home Value of the Property (the “**Share**”).

7. Expected Date of Advance

_____ / _____ / _____ (YYYY/MM/DD) The "Date of Advance" will be the day the money is actually sent.

8. Term

25 years.

9. Term Maturity Date

_____ / _____ / _____ (YYYY/MM/DD) This is the date on which the Term ends and on which the Homeowner must repay the Incentive in full plus the Shared Equity Amount.

10. Amortization Period

25 years. The Homeowner must repay the Incentive in full plus the Shared Equity Amount on the date that is no later than 25 years from the Date of Advance.

11. Total Cost of Borrowing

This will vary depending on the Market Value of the Property at the time of repayment. See examples in the attached Schedule.

12. Balance Due on Term Maturity Date

The Home Owner must repay the Incentive plus, a percentage of the difference in (a) the Market Value on the repayment date, and (b) the Original Home Value, which percentage will be the Share set out above.

This difference is referred to as the "Shared Equity Amount". See examples in the attached Schedule.

In other words, if the Homeowner receives an Incentive of 10% of the Original Home Value then the Homeowner must repay 10% of the Market Value. If, however, the Homeowner receives an Incentive of 5% of the Original Home Value then the Homeowner must repay 5% of the Market Value.

13. Other Fees

Certain customary costs and expenses incurred relating to your Shared Equity Mortgage by the Program Administrator to administer, monitor and enforce the Shared Equity Mortgage will be payable by the Home Buyer, subject to applicable law.

14. Default Charges

If the Homeowner fails to comply with the terms of this Agreement or the Shared Equity Mortgage, the Homeowner will pay all costs and expenses that the Program Administrator may incur to (a) recover any unpaid amount, and (b) exercise its rights and recourses under the Shared Equity Mortgage.

15. Prepayment

The Incentive plus the Shared Equity Amount may be repaid, in full, by the Homeowner at any time subject to the amount being repaid being approved by the Program Administrator.

16. Repayment Terms

If: (a) the Homeowner sells the Property, or

(b) the Homeowner wishes to repay the amounts owing to the Program Administrator under this Agreement, or

(c) the Homeowner defaults under the terms of this Agreement or the Shared Equity Mortgage, or

(d) 25 years have passed since the date the Incentive was advanced to the Homeowner,

then the Homeowner must pay to the Program Administrator an amount equal to the outstanding Incentive plus the Shared Equity Amount. See examples in the attached Schedule.

The Homeowner must notify the Program Administrator in advance of the sale and seek concurrence to the Market Value of the Property.

This may mean that as house values increase, the Homeowner may want to consider repaying the loan early.

17. Security

A condition of the Program Administrator agreeing to the terms of this Agreement is for the Homeowner to grant to the Program Administrator a mortgage which will be registered on title to the Property (the **"Shared Equity Mortgage"**, which Shared Equity Mortgage includes, in Quebec, an immoveable hypothec and, in other provinces/territories, a charge, where applicable) and rank 2nd behind the mortgage (immovable hypothec) granted to the First-Insured Lender (where the First Insured Lender's mortgage is secured by a collateral mortgage (in Québec, an immovable hypothec), no amounts other than the insured housing loan component can take priority to the Shared Equity Mortgage). The terms of the Shared Equity Mortgage are incorporated and form part of this Agreement.

The Shared Equity Mortgage constitutes a continuous and permanent charge against the Property to secure the payment of all present and future liabilities and obligations owed by the Homeowner to the Program Administrator.

18. Additional Information and Appraisals

The Homeowner will provide any and all additional information requested by the Program Administrator from time to time (including personal financial situation, and information concerning the value of the Property). The Program Administrator may at any time inspect and have the Property appraised.

19. Spousal Consent

The person signing this Agreement as spouse or common-law partner, if applicable, is the spouse or common-law partner of the Homeowner and provides his/her consent to this Agreement and to the Shared Equity Mortgage of the Property if the Property is their matrimonial home or homestead, as applicable. The consent to be given as a spouse or common-law partner shall be as required in accordance with Provincial or Territorial legislation.

