

**Reasons for Decision:**

**Order #AP1718-0431**

The appellant appealed that the amount of income assistance received was insufficient, particularly that the appellant did not receive any assistance to make house payments.

The appellant and common-law spouse purchased their home prior to the appellant's application for income assistance. At the time they could not get a bank to lend them the money they needed to purchase the home. They therefore borrowed funds from a friend through a private written agreement in order to pay for the home.

The written agreement specifies that the purpose of the loan is for the purchase of the property and the amount of the loan is <amount removed>. The person who loaned the funds to them established a line of credit in order to forward the funds to them.

They have had a verbal agreement that the couple would pay about <amount removed> per month toward the line of credit, but at minimum the interest on the line of credit would need to be paid each month.

Shortly after the purchase of the home, the appellant's common-law partner passed away, which left the appellant with only a pension benefit of <amount removed> as an only source of income. The appellant applied for income assistance on <date removed>. The program established a budget for the appellant which included funds for basic needs, taxes, insurance, hydro, a job seeker's allowance, and waste disposal. The program did not add any funds for shelter costs/mortgage payment.

It is the program's position that the house is paid in full, and the funds that the appellant owes is a personal loan, not a mortgage. They indicated that the program cannot help people pay for personal loans or debts.

The appellant attended the hearing with the person from whom the appellant borrowed the funds to purchase the home. The appellant advised that the appellant has been really struggling to make ends meet since the appellant has been on income assistance. The interest on the loan is between <amount removed> per month. The hydro is in arrears, the appellant cannot afford to run a vehicle. The appellant is surviving on about <amount removed> worth of food each month. The appellant would like to find a part time job, but the appellant is not doing well since the appellant had a serious car accident, and has difficulty driving unless it is ideal conditions. There are no jobs close to the appellant's home, and the appellant would need to drive a fair distance to any type of employment.

The person who provided the funds to purchase the home indicated that this person considers these funds to be a private mortgage. The friend did not want to put a name on the title of the home, and as of yet, has not registered a lien on the property. The agreement signed between the two parties states that the loan is to be

viewed as the first charge against the home in the event of sale or other disposition. The friend indicated that if it would help establish the loan as a personal mortgage, the friend would be willing to place a lien on the property, and would be willing to allow the Employment and Income Assistance program to establish the first lien on the property.

After carefully considering the written and verbal information the Board has determined that the loan taken from a personal friend for the purpose of purchasing a home, does meet the definition of a private mortgage. It is the Board's position that any funds that are borrowed for the purpose of purchasing a home meets the definition of a mortgage and should be eligible for payment under Schedule B, Section 2 of The Manitoba Assistance Regulation. The Board does not agree that the funds must be borrowed from a financial institution, or that a lien or other encumbrance must be registered by the person or institution that provided the loan. The written agreement clearly indicates that the purpose of the loan is for the purchase of a home, and must be repaid upon the sale of the home. This is the only requirement needed to establish this agreement as a "private mortgage". The program should be able to provide shelter costs and register a lien against the property for any principal portion paid towards this mortgage. The decision of the Director has therefore been rescinded and the Board orders that the appellant be provided with shelter costs in accordance with Schedule B, Section 2 of The Manitoba Assistance Regulation.

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