

Home Quarter Protection (HQP) Decision Guide and Flowchart

Disclaimer: The following is provided as a guide. It is not a legal opinion. All situations have unique details that must be considered in determining how HQP affects a mortgage. Readers must apply their own diligence and consult with a lawyer before deciding how to proceed.

KEY DEFINITIONS:

Non-Agricultural: A mortgagor and spouse whose gross farm income, including lease income, is less than \$20,000 average over the previous three years.

Solely New Funds: Loan funds for new purchases, for construction, new revolving credit, and/or to refinance debt not owed to the mortgagee or its affiliates.

HQP Excluded Debt: Debt that is the subject of either a HQP class exclusion order, (CEO) a Board issued HQP exclusion order, or is subject to sections 44(12.3) of *The Saskatchewan Farm Security Act (SFSA)*.

- 1) Is the land located outside a city, town, village, hamlet, or resort village?
 - If no HQP does not apply. See SFSA definition for “farm land”.
 - If yes go to 2)

- 2) Does the land include a residence?
 - If no HQP does not apply.
See SFSA definition for “homestead” and SFSA section 44 (16) and (17).
 - If yes go to 3)

- 3) Does the mortgagor live in the residence?
 - If no HQP does not apply.
See SFSA definition for “homestead” and SFSA section 44 (16) and (17).
 - If yes go to 4)

- 4) Is the mortgage solely to purchase the homestead and additional farm land?
 - If no go to 5)
 - If yes, the Solely Farmland Purchase Class Exclusion Order applies.

- 5) Is the mortgage loan purpose solely to purchase or improve the homestead; or both?
 - If yes HQP does not apply. See SFSA section 44(12.3).
 - If no go to 6)

HQP Decision Guide and Flowchart (continued)

Once it has been established there is a homestead which is occupied by the mortgagor, and the mortgage is not solely to purchase and/or improve the homestead, consider the following:

- 6) Is the average gross farm income for the past three years, including leases, greater than \$20,000?
 - If no the Non-Agricultural HQP CEO applies. See: www.publications.gov.sk.ca/redirect.cfm?p=84287&i=97709
 - If yes go to 7)

- 7) Is the mortgage a guarantor mortgage?
 - If yes and if income is greater than \$20,000 apply for a HQP exclusion order. See: www.publications.gov.sk.ca/redirect.cfm?p=84302&i=97722
 - If no go to 8)

- 8) A) Is the mortgage debt **solely new funds** and/or **excluded debt**?**

 - If yes the December 2015 Solely New Funds/Excluded Debt CEO applies. See: www.publications.gov.sk.ca/redirect.cfm?p=84284&i=97706
 - For Farm Credit Canada mortgages see: www.publications.gov.sk.ca/redirect.cfm?p=84285&i=97707
 - If no apply for a HQP exclusion order. See: www.publications.gov.sk.ca/redirect.cfm?p=84302&i=97722

- 8)B) Is the lender a Recognized Financial Institution?**

 - The Solely New Funds/Excluded Debt CEO is only open to recognized financial institutions.
 - See SFSa section 2(1)(w) for a definition.
 - If no apply for a HQP exclusion order. See: www.publications.gov.sk.ca/redirect.cfm?p=84302&i=97722