20. Recourse by the Program Administrator

If there is a breach under the terms of this Agreement or the terms of the Shared Equity Mortgage, the Program Administrator may make written demand to the Homeowner for immediate payment of the Incentive, the Shared Equity Amount and other amounts owed or owing with respect to this Agreement. The Program Administrator may exercise all of its recourses provided by law, this Agreement or the Shared Equity Mortgage in order to recover the outstanding amounts owed to it by the Homeowner.

Failure by the Program Administrator to exercise any of its rights or remedies upon the occurrence of a breach or if the Program Administrator decides not to immediately demand that the Homeowner remedy a default, the Program Administrator retains its rights to exercise its rights and remedies later, at its discretion.

21. General Provisions

The Homeowner acknowledges and agrees that:

- (a) The Program Administrator has no obligation to advance the Incentive or any part of it even if the Shared Equity Mortgage is prepared, signed or registered.
- (b) All payments due to the Program Administrator under this Agreement must be made as directed by the Program Administrator. The Homeowner may contact the Program Administrator's customer service center for payment information by telephone at 1-877-884-2642.
- (c) If there is more than one Homeowner then each Homeowner is jointly and severally liable (solidarily in Quebec) with the other Homeowner(s) for all obligations under this Agreement and the Shared Equity Mortgage.
- (d) The Program Administrator may, from time to time, assign this Agreement and/or the Shared Equity Mortgage, without notice to the Homeowner.
- (e) This Agreement binds the Homeowner's heirs and legal representatives.
- (f) The terms of this Agreement will govern in the event that there is a conflict between the provisions of this Agreement and the provisions of the Shared Equity Mortgage.
- (g) If a provision in this Agreement or in the Shared Equity Mortgage, as applicable, is declared invalid or unenforceable, the other provisions of this Agreement or the Shared Equity Mortgage, as applicable, will remain in full force and effect.
- (h) This Agreement is governed by the federal laws of Canada and applicable laws of the jurisdiction where the Property is located.

22. Collection, Use and Disclosure of Personal Information

Personal information may be collected, used and disclosed in accordance with the Privacy Notice acknowledged by the Homeowner, a copy of which is available at: [Privacy Information](#).

23. Delivery of Statements

Any periodic statements and other documents or notices relating to this Agreement and the Shared Equity Mortgage to the Homeowners will be delivered to the Homeowners at the address of the Property or by any means that the Program Administrator may, at its discretion, use.

24. Timing of Delivering this Agreement

If the Shared Equity Mortgage is granted by the Homeowner less than 2 business days after the date of this Agreement, the Homeowner agrees to receive the cost of borrowing disclosure set out in this Agreement at the time this Agreement is entered.

25. Conditions precedent to advancing the Incentive

The following items need to be completed and satisfied, at the Program Administrator's sole discretion, prior to the Program Administrator providing the Incentive:

1. The execution and delivery of this Agreement; and
2. All conditions contained in the solicitor's/notary's instructions including, without limitation, the preparation and registration of the Shared Equity Mortgage.

By signing this Agreement, the Homeowner, spouse (if applicable) and guarantor (if applicable):

1. confirm that they have received, read and understood this Agreement and have sought and obtained legal advice, and obtained financial advice if desired, prior to their signing hereof; and,
2. agrees to the terms of this Agreement and promises to pay to the Program Administrator the Incentive, the Shared Equity Amount and any other amount owing under this Agreement.

This Agreement, to the extent signed and delivered by means of electronic transmission, shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original version thereof delivered in person.

Signed at _____, Province/Territory of _____,

as of this _____ day of _____, 20 _____.

Homeowner's Signature

Spouse's Signature, if applicable

**CANADA MORTGAGE AND
HOUSING CORPORATION AS
PROGRAM ADMINISTRATOR**

Homeowner's Signature

Guarantor's, if applicable

Per: _____

Homeowner's Signature

Guarantor's, if applicable

Name

Homeowner's Signature

Title

Homeowner's Signature

I have authority to bind
the Corporation.

