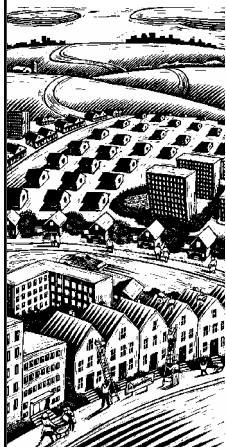




Start-Up Guide for Employer-Assisted Home Ownership

December 2001

NeighborWorks® America
NeighborWorks® Campaign for Home Ownership



**NEIGHBORWORKS® AMERICA,
THE NEIGHBORWORKS® NETWORK AND
THE NEIGHBORWORKS® CAMPAIGN FOR HOME OWNERSHIP**

Neighborhood Reinvestment Corporation (dba NeighborWorks® America) was established by an act of Congress in 1978 (Public Law 95-557). A primary objective of the Corporation is to increase the capacity of local community-based organizations to revitalize their communities, particularly by expanding and improving housing opportunities.

These local organizations, known as NeighborWorks® organizations, are independent, resident-led, nonprofit partnerships that include business leaders and government officials. All together they make up the NeighborWorks® network.

The NeighborWorks® Campaign for Home Ownership is the largest national initiative of its kind: a joint effort by private industry and government working with community-based NeighborWorks® organizations to bring more families into home ownership. NeighborWorks® organizations participating in the campaign use the NeighborWorks® Full-Cycle LendingSM system. Under this system, prepurchase education, innovative loan products and early-intervention delinquency counseling are combined into a system that helps create successful homebuyers who take charge of their neighborhoods as well as their homes.

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INTRODUCTION

It has been at least a few years since employer-assisted home ownership left its “boutique” status and became more widely used across the country to promote and support home ownership. Most of the usual suspects in the affordable home-ownership line-up have become involved. Several parties — neighborhood-based nonprofits, local and state governments, mortgage lenders, and the secondary mortgage market, among others — have embraced employer-assisted home ownership to strengthen existing partnerships and forge new ones in efforts to increase home ownership and stabilize neighborhoods.

Employer-assisted home ownership (EAH) is an appealing strategy for a number of reasons:

- It is versatile in its applications.
- Many communities already possess the expertise and partners to launch successful programs — EAH is not rocket science.
- EAH programs complement existing strategies to retain and attract owner-occupant residents.
- Programs provide an entrée to a new group of partners — employers, large and small — to home-ownership promotion and neighborhood revitalization efforts.

The interests of readers from a variety of backgrounds and perspectives, whether from a NeighborWorks® organization or other housing nonprofit, local or state government, or business, industry or chamber of commerce, will be served by the two primary objectives of this manual:

- Acquaint organizations and communities with the EAH program concept
- Provide guidance for:
 - An assessment of local capacities to initiate an EAH program
 - Identification and recruitment of program partners
 - The development and implementation of programs

The manual draws primarily from the experience of Select Milwaukee, a nonprofit urban-living and home-ownership promotion organization that has successfully developed and administers an EAH program model in use by 14 employers in Milwaukee, Wisconsin.

WHAT IS EMPLOYER-ASSISTED HOME OWNERSHIP?

Simply put, employer-assisted home ownership is an employee housing benefit offered by an employer. The housing benefit has two components: (1) employees are provided supplemental funds to reduce the amount of up-front cash needed for the down payment and closing costs of a home purchase; and (2) employees are offered comprehensive advice about homebuying, including prepurchase counseling and education services.

The focus of this manual, however, is broader than merely defining EAH as an employee benefit. EAH is considered in terms of both affordable home ownership (particularly among first-time homebuying, modest-income employees) and neighborhood revitalization.

Where neighborhoods are concerned, EAH can have a noticeable impact. An employer's program can affect demand for housing by guiding and smoothing buyers' entry into the housing market. This is especially the case for modest-income, first-time buyers. However, EAH programs also can induce employees of all income levels to explore housing and neighborhood choices they might not otherwise have considered.

When an EAH program targets specific neighborhood markets, the more concentrated demand can generate property and infrastructure improvements that help polish a neighborhood's appearance, image and marketability. "Walk-to-Work" programs do this, for example, when an EAH program targets neighborhoods either adjacent to or within walking distance of an employment site. EAH also complements other public-policy initiatives, such as attracting and retaining residents and promoting diverse communities. An EAH program also leverages resources, and cements existing partnerships and forges new ones.

Why should an employer offer a housing benefit to employees?

EAH plans create an employee benefit with certain eligibility and other requirements, though less standardized than some other employer-provided benefits, such as health insurance or pensions. Ideally, administration of an EAH plan will be a service that a nonprofit provides. Significantly, the appeal of EAH is its adaptability to a wide range of corporate needs. A plan can be shaped for a particular workforce or neighborhood housing market and to meet a myriad of corporate interests:

- *Strengthened surrounding community.* Promoting home ownership can increase property values in nearby neighborhoods, protect a firm's physical-plant investment, and enhance the image of a firm's community and worksite for its vendors and employees.
- *Improved employee recruitment and retention in a tight labor market.* EAH-plan benefits can bolster the appeal of an employer to job applicants, help diminish worker turnover, and reduce the significant costs of recruiting and training new employees.
- *Increased employee loyalty.* An employer helping its employees achieve the American dream of home ownership, and the personal and financial security it offers, can enhance employer-employee relations.

- *Increased employee productivity.* Maintaining their new home-ownership status may motivate employees to work harder. Walk-to-Work EAH programs can increase employee productivity by reducing commuting time and related tardiness, absenteeism and stress.
- *Improved civic and political relations.* EAH is a practical approach to fostering or maintaining good relations with residents and organizations in nearby neighborhoods and with local government, whose support and cooperation may benefit a business.

Why should a nonprofit promote EAH to employers?

EAH presents to nonprofit organizations an opportunity to broaden the reach and impact of their housing expertise. The nonprofit brings to the table a wealth of skills and services that are invaluable to a successful EAH program, including homebuyer education, innovative mortgage finance and assistance programs, housing rehabilitation, neighborhood marketing and home-ownership partnerships. Because employers typically have little or no knowledge of housing or affordable home ownership, nonprofits are well positioned to promote EAH and shepherd its development and implementation within local businesses.

In this and other ways, developing EAH programs locally can work to a nonprofit's advantage by cultivating and strengthening partnerships, generating program income, and ultimately, bringing the organization's mission closer to realization.

THE SELECT MILWAUKEE EAH MODEL

The Select Milwaukee EAH model is used by several Milwaukee employers engaged in a variety of enterprises, including manufacturing, health care, insