

FAQs

**The Document below is based on an employer contribution of \$5000. If an organization chooses to give more or less to an employee for housing assistance the numbers will need to be adjusted.

How much is the benefit that the Employer Assisted Housing (EAH) program can provide?

EAH will provide up to \$5,000 through a forgivable loan to any Benefit eligible full-time/ part-time employee for the purchase of a home within the defined borders of the EAH shall provide a \$5,000 forgivable loan to an eligible employee toward the renovation of a home within the defined borders.

This benefit is a \$5,000 forgivable loan. What does that mean?

The company in charge of the EAH will forgive this loan on a schedule similar to the following:

After one year of service 20% of the loan will be forgiven and the employee is responsible for \$4,000 repayment.

After two years of service 40% of the loan will be forgiven and the employee is responsible for \$2,000 repayment.

After three years of service 60% of the loan will be forgiven and the employee is responsible for \$1,000 repayment.

After four years of service 80% of the loan will be forgiven and the employee is responsible for \$500 repayment.

After five years of service 100% of the loan will be forgiven and the employee is responsible for \$0 repayment.

What are my tax obligations for the "forgivable" loan?

The Internal Revenue Service Code treats most forgiveness of debt as taxable income. Therefore, the portion of the loan that is forgiven by the EAH company each year is considered "taxable" income to you. The company will withhold the appropriate amount of tax from your earnings.

How do I receive the loan proceeds?

Once you are approved for the loan, Human Resources will provide you with the paperwork necessary to make a check payable to the mortgage lender or the settlement agency that will be conducting your closing. It is your responsibility to complete these forms accurately and return them to Human Resources at least ten days prior to your scheduled closing date.

Can the benefit be used for a security deposit for rental housing?

No. The benefit must be applied towards the purchase of a home in the defined geographic boundaries.

I already own a home, so I'm not a first-time home buyer. Can I still participate in Employer Assisted Housing Program?

Yes. The program is for all full-time/part-time Benefit eligible employees purchasing a home in the defined borders. It is not restricted to first-time buyers; however, you must move to the new home and reside in the home as your primary residence.

I am purchasing a home that will become my principal residence, but I want to lease it to another party for a period after closing. Is this permissible under the Employer Assisted Housing Program?

No. The home must be used as the primary residence for the entire time period in order for Drexel University/Drexel University College of Medicine to provide the loan.

I just bought a house. Is the Employer Assisted Housing program retroactive?

No. The “forgivable” loans will only be provided for homes purchased in the designated zip code areas with settlement occurring after November 1, 2010.

Can I use the forgivable loan for a second or vacation home?

No. The loan must be used for the purchase of a primary residence.

Can I use the Employer Assisted Housing Program loan in the refinancing of my current home?

No. The “forgivable” loan must be used for a purchase of a home with settlement occurring after November 1, 2010.

How often can I participate in the Employer Assisted Housing Program?

You will be eligible to participate in the program once in any five-year period.

Do I have to use the vendors the company has secured a relationship with?

No. You are encouraged to shop around and obtain vendors that meet your very specific needs.

What happens if my employment ends during the five year loan term?

The remaining balance of the loan will become due in 60 days. If your employment ends because of death or permanent disability for which you are collecting periodic income benefits from a long term disability plan, The company will forgive the balance of your loan.

What happens if I go on paid or unpaid leave?

If you are on an approved paid leave, the loan will continue to be forgiven. However, if you are on unpaid leave for more than 180 days, forgiveness of the loan is “suspended” during your leave period. In other words, the loan will not be reduced or “forgiven” over the time period of the unpaid leave. If you do not return to work within one year, the remaining balance of the loan will become due within 180 days. If you return, the forgiveness of the loan begins again in the month following your active return to work. Any time that you were out on unpaid leave will be added to the end of the original loan period.

Does my beneficiary or estate have to pay back the loan if I die?

No. The company forgives the outstanding balance upon the death of the employee however, if the beneficiary of the estate opts to sell before the end of the five year period they must honor a right of first refusal policy.

Are part-time employees eligible?

Yes. Part-time Benefit eligible employees are eligible for this benefit.

My spouse/domestic partner and I both work for the sponsoring company. Do we get twice the normal benefit?

No. The company will only provide one forgivable loan per new home purchase. If the home is purchased jointly by two employees, both employees must sign the application and other required documentation.

The company will continue to forgive the loan so long as one of the employees remains a full-time active employee.

What is title insurance?

Title insurance provides homebuyers and lenders with vital protection against losses arising from certain title issues that are undiscoverable from public records--including forgery, fraud and liens--which might limit a homeowner's use and enjoyment of their property.

Why do I need title insurance?

There are two types of insurance: owner's title insurance, called an **Owner's Policy**, and lender's title insurance, called a **Loan Policy**. Most lenders require a Loan Policy when they issue you a loan. The Loan Policy is usually based on the dollar amount of your loan. It only protects the lender's interests in the property should a problem with the title arise. It does not protect the buyer. The policy amount decreases as you pay down your loan and eventually disappears as the loan is paid off.

An Owner's Policy is usually issued in the amount of the real estate purchase price. It is purchased for a one-time fee at closing and lasts for as long as you have an interest in the property. Only an Owner's Policy protects the buyer should a covered title problem arise. Possible hidden title problems can include:

- Errors or omission in deeds
- Mistakes in examining records
- Forgery
- Undisclosed heirs
- Others claiming an interest in your property

An Owner's Policy provides assurance that your title insurance company will stand behind you--monetarily and with legal defense, if needed--if a covered title problem arises after you buy your home.

Why do I need a home inspection?

Buying a home could be the largest single investment most of us will ever make. To minimize unpleasant surprises and unexpected difficulties, you'll want to learn as much as you can about the newly constructed or existing house before you buy it. A home inspection may identify the need for major repairs or builder oversights, as well as the need for maintenance to keep it in good shape. After the inspection, you will know more about the house, which will allow you to make decisions with confidence.