SCHEDULE¹

Repayment Details and Examples

What are the terms of repayment?

- (a) If: (i) the Homeowner sells the Property, or
- (ii) the Homeowner wishes to repay the Incentive, in full, or
- (iii) the Homeowner defaults under the terms of the loan document or mortgage (immovable hypothec) or any other documentation entered into in respect thereof, or
- (iv) 25 years have passed since the date the Incentive was advanced to the Homeowner,
- then the Homeowner **must pay to the Program Administrator an amount equal to the Incentive PLUS the Shared Equity Amount, PLUS the registration costs of discharging the Shared Equity Mortgage from title to the Property and any associated administration fees or otherwise connected therewith (the "Additional Costs").**
- (b) **"Shared Equity Amount"** means a share of the difference in (a) the Market Value of the Property on the repayment date, and (b) the Original Home Value, the Program Administrator's share will depend on the original share of the purchase price advanced to the Homeowner (i.e. the share will be 5% if the Incentive was based on 5% of the Original Home Value at the Date of Advance, or the share will be 10% if the Incentive was based on 10% of the Date of Advance).
- (c) Repayment is based on the Property's Market Value.
- (d) **"Original Home Value"** is the lesser of the purchase price, and the fair market value of the Property, as determined by the mortgage loan insurer. If improvements will be made to the Property immediately after the purchase then the value of those improvements will be included when determining the "Original Home Value".
- (e) The **"Market Value"** of the Property will be the selling price of the Property set out in an agreement of purchase and sale between the Homeowner and a third party who is at arm's length to the Homeowner within the meaning of the *Income Tax Act*, or the market value of the Home as determined by the Program Administrator (i.e. by way of an appraisal).

Annual Percentage Rate (APR)

Annual Percentage Rate (APR) is the annual cost of a loan, expressed as a percentage. Although the Incentive is interest free, because the Homeowner will have to pay more (or less) than the Incentive back to the Program Administrator if the Original Home Value increases (or decreases), the APR calculations below are meant to illustrate how much it will cost a Homeowner to agree to the terms of the Incentive and the Shared Equity Mortgage, expressed as an annual rate. The APR converts the "Shared Equity Amount" into an equivalent compounding annual interest rate, which if theoretically applied annually to the amount of the incentive and all cumulative interest to that point would generate a total amount of interest equal to the "Shared Equity Amount". The APR will vary based on both the size of the "Shared Equity Amount" and the length of time the Homeowner has owned the home prior to repayment. The APR calculations below only reflect the "Shared Equity Amount" and do not reflect any nominal administrative charges at closing, which could vary with individual borrower circumstances.

¹ The examples are meant to illustrate possible outcomes depending on various assumptions on the appreciation or depreciation in house prices over time. Changes over time in the value of individual homes subject to this program can be influenced by many factors and could differ from the examples shown.

Scenario 1: Increase in Market Value – Resale Home Purchase (5% share) - Shared Equity Amount owed when Property sold after 5 years:

Information	Amount
Original Home Value	\$400,000
Incentive (\$400,000 x 5%)	\$20,000
Assumed Market Value at sale of the Property	\$480,000
Shared Equity Amount (\$480,000 - \$400,000) x 5%	\$4,000
Amount to repay to the Program Administrator (Incentive Principal Amount PLUS Shared Equity Amount) (plus any Additional Costs due at the time of repayment)	\$24,000
Equivalent APR (assuming the Property is sold after 5 years)	3.71%

Scenario 2: Increase in Market Value – New Construction Purchase (10% share) - Shared Equity Amount owed when Property sold after 5 years:

