INTRODUCTION
The borrower must repay the Incentive after the earlier of 25 years or if the property is sold. In the event of a sale, the borrower must notify the Program Administrator in advance and seek concurrence as to the market value of the home. The borrower may also voluntarily choose to repay the full amount of the Incentive at any time, subject to the Program Administrator giving concurrence to the appraisal's fair market value estimate. Additional events throughout the life of the Incentive may require it to be repaid.

The borrower will repay the Program Administrator in accordance with the percentage of the Incentive (either 5% or 10%) received at the time of the home’s purchase. The Program Administrator will share in any appreciation or depreciation based on the fair market value of the home at the time of repayment, regardless of any borrower’s spending to improve the property.

The Homebuyer is also responsible for payment of administration costs such as costs related to valuing the home at the time of repayment, default management costs and fees for discharging the Incentive.

WHAT TRIGGERS A REPAYMENT?
- The incentive must be repaid at the end of the 25-year term or when the property is sold.
- You may be required to repay the incentive in certain circumstances relating to dissolutions of relationships/ buyouts of borrowers, requirement of the Lender in the event of a refinance, etc. Please contact FTHBI@cmhc.gc.ca for clarification and guidance if you are making changes.

Note: The repayment amount is based on the property value at the time of the repayment. You may want to consider repaying your incentive before undertaking any major improvements to your property as these will increase the value of your home.
REPAYMENT PROCESS

1. Notification
The borrower (or their legal representation) contacts the Program Administrator to notify of their intention to repay. The Program Administrator can be contacted by phone (1-877-884-2642) or by email (FTHBI@cmhc.gc.ca) to obtain further instructions.

2. Property Valuation
The borrower must provide the Program Administrator with documentation supporting their current property value (i.e. sale documents or an appraisal that complies with program requirements).

   a) Early voluntary repayments and repayments at the 25-year mark
   The Incentive amount must be determined using the fair market value of the property. An independent third-party appraisal performed by an appropriately qualified real estate appraiser must be obtained at time of repayment.

   How to choose the right appraiser to complete a third-party appraisal?
   The appraiser must be a member in good standing of a trusted and recognized Canadian professional association, must hold a professional title (OEAQ, AIC, CNAREA) and must have professional liability insurance coverage against errors and omissions. The report must be prepared according to industry standards (The AIC or OEAQ template or forms must be used) and must meet the requirement outlined in the FTHBI – Operational Policy Manual (Appendix A: Terms of Reference for Appraisers).

   b) Sale of the property
   In the event of a repayment triggered by the sale of the property, the Incentive amount must be based on the market value of the property at the time of sale, which generally would be supported by the purchase price as stated in the purchase and sale agreement. In the case where the sale is non-arm's length to the borrower, an independent third-party appraisal performed by an appropriately qualified real estate appraiser must be obtained.

   Where differing opinions of value exist, the Program Administrator at its own cost, reserves the right to obtain an independent third-party appraisal to ensure the valuation reflects fair market value.

3. Review
The Program Administrator will review the documentation provided and send an invoice with payment instructions to the borrower.

4. Discharge
Once the payment has been made in full, the Program Administrator will work with the borrower (or their legal representation) in accordance with municipal/provincial laws to complete the discharge of the Shared Equity Mortgage.

Please notify the Program Administrator at least 10 business days prior to the repayment (or sale closing date)

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1 A simplified appraisal checklist can also be found here:
### Examples

#### Scenario 1: Increase in market value – Resale Home Purchase (5% share)

<table>
<thead>
<tr>
<th>Information</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Home Value</td>
<td>$400,000</td>
</tr>
<tr>
<td>Incentive ($400,000 x 5%)</td>
<td>$20,000</td>
</tr>
<tr>
<td>Market Value at sale of the home</td>
<td>$480,000</td>
</tr>
<tr>
<td>Shared Equity Amount ($480,000 - $400,000) x 5%</td>
<td>$4,000</td>
</tr>
</tbody>
</table>
| **Amount to repay to the Program Administrator** | **$24,000**
| (Incentive Principal Amount PLUS Shared Equity Amount) | (plus any Additional Costs due at the time of repayment) |

#### Scenario 2: Decrease in market value – New Construction Purchase (10% share)

<table>
<thead>
<tr>
<th>Information</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Home Value</td>
<td>$400,000</td>
</tr>
<tr>
<td>Incentive Principal Amount ($400,000 x 10%)</td>
<td>$40,000</td>
</tr>
<tr>
<td>Market Value at sale of the home</td>
<td>$331,040</td>
</tr>
<tr>
<td>Shared Equity Amount ($331,040 - $400,000) x 10%</td>
<td>$-6,869</td>
</tr>
</tbody>
</table>
| **Amount to repay to the Program Administrator** | **$33,104**
| (Incentive Principal Amount PLUS Shared Equity Amount) | (plus any Additional Costs due at the time of repayment) |

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**BE A PART OF THE NEXT GENERATION OF HOUSING!**

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