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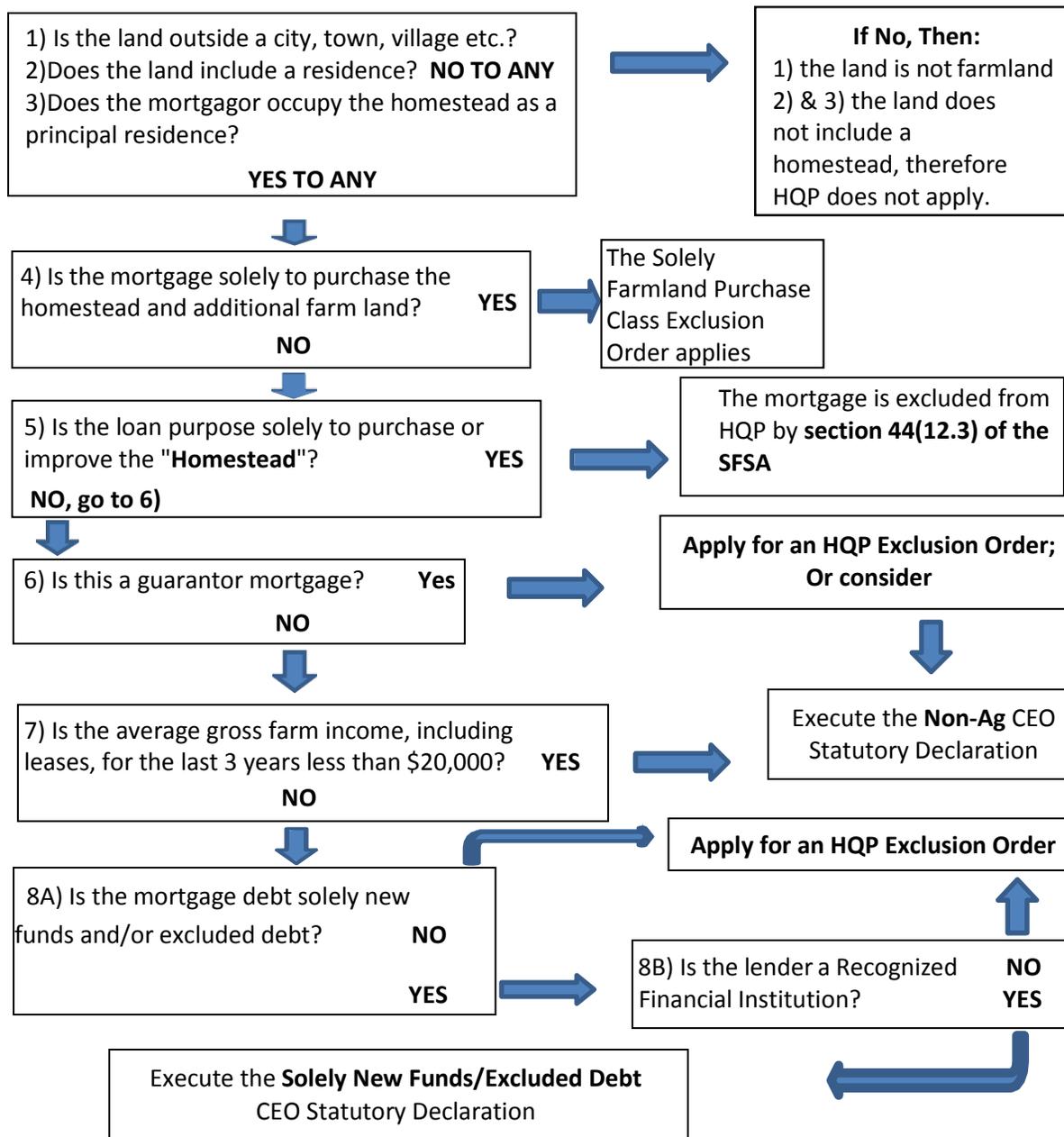
Following are three key definitions when considering HQP Class Exclusion Orders (CEO):

Non-Agricultural: A mortgagor & spouse whose gross farm income, including lease income is less than \$20,000 average over the previous three years.

Solely New Funds: Are loan funds for new purchases, for construction, for new revolving credit, and/or to refinance debt not owed to the mortgagee or its affiliates.

HQP Excluded debt: Is debt subject to either a HQP class exclusion order, a Board issued HQP exclusion order, or is subject to section 44(12.3) of *The Saskatchewan Farm Security Act*.

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Call the Board office at (306) 787-5047 for more information.
See: www.saskatchewan.ca/farmland for: the Co-Application to Exclude a Mortgage from HQP, and copies of the above Class Exclusion Orders