

Guidelines  
Employer Assisted Housing Program  
University of Kentucky

Purpose

This document establishes goals, guidelines, and procedures for the University's Employer Assisted Housing Program (Program).

Goals for the Program include:

- Recruitment and retention of faculty and staff
- Revitalization of selected UK neighborhoods

General

The University of Kentucky operates an employer assisted housing program for eligible employees. This program provides "forgivable loans" of up to \$15,000 to eligible employees for down payment, closing cost, rehabilitation and renovation assistance for the purchase of houses, condominiums, town houses and duplexes in the designated neighborhood revitalization areas. The loans will be secured by a lien on the property. Each employee agrees to live in the home purchased through this program for at least five (5) years, after which the lien will be removed.

Eligibility & Types of Financial Assistance

1. Employee eligibility is defined as follows:
  - a. Regular full-time faculty at the rank of instructor or assistant professor without tenure or non-tenured are eligible immediately upon receiving a contract for the academic year. Regular full-time faculty at the rank of instructor or assistant professor, without tenure or non-tenured, are also eligible.
  - b. Regular full-time staff employees at grade level 46 or below (grade 10 or below for hospital positions) are eligible after completing the 90-day employment orientation period.

Note: First-time homebuyers may be given priority. First-time homebuyer is defined as someone who has not owned a home within the last three (3) years.

2. Forgivable loans of 5% of the purchase price up to a maximum amount of \$15,000 are made available to eligible employees for the purchase of property in the Program area. IRS regulations require that this loan debt be charged a corresponding interest rate. The forgivable loan and interest are considered a taxable benefit. The loan amount plus interest will be forgiven at a rate of 20% per year over a five-year period calculated on a monthly basis (1/60 of

the loan and interest amount per month will be forgiven). Taxes will be paid by the employee each month a portion of the loan is forgiven. The interest rate will be set by the Employee Benefits Office upon the recommendation of the Controller and Treasurer's Office.

- a. If the property is sold, transferred, or ceases to be the principal residence of the employee during the five-year period of the loan, the balance of the loan amount will be due and payable to the University immediately (See Employee Termination Section).
- b. If the employee leaves full-time employment at the University for reasons other than retirement, the loan will be due payable immediately, except as outlined in the Employee Terminations section, below.
- c. If the employee is involuntarily separated from employment at the University, the loan will be due payable immediately, except as outlined in the Employee Terminations section, below.
- d. Generally, if the position of the employee is eliminated due to a Reduction In Force, the loan will be due payable immediately, except as outlined in the Employee Terminations section, below.
- e. If the employee is unable to fulfill the requirements of this program, the property lien will remain attached to the property until the amount owed to the university is repaid or the property is sold.
- f. Upon the death of an employee in this program, the full loan amount is forgiven.
- g. An employee deemed eligible for University of Kentucky Long Term Disability may remain in this program, but is subject to all other provisions of this program. An employee who has submitted an application for University of Kentucky Long Term Disability to the Benefits Office may remain in this program, but is subject to all other provisions of this program.
- h. There will be a limit of one active loan per employee or household.

### Ineligible Applicants

Temporary full-time or part-time and regular part-time employees are ineligible.

Employees who violate a provision of this program will not be eligible to reapply for five years from the date of the violation.

### Funding

The Employer Assisted Housing Program is funded by the University of Kentucky. The provisions described in this document may be limited by available funding.

### Asset Limit

The normal asset limit for employees to participate in this program is \$60,000. These assets include real property or equity in real property, stocks, bonds, certificates of deposit, shares in mutual funds, cash, etc. Assets excluded from this limit include personal vehicles and tax deferred retirement funds {403(b), 401(k), IRAs, etc.}. Employees with assets totaling more than \$60,000 may request a waiver from the Executive Vice President for Finance and Administration.

### Ability To Pay

All applicants for the Program must qualify for a mortgage approved by FANNIE MAE and offered by a participating lender.

### Maximum Loan Amount

The maximum assistance available is \$15,000. Eligible employees will normally receive 5% of the purchase price up to \$15,000. For example, if the purchase price of the home is \$150,000, the employee is eligible for \$7,500 to apply toward normal closing costs and the down payment, or for rehab or renovation costs ( $\$150,000 \times 5\% = \$7,500$ ). Employees may request a waiver from the Executive Vice President for Finance and Administration to increase the percentage amount for homes costing less than \$300,000.

### Taxes

This is a taxable benefit under IRS regulations. Employees will be responsible for paying applicable taxes for benefits received through this program.

### Out-Of-Pocket Expenses

Employees participating in this program may incur out-of-pocket expenses. Some out-of-pocket expenses may be requirements of the Department of Housing and Urban Development. Other out-of-pocket expenses may include fees paid to Homeowner Education Program Providers.

### Eligible Cost And Activities

Funds from the Program may only be used for down payment and normal closing costs for properties identified in the neighborhood revitalization area. Counseling fees charged by the counseling providers are eligible expenses and will generally be paid at closing. Home inspection fees are eligible expenses and will generally be paid at closing. These funds may also be used for rehabilitation of the home to meet housing codes or to renovate the home.

In the event a home is purchased in conjunction with one or more employees of the Lexington Fayette Urban County Government and/or Samaritan Hospital, the maximum combined benefit will be limited to 5% of the purchase price up to a maximum of \$15,000. In the event a home is purchased in conjunction with one or more employees of the University of Kentucky, the maximum combined benefit will be limited to 5% of the purchase price up to a maximum of \$15,000.

