

## **40.10 Guaranteed Housing Loan Plan**

- (a) — ~~The Employer agrees to provide employees with access to a "University Guaranteed Housing Loan Plan" as described in this Article.~~
- (b) — **Eligibility:** ~~Subject to the limitations described in Article 40.10(g), any employee covered by this Collective Agreement will be eligible to apply for a loan under this plan provided that the loan is specifically to assist in the purchase of a house or dwelling unit to be used as the principal residence of the employee.~~
- (c) — **Operation of the Plan:** ~~The basis of this plan is that the applicant will borrow money as primary debtor from the Bank of Nova Scotia, Carleton University Branch, and Carleton University will guarantee repayment of such loan to the Bank subject to execution by the employee of a Second Mortgage in favour of Carleton University. First priority for guaranteed housing loans shall be to provide second mortgages for purchasing a first home or dwelling unit.~~
- (d) — **Interest Rate:** ~~Because Carleton University has agreed to guarantee all loans made by the Bank under this plan, an agreement has been reached whereby the Bank will charge interest to employees at the following rates:~~

<b>Term of Loan</b>	<b>Amount of Loan</b>	<b>Rate of Interest</b>
<del>1—10 years</del>	<del>up to \$10,000</del>	<del>Prime + 1/2%</del>
<del>1—10 years</del>	<del>\$10,000—\$20,000</del>	<del>Prime + 3/4</del>
<del>10—15 years</del>	<del>0—\$20,000</del>	<del>Prime + 1%</del>
<del>15—20 years</del>	<del>0—\$20,000</del>	<del>Prime + 1 1/4%</del>

- (e) — **Repayment Terms:** ~~The maximum term for a loan is twenty (20) years and payment shall be in monthly instalments of principal and interest sufficient to amortize the loan over the loan period.~~
- (i) — ~~Under the terms of the agreement between Carleton University and the Bank of Nova Scotia, it is required that all applicants open a Personal Account at the Carleton University Branch of the Bank of Nova Scotia and authorize Carleton University to deposit to that account such salary payments as are due them from time to time.~~
- (ii) — ~~The balance of principal plus accrued interest owing at any time may be repaid without notice or bonus but any such arrangement for repayment must be made between the employee and the Bank.~~

- (f) — **Security for the Loan:** To secure its loan to the employee, the Bank will require a Promissory Note to be signed by the employee and guaranteed by the University.
- (i) — To secure its guarantee of the loan, Carleton University requires that the employee execute a Second Mortgage on the property concerned in favour of Carleton University.
  - (ii) — So that Carleton University may properly record the contingent liabilities arising from this plan, employees must also authorize the Bank to inform Carleton University at any time of the state of the loan account.
- (g) — **Limitations:** The Employer reserves the right to limit the total amount of such loans to members of the bargaining unit guaranteed under this plan to a maximum of \$950,000.00.
- (i) — The Bank of Nova Scotia will not be bound to make a loan to an employee even though that employee has obtained Carleton University's approval for a loan and if such approval is denied by the Bank the employee is deemed to be ineligible for a loan under this plan.
  - (ii) — If and when the Bank does approve a loan, no money will be advanced to the employee until the Bank receives notice from Carleton University to do so.
  - (iii) — No loans will be approved by Carleton University unless the employee has at least a 10% equity in the property in the case of a detached house, and up to 20% on other types of homes, as may be negotiated on an individual basis.
  - (iv) — The maximum amount of loan to be made available to individual employees under the plan is \$20,000.
- (h) — **Cancellation of Loan:** Any loans given under this plan will contain the condition that the entire balance of any principal outstanding together with interest accrued becomes due and payable immediately if:
- (i) — the employee ceases for any reason to be employed by Carleton University, except such loans shall be continued at the option of the employee until the employee ceases to receive salary payment from the University. Notwithstanding the provisions of Article 40.10(b) any employee recalled under Article 17.8(e) shall be eligible to apply for reinstatement of the loan previously guaranteed by the University;
  - (ii) — the employee ceases to occupy as their usual and principal place of residence, the house for which the loan was made; or
  - (iii) — the employee sells, conveys, assigns or otherwise becomes deprived of their interest in the said lands and premises.
- (i) — **Legal Costs:** The employee must pay all legal and administrative expenses incidental to this loan including the costs of preparing the Second Mortgage documents and of

~~obtaining an up-to-date survey of the property concerned. When the loan has been repaid, the employee is also responsible to arrange for a discharge of the Second Mortgage.~~

- (j) ~~**Application for Loans:** Each eligible employee who wishes to borrow money under this plan must complete an "Application for Guaranteed Housing Loan" which may be obtained from the Director of Finance's Office. If the Application is approved by Carleton University, the University will forward the Application to the Bank and the Bank will contact the Applicant to arrange for signing of the Promissory Note and payment of the monies.~~

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Chantal M. Dion, Chief Negotiator  
CUASA/the Union

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Wayne Jones, Chief Negotiator  
Carleton University/the Employer

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Date

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Date