Information	Amount
Original Home Value	\$400,000
Incentive (\$400,000 x 10%)	\$40,000
Assumed Market Value at sale of the Property	\$480,000
Shared Equity Amount (\$480,000 - \$400,000) x 10%	\$8,000
Amount to repay to the Program Administrator (Incentive Principal Amount PLUS Shared Equity Amount) (plus any Additional Costs due at the time of repayment)	\$48,000
Equivalent APR (assuming the Property is sold after 5 years)	3.71%

Scenario 3: Decrease in Market Value – Resale Home Purchase (5% share) - Shared Equity Amount owed when Property sold after 5 years:

Information	Amount
Original Home Value	\$400,000
Incentive (\$400,000 x 5%)	\$20,000
Assumed Market Value at sale of the Property	\$331,040
Shared Equity Amount (\$331,040 - \$400,000) x 5%	-\$3,448
Amount to repay to the Program Administrator (Incentive Principal Amount PLUS Shared Equity Amount) (plus any Additional Costs due at the time of repayment)	\$16,552
Equivalent APR (assuming the Property is sold after 5 years)	-3.71%

Scenario 4: Decrease in Market Value – New Construction Purchase (10% share) - Shared Equity Amount owed when Property sold after 5 years:

Information	Amount
Original Home Value	\$400,000
Incentive (\$400,000 x 10%)	\$40,000
Assumed Market Value at sale of the Property	\$331,040
Shared Equity Amount (\$331,040- \$400,000) x 10%	-\$6,869
Amount to repay to the Program Administrator (Incentive Principal Amount PLUS Shared Equity Amount) (plus any Additional Costs due at the time of repayment)	\$33,104
Equivalent APR (assuming the Property is sold after 5 years)	-3.71%

Scenario 5: Significant increase in Market Value over short period of time resulting in higher APR – Resale Home Purchase (5% share) - Shared Equity Amount owed when Property sold after only 2 years:

Information	Amount
Original Home Value	\$400,000
Incentive (\$400,000 x 5%)	\$20,000
Assumed Market Value at sale of the Property	\$520,000
Shared Equity Amount (\$520,000 - \$400,000) x 5%	\$6,000
Amount to repay to the Program Administrator (Incentive Principal Amount PLUS Shared Equity Amount) (plus any Additional Costs due at the time of repayment)	\$26,000
Equivalent APR (assuming the Property is sold after 2 years)	14.02%

If we assume that the Homeowner in Scenario 5 did not sell their Property until 5 years after purchase and sold it for the same amount of \$520,000, the amount to be repaid to the Program Administrator would still be \$26,000, but the APR would fall to 5.39%.

These examples assume that the Homeowner is in good standing under this Agreement and the Shared Equity Mortgage and that any costs owing by the Homeowner to the Program Administrator have been paid to date.

For a personalized example, try the calculator at:
www.placetocallhome.ca/fthbi/eligibility-savings-calculator

GUARANTEE

Reference is made to the above agreement for a shared equity mortgage and borrowing disclosure statement (the "**Agreement**") between the Homeowner and CMHC. Capitalized terms used in this Guarantee and not otherwise defined shall have the meanings given to them in the Agreement.

The undersigned (collectively and individually, the "**Guarantor**") unconditionally, solidarily and irrevocably guarantees to CMHC full and prompt payment and satisfaction when due, whether at stated maturity, by required payment, by acceleration, declaration, demand or otherwise, and at all times following when due, of all debts, liabilities and obligations of the Homeowner to CMHC arising from and in respect of the Agreement (collectively, the "**Guaranteed Indebtedness**"). The Guarantor's liability under this Guarantee is unlimited.

The Guarantor must make payments to CMHC of the amount of the liability of the Guarantor for the Guaranteed Indebtedness immediately after demand to do so is made in writing.

