



Nunavut Tunngavik Inc.

LOANS AND ADVANCES POLICY

*Approved by the Board of Directors in May 2004
Last Amended in October 2021*

I. PURPOSE

To provide clear guideline on permissible loans and advances to directors, officers, or employees of NTI.

II. APPLICATION

This policy applies to all directors, officers, and employees, except as otherwise provided in this Policy.

III. LOANS AND ADVANCES

- (1) Under no circumstances shall loans be made to directors, officers, or employees of NTI except as provided in this policy.
- (2) A travel advance may be to a director, officer, or employee in accordance with this policy and the Travel Policy.
- (3) An emergency advance and a rental advance may be made to an officer or employee only where necessary to alleviate potential or actual hardship. Examples include advances made for the purpose of paying for food, utilities, or medical treatment. Except in extraordinary circumstances (e.g., emergency repair to a house) and with the approval of the CEO, no emergency advance shall be approved for any one employee more than four (4) times in each fiscal year.
- (4) An extended leave advance to cover payments for employee pension or group insurance premiums where the employee's salary or supplemental benefits are not sufficient to cover the payments, provided that NTI has entered into an agreement with the employee to cover the above payments and to recover the payments from the employee when the employees returns to work.
- (5) Employee Down Payment Assistance – see Section IV below.

The chart below lists the types of advances, the limits and approving authorities:

	Purpose	Restriction	Limit	Approval by
1	Travel Advance	Payable only for travel to be undertaken on behalf of NTI.	Per diem multiplied by total travel days	Supervisor or Director of Finance
2	Emergency Advance	Household emergencies only – limited to 4 times each fiscal year (see above No. (3))	\$500.00 per request	Director of Finance, CEO or COO
3	Rental Advance	Limited to paying the first and/or last month's rent and the security deposit in respect of an apartment rental.	\$5,000.00 per request	CEO
4	Extended Leave Advance	Limited to continuing the premium payments while the employee is on leave	n/a	Director of Finance
5	Down Payment Assistance	See Section IV		

IV. EMPLOYEE DOWN PAYMENT ASSISTANCE

1. Purpose

The purpose of this section is to provide guidance on the provision of down payment assistance to eligible employees.

2. Application

This section applies to all NTI employees who apply for and/or access employee down payment assistance. For greater certainty, this section does not apply to NTI Executive Members.

3. Guidance Principles

This section is guided by the following guiding principles:

- a) The housing options available to NTI employees should:
 - i. Be a reason for employees to choose (recruitment) and stay (retention) with NTI;
 - ii. Be cost effective with limited administrative burden for NTI;
 - iii. Not unduly upset the market balance between housing options (i.e., the benefit should be similar across options);
 - iv. Complement any external housing programs available to employees; and
 - v. Contribute to the supply of housing in Nunavut (where possible).
- b) Further, when the loan budget is limited and not able to meet demands, the allocation process should:

- i. Be transparent and fair; and
- ii. Contribute to the effective operation of NTI (e.g., positions prioritized).

4. Eligibility

All indeterminate and term employees, after passing the Probationary Period under the Human Resources Manual, are eligible to apply for the down payment assistance under this section, provided that:

- a) They do not currently own, or have within the past 12 months, owned, developed or sold any residential property in the community in which they will be working;
- b) They have not previously received employee down payment assistance from NTI or a Regional Inuit Association (RIA);
- c) They are approved for a mortgage from a lender approved by the Canada Mortgage and Housing Corporation (CMHC);
- d) The home will be used as the employee's principal residence; and
- e) Any arrears with NTI or a RIA have been paid in full.

5. Form of Assistance

The down payment assistance is in the form of a five-year forgivable, interest free mortgage loan in the amount of \$50,000 if it is for the purchase of an existing home and \$60,000 if it is for the construction of a new home.

1/60th of the original amount of the mortgage loan will be forgiven at the end of each calendar month provided employment is maintained with NTI and the home is not sold.

6. Loan Security

Security is obtained by NTI when the forgivable loan is registered as a second or third mortgage (subject only to any mortgage by the primary lender (if any) and mortgage for government down payment assistance (if any)).

7. Insurance

The employee must provide proof of an acceptable homeowner insurance policy in an amount not less than the replacement cost or the market value of the building and must show NTI as a loss payee as its interests may appear. This insurance must be maintained throughout the length of the mortgage.

8. Long-term Leave

If an employee goes on approved long-term leave of more than a year, the loan remains interest free but monthly forgiveness of principal is suspended until the employee returns (i.e., the mortgage term will be extended for the duration of the leave).

9. Termination of Employment

If an employee ceases employment with NTI before the mortgage loan is fully forgiven, the remaining balance, unless converted into an interest bearing mortgage loan as stated below, becomes due and payable within 30 days of the termination of the employment.

The remaining balance, if approved by the Chief Executive Officer, may be converted into a loan with an interest rate of Prime + 3%, for a term equal to the rest of the length of the mortgage and with the forgivable aspect of the mortgage terminated.

For greater certainty, if an employee leaves NTI to become an employee of one of the RIAs, he or she is not deemed to have ceased employment in respect to this section.

10. Sale of Home

In cases where the home is to be sold before the mortgage is completely forgiven or paid off, the remaining outstanding balance becomes due and payable.

If the employee sells the home and purchases another property as a principal residence in Nunavut within 120 days, the employee is eligible to receive another forgivable mortgage with all the remaining terms and conditions of the previous agreement and mortgage. The intended effect is to have the employee down payment assistance be portable when an employee sells a home and buys another.

11. Guidelines

The Employee Down Payment Assistance Guidelines, as approved and amended by the Chief Executive Officer, provide guidance on the implementation of this section.

12. Review

The Down Payment Assistance Program may be reviewed every three (3) years at the discretion of the Board of Directors. Nothing in this section shall prevent the Chief Executive Officer from reviewing the program on a more frequent basis.

V. RECOVERY

The Director of Finance shall ensure that advances are recovered in a timely manner.

A travel advance or portion thereof shall be recovered only if the director, officer or employee has not undertaken the travel for which the advance was provided or if the actual expenses incurred are less than the advance.

Where an emergency advance or a rental advance is approved for an officer or employee, a payroll deduction of an amount agreed upon between the officer or employee and the Director of Finance shall be made from each succeeding pay period until the advance is fully recovered.

Where an extended leave is approved for an officer or employee, a payroll deduction of an amount agreed upon between the officer or employee and the Director of Finance shall be made from each pay period immediately after the employees returns to work and until the advance is fully recovered, unless the employee opts to pay off the advance in one lump sum payment.

Down Payment Assistance will be recovered in accordance with Section IV above.