



PRESS RELEASE



Canadian Mortgage News - National Archive 2005

CMHC and Nak'Azdli Band Sign First On-Reserve Homeownership Loan Insurance Pilot Agreement

OTTAWA, Ontario, November 21, 2005 — The Honourable Joe Fontana, Minister of Labour and Housing and Chief Leonard Thomas, Nak'azdli Band today announced that the Nak'azdli Band Council and Canada Mortgage and Housing Corporation (CMHC) signed the first agreement to participate in a pilot project aimed at expanding on-reserve First Nations members access to homeownership loan insurance.

"This is a significant and positive first step in an ongoing process to improve the availability of housing for First Nations communities, said Minister Fontana. "Our shared goal is a sustainable housing system, one that also includes market housing for Aboriginal people."

Market housing brings many benefits to First Nations communities. New home construction increases employment and helps develop business activities. In turn, new businesses will help address new consumer demands and create opportunities to build equity and augment Aboriginal personal wealth.

This pilot supports the Government of Canada's commitment to work with Aboriginal peoples on a comprehensive and transformative approach that will allow Aboriginal peoples to meet their housing needs over the long term. This approach will be a component of discussions at the upcoming First Ministers' Meeting.

The agreement with the Nak'azdli Band Council is the first trust agreement signing for the CMHC On-Reserve Homeownership Loan Insurance Pilot initiative. The agreement will increase the availability of private mortgage capital and promote a more competitive mortgage market on-reserve for this First Nations community located in British Columbia.

"The CMHC On-Reserve Homeownership Loan Insurance is a pilot project, which the Council is participating to reduce financial exposure in managing mortgages. This Pilot Project will allow qualifying Band member's to apply for independent financing from the banking institution of their own choosing. With the reduced down payments the Band Council may be able to accommodate additional projects," said Chief Thomas.

The CMHC On-Reserve Homeownership Loan Insurance Pilot project offers a reduced financial exposure for First Nations in comparison with many other homeownership financing products. This will help to free up band capital for other initiatives.

Qualifying homebuyers on the Nak'azdli reserve may obtain a CMHC insured loan with a minimum down payment of 5 per cent of the lending value of the home or 10 per cent equity for renovation loan.

The Nak'azdli anticipate that currently 10 members of their community will qualify for participation in the pilot project over the next two years. This number will increase with a number of individuals wishing to return to the reserve, many of whom will qualify for a homeowner loan.

Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. For close to 60 years, CMHC has been contributing to improving the living conditions and the well-being of Canadians through four areas of housing activities — housing finance, assisted housing, research and information transfer, and export promotion. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, and making vibrant and sustainable communities a reality across the country.

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Backgrounder

CMHC On-Reserve Homeownership Loan Insurance Pilot

This new CMHC non-subsidized product for the purchase, construction or renovation of a home on-reserve is offered to qualifying First Nation communities on a pilot basis. It will allow eligible First Nations to facilitate insured mortgage financing for qualifying band members without requiring a Ministerial Loan Guarantee (MLG).

First Nations who meet the established eligibility criteria can apply.

How does the pilot work?

Since reserve lands cannot be mortgaged in the same manner as off reserve, the normal mortgage security is replaced by a trust agreement between CMHC, the First Nation and Trustees appointed by both CMHC and the First Nation. Band members must have access to the land.

A MLG is not required. CMHC provides loan insurance to Approved Lenders (banks, Aboriginal Capital Corporations, credit unions, etc.) permitting them to make loans on lands designated as Indian Reserves.

Qualified homebuyers from participating First Nations, may obtain a CMHC insured loan with a minimum down payment of 5 per cent of the lending value of the home. For renovation loans, a minimum of 10 per cent equity is required. Regular CMHC mortgage underwriting criteria, application fees and insurance premiums apply.

In comparison to other homeownership financing products, the pilot product offers First Nations a reduced financial exposure from 100 per cent to 70 per cent in the event of a loan default. As a result, the availability of insured loan financing with the pilot product will help to free up band capital for other initiatives.

Nak'azdli Band Council

The Nak'azdli Indian Band is located in Fort St. James, British Columbia which is located 160km northwest of Prince George. There are approximately 1,650 members of this First Nation of which 660 members reside on-reserve.

The Nak'azdli Band Council has financed approximately seventy (70) units for homeownership utilizing the Ministerial Loan Guarantee (MLG) product. At present, there are twenty-four (24) rental housing units subsidized by CMHC. Nak'azdli has also been in receipt of the Residential Rehabilitation Assistance Program (RRAP) funding over the years and several housing staff members have participated in CMHC's Aboriginal Capacity Development training sessions.

Nak'azdli has set up a formal housing committee that works with the Chief and Council and the community members to provide safe and affordable housing to all band members and to operate the housing program through fair and equitable application of housing policies.