

# THE UNIVERSITY OF SCRANTON

## EMPLOYER-ASSISTED HOUSING PROGRAM

### GENERAL INFORMATION

The University of Scranton has established a multi-faceted program to aid Hill Section revitalization efforts by encouraging current and new members of the University faculty, staff and administration to live in a targeted area of the Hill Section.

For purposes of the program, the **eligible area** of the Hill Section is bounded on the east and west by Poplar Street and Ridge Row and on the north and south by Jefferson Avenue and Richter/Arthur Avenue.

#### Rental Property

The University owns several rental properties located in the Hill Section that are specifically designated for renting to **current and new, full-time members of the faculty or staff who are not already living in the targeted area of the Hill Section.** The University retains ownership of these properties and serves as the landlord. Properties are available on a first-come, first-served basis and are managed through the University's Finance Department.

#### Home-Buying Assistance

##### Education/Counseling

The University of Scranton has partnered with Fannie Mae and Neighborhood Housing of Scranton to make free information and workshops about purchasing a home available to employees. Information addresses common questions and concerns about purchasing a home and securing a mortgage. It is open to all employees not only those interested in purchasing a home in the eligible area of the Hill Section.

##### Forgivable Home Purchase Loan Program

1. **Description:** Beginning in the 2002-2003 academic years, the University embarked on a three-year program to offer employees a Forgivable Home Purchase Loan. **The total annual funding available for all forgivable loans within the program is \$25,000 each year for a three-year total project amount of up to \$75,000.** Loans are offered to employees on a first-come, first-served basis.
2. **Eligibility:** All current and new full-time employees of the University who are not already living in the eligible area.
3. **Forgivable Loan Amount:** Eligible employees can receive a **forgivable loan of up to \$5,000** that can be used to defray down payment, closing costs (home inspections, appraisals, etc.) or points on the purchase of a home in the eligible area of the Hill Section as defined above. The entire loan is provided to the employee at the time of purchase.
4. **Loan Forgiveness/Tax Consequences:** The University will forgive one-third of the loan each year over a three-year period. Employees who leave University service prior to the conclusion of the three-year period are responsible for reimbursing the

University for any remaining loan funds (prorated for partial years of service).  
NOTE: The employee is responsible for all tax consequences of the forgivable loan.

For example, assume that the employee closes on the purchase of a home in the eligible area on 1 June 2010 and that he/she chooses the full loan amount of \$5,000. This date (1 June) will be considered the anniversary date of the forgivable loan. On 1 June 2011, the University will forgive \$1,667 (one-third) of the loan assuming that the employee fulfills all the conditions of the program. That \$1,667 will appear as income to the employee on the W-2 he/she receives from the University for 2010. It is subject to FICA and all other withholding taxes. The University will forgive \$1,667 on 1 June 2012 and the remaining \$1,666 on 1 June 2013. These would appear on the employee's W-2 form for 2011 and 2012, respectively.

5. **Application Procedures:** Forgivable Home Purchase Loan Applications are available through the Vice President of Finance/Treasurer. A completed application also requires that you attach a copy of a fully executed Property Purchase Contract and completed Mortgage Lender Application.
6. **Conditional Reservation:** Employees who are just starting to look for a home in the eligible area can request a Conditional Reservation for one of the five Forgivable Home Purchase Loans that are available each year. If approved, employees can use a Conditional Reservation with lenders to certify that down payment support is available through a Forgivable Home Purchase Loan. Conditional Reservations expire 90 days after the initial approval. Employees must still complete and submit a Forgivable Home Purchase Loan Application with all necessary attachments. Conditional Reservation Forms are available through the Vice President of Finance/Treasurer.

#### **Other Assistance Available**

Neighborhood Housing of Scranton can provide information about the variety of programs available to assist homebuyers of low or moderate incomes. You can find out more about these programs and their eligibility requirements by calling 570-558-2490.

For more information about the Employer-Assisted Housing Program, contact Judy Insogna at 7451.