

November 14, 2014

# Housing Update

## *Lac des Mille Lacs First Nation*

### **Lot development update**

The First Nation has completed the surveying of 40 residential lots, in accordance with our Capital Plan and our Community Feasibility Study. As soon as the GPS data is complete, a detailed map of the lots will be posted to our website.

The lots will comply with the Canadian Lands Surveying Record, which is recognized by Aboriginal Affairs Northern Development Canada, thus allowing them to be individually registered to band members, by way of a Certificate of Occupation, or a

Certificate of Possession.

The First Nation has built a roughed-in road allowing limited access to all 40 lots. Further road construction is yet required and will be completed as conditions allow.

The First Nation receives insufficient funding from Indian Affairs for capital projects. It will, therefore, be the responsibility of the individual land holder to clear the lot, build the driveway, have a well and septic put in. These are costs, in addition,

to the cost of building your home or cottage.

We understand that this is a huge commitment and we want to assure you that your investment will be safeguarded for you and your future generations.

The First Nation will issue a Certificate of Possession (lawful possession, under the Federal Government, of a Canadian Lands Surveyed lot), to band members who have demonstrated a commitment to build on reserve and who are able to do so.

### **Housing policy update**

The Housing Committee has been working diligently to create a draft housing policy that will meet the needs of our community and safeguard the investments of our members.

The policy will address the roles and responsibilities of the First Nation and of the homeowner. It will establish a fair and impartial process of decision making and ensure a consistency of practices and procedures. It will be the standard by which our community housing is governed.

The policy will outline the requirements necessary to

obtain a Certificate of Occupation and ultimately a Certificate of Possession.

A Certificate of Occupation grants a temporary right to occupy a surveyed lot. It is effective for two years, allowing a two year time-frame to begin construction of your home or cottage. The First Nation has agreed to extend the Certificate of Occupation an additional two years to members requiring more time for construction.

A Certificate of Possession, grants lawful possession of a surveyed lot and is the highest form of property right

that can be granted on reserve lands. It can be sub-divided, leased, left to an heir, and sold to another person having a right to reside on that reserve. The First Nation will issue a Certificate of Possession once the requirements of the Certificate of Occupation have been met, as outlined in the policy.

Upon completion of a final draft of the policy, it will be presented to the community for review and approval. Once approved, the policy will be administered and enforced by the Housing Committee and by Chief and Council.

# Financing update

Financing your new home or cottage will be your responsibility. You will need to make an appointment with your financial institution to determine whether you qualify for financing or how much you qualify for.

Loan approval is based on the financial strength of each individual. Your loan officer would be looking at your net worth, your credit history, and your ability to take on additional debt. This information would be kept in strict confidence between you and your

financial institution.

Personal loans over \$40,000.00 are normally secured by property but in the case of on-reserve housing the bank cannot use the land or the house as security. This means that for loans over \$40,000.00, the bank will need to secure other property such as the equity you have in your current home, or other investments or assets you might have.

Are you financially ready? There are a few steps you can take to help you determine your readiness prior to going to your bank.

Test yourself using the worksheet below. A personal loan requires a Total Debt Servicing Ratio (TDS) less than 32%. If you take your total income multiplied by 32% and divided by 12 months, you'll get a number equal to the maximum total monthly debt you could afford. When you subtract your current monthly debt payments (car payments, credit cards etc...) you're left with a monthly loan payment that you could ideally afford.

## Test yourself

Income	Annual Income	Monthly Income
Combined Family wages	\$65,000.00	\$5,416.67
Other salary or wages		
Rental income		
Investment income	\$250.00	\$20.83
Additional income		
<b>Total Income</b>	<b>\$65,250.00</b>	<b>\$5,437.50</b>

Long-Term Debts	Monthly Debt	Annual Debt
Mortgage/rent payments	\$800.00	\$9,600.00
Car loan payments	\$200.00	\$2,400.00
Credit card payments	\$100.00	\$1,200.00
Other loan payment		
Other loan payment		
<b>Total Debts</b>	<b>\$1,100.00</b>	<b>\$13,200.00</b>

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**Important:** This worksheet provides a rough estimate. Loan terms vary depending on the type of loan and on your financial institution. You will need to consult a professional lender for exact data.

Total Debt Servicing Ratio	
Total Income	\$65,250.00
x 0.32 =	\$20,880.00
/12 =	\$1,740.00
Less Total Debt	<b>\$640.00</b>
(1,740.00 - 1,100.00 = 640.00)	

In this example, with adequate security and a good credit history, an additional \$640.00 in monthly debt could be approved.

## Your credit history

Your next step is to ensure that there are no surprises in your credit history. You can obtain a credit report from Equifax Canada or TransUnion Canada. Your credit report is a snapshot of your financial history.

Have you missed payments or been late on payments in the past? Have you ever had problems paying off your debt, claimed bankruptcy or been in collections? A low credit score (600 or less) is indicative of a poor credit history.

There are measures you can take to correct an unfavorable credit report but it takes time to build a healthy credit history. The first step is to make sure the information is accurate. You'll then want to make arrangements to pay off any outstanding debt and ensure you're paying your debt by the due dates. There are credit councilors available to assist you in building better credit. Keep in mind that it takes seven years for information to drop off a credit report.

*"A man who pays his bills on time is soon forgotten"*

*Oscar Wilde*

## Building options

Once the loan is approved you have a number of options available for your new home or cottage.

Simple floor plans can be purchased from your local hardware store. If hiring a contractor, a good rule of thumb is to obtain three quotes from reputable contractors in the area. This allows you an opportunity to meet competing contractors, to

discuss your plans, and make an informed decision on who to hire.

Another option is a pre-fabricated or modular home. A base model modular home will cost around \$60,000.00 with delivery and assembly included. There are a number of reputable companies who deal in pre-fabricated homes within the Thunder Bay and surrounding area.

A final option, for those with the skills and technical knowhow, would be to purchase the plans and the building materials and build your home or cottage yourself.

Regardless of the building option you choose, the construction of your home or cottage must adhere to the building requirements, as outlined in the Lac des Mille Lacs Housing Policy and Community By-Laws.



*"A man travels the world over in search of what he needs and returns home to find it."*  
~ George Moore