#### Designated Neighborhood Revitalization Area

The following neighborhoods are included in the Program:

Montclair, Hollywood, Mt. Vernon, Columbia Heights, Oldham Avenue, Aylesford Place, Transylvania Park, Woodland Triangle, Grovesnor, Historic South Hill, Pleasant Green Hill, Davis Bottom, South Broadway Park, North Elizabeth Street, Elizabeth Street, Arcadia, Barberry, Dantzler and Shawnee.

#### University of Kentucky Acquisition Area

The University of Kentucky has established an acquisition area consisting of property surrounding the University of Kentucky. The University of Kentucky has the right to purchase properties in this acquisition area under Imminent Domain.

#### Education Program Requirement

Participation in a homeownership educational program is required for all applicants. The University will contract with one or more of the following: 1) Community Reinvestment Alliance of Lexington Inc. (CRAL); 2) Resources Education & Assistance for Community Housing (REACH); and 3) Community Ventures Corporation for homeowner education program services. The homeowner education programs will include credit maintenance, budget planning, home maintenance and post-purchase counseling along with other topics as needed.

Applicants must successfully complete a program and be certified by the education program agencies before funds will be reserved. If funds are not available at the completion of the program, the applicant will be placed on a waiting list until funds become available.

#### Purchase Time Limit

After completing the required Education Program with an approved Homeowner Education Program Provider, the employee will have 120 days to close on a home. After 120 days, the application will be considered expired and render the employee ineligible for benefits under this program. If the employee has not successfully closed on a home within 120 days, but the employee still intends to purchase a home pursuant to this program, a written request may be submitted to the Employee Benefits Office requesting an extension. The extension request must be submitted within 10 days of the date the application expired. The extension request should state the reasons for delay and an anticipated date of closing.

If the Purchase Time Limit expires and the employee does not request an extension, the employee may be required to re-enroll in this program.

Normally, no more than one extension will be granted. The Employee Benefits Office reserves the right to require the employee to re-enroll or to be recertified by an approved Homeowner Education Program Provider if the Purchase Time Limit is exceeded, even if the extension is approved.

#### Employee Terminations

Employees who terminate employment during the loan period will owe the remaining prorated share of the loan immediately upon termination from regular full-time employment, unless the employee obtains regular full-time employment with the Lexington Fayette Urban County Government or Samaritan Hospital and the subject property falls in the designated area of the new employer's program (LFUCG or Samaritan Hospital) within 30 days of separation. The employee must maintain employment with LFUCG or Samaritan Hospital for the duration of the agreement. If the employee does not maintain employment through the duration of the agreement, the remaining prorated share of the loan will be due immediately to the original employer.

#### Calculation of Prorated Amount

The prorated amount will be calculated based on the remaining months of the agreement divided by the total months of the agreement multiplied by the benefit amount.

#### Parking Provision

An employee in the program who lives within "walking distance" of his or her work station may be asked to waive eligibility to purchase a UK parking permit. The term "walking distance" will be defined as being within one mile (5280 feet) using the shortest possible route. These employees are eligible to receive up to four temporary one-day parking permits per month to facilitate parking on campus as the need arises. Appeals for parking permits should be directed to the Employee Benefits Office.

The Parking Provision will stay in effect as long as the lien is attached to the property.

Employees in this program will be eligible to apply for a Carpool Permit or Disabled Permit through UK Parking & Transportation Services. To be eligible for a Carpool Permit or Disabled Permit, the employee must satisfy the requirements for receiving the permit. The final decision regarding issuance of a Carpool Permit or Disabled Permit will be the responsibility of UK Parking and Transportation Services.

### Application Process

1. The University will hold informational meetings on campus to promote the Program.
2. Interested employees will obtain an application for the Program from the Employee Benefits Office either in person or on the University's forms webpage and submit the completed application to the Employee Benefits Office for approval.
3. Approved applicants will be referred to counseling with one of the approved counseling providers.
4. After the applicant has completed the counseling process and receives certification, he or she will be referred by the counseling provider to one of the approved lenders.
5. Once the lender has established a closing date and the amount of funds needed from the Program, the University will process a check, which will be delivered at the closing.

### Subordination

The University will place a lien on the property, which will be subordinate to the lien holder of the first mortgage. Under no circumstances will the University hold less than second position.

### Foreclosures

In the event of foreclosure by a superior lien holder or transfer in lieu of foreclosure, the University may recapture the remaining portion of the subsidy from net proceeds of the property sale before the homeowner's recovery of down payment, principle payments and capital investments. In the event that net proceeds are insufficient to repay the remaining portion of the subsidy, the University has the option to make applicant personally liable for the debt. Any action pertaining to pursuit to the section does not subject the employee to the University's progressive corrective action policy.

### Implementation

The Director of Human Resources has the authority to establish policies and procedures for the implementation, administration and operation of the Program within the framework of these guidelines as approved by the President of the University.

#### Unforeseen Issue

Some unforeseen issues may arise in the administration of this program. Any unforeseen issue not addressed within this document may be referred to the Director of Human Resources for final determination.

#### Program Changes

The University of Kentucky reserves the right to change any portion of this program without notice.