The obligations of the Guarantor under this Guarantee are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged, limited or otherwise affected by (and the Guarantor waives, to the fullest extent permitted by applicable law): (1) any termination, invalidity, unenforceability or release by the CMHC of any of its rights against the Homeowner or against any other Person or of the Agreement; (2) any increase, reduction, renewal, extension, substitution or other change in, or discontinuance of, the terms relating to the Guaranteed Indebtedness; (3) any change in the financial condition of the Guarantor or the Homeowner, including insolvency and bankruptcy; (4) the benefit of any law which provides that the obligation of a guarantor must not be larger in amount or in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation; (5) any defence arising from the invalidity, illegality or lack of enforceability of the Guaranteed Indebtedness or any part of it, or of any security or guarantee relating to the Guaranteed Indebtedness, or because of any incapacity, lack of authority, or other defence of the Homeowner, or because of any limitation, postponement, prohibition, subordination or other restriction on CMHC's right to payment of the Guaranteed Indebtedness or any part of it; (6) any defence arising from any failure by CMHC to obtain, perfect or maintain a perfected or prior, or any, security interest in or lien or encumbrance upon the Property, or because of any interest of CMHC in the Property, whether as owner of the Property or as the holder of a security interest in the Property or lien or encumbrance on the Property, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or because of any impairment by CMHC of any right to recourse or collateral; or (7) any other act or omission to act or delay of any kind by the Homeowner or CMHC, or any other circumstance, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's obligations under this Guarantee, other than the payment or extinguishment in full of all of the Guaranteed Indebtedness and the termination of the Incentive. The Guarantor waives the benefit of division and discussion.

CMHC may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Homeowner without prejudice to, or in any way limiting or lessening, the liability of the Guarantor under this Guarantee.

CMHC is not bound to exhaust its recourse against the Homeowner or under any security before being entitled to payment from the Guarantor under this Guarantee.

Any amount of Guaranteed Indebtedness which may not be recoverable from the Guarantor by CMHC under this Guarantee on the basis of a guarantee will be recoverable by CMHC from the Guarantor as principal debtor of that amount, and that amount will be paid to CMHC immediately after demand for that amount as provided in this Guarantee.

This Guarantee is a continuing, absolute, unconditional, solidarily and irrevocable guarantee of all of the Guaranteed Indebtedness, will apply to all of the Guaranteed Indebtedness, and will remain in full force and effect until all of the Guaranteed Indebtedness has been paid in full. This Guarantee will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to CMHC.

This Guarantee binds the Guarantor jointly and severally (in Quebec, solidarily) with the Homeowner and with any other person liable for the payment of the amounts owed by the Homeowner to CMHC. This guarantee is in addition to and not in substitution for any other security or guarantee which CMHC now or hereafter holds. The Guarantor may not exercise any recourses resulting in a subrogation to the rights of CMHC until CMHC has received payment in full of the Guaranteed Indebtedness. To the extent permitted by law, the Guarantor hereby postpones and subordinates any right it may have against the Homeowner following payment by the Guarantor under this Guarantee, until such time as CMHC has received payment in full of the Guaranteed Indebtedness. This Agreement is governed by the federal laws of Canada and applicable laws of the jurisdiction where the Property is located.

The Guarantor acknowledges having read the Agreement prior to signing and understands the scope of this Guarantee. The Guarantor further acknowledges having the opportunity to obtain independent legal advice on the consequences of this Guarantee.

The Guarantor has agreed that this Agreement and all documents related thereto will be drafted in the English language. La caution a convenu que cette convention et tous les documents qui s'y rapportent soient rédigés en langue anglaise.

Signed at _____, Province/Territory of _____,
as of this _____ day of _____, 20 _____.

Witness

Guarantor's Signature

Witness

Guarantor's Signature

(For use in Alberta)
Guarantees Acknowledgment Act (Section 3)

CERTIFICATE

I hereby certify that:

1. _____, the guarantor in the guarantee dated _____, 201 _____ made between _____ and CMHC, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the guarantee.
2. I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at _____, in the Province of _____ this _____ day of _____, 2019.

Signature of Barrister and Solicitor

STATEMENT OF GUARANTOR

I am the person named in this certificate.

Signature of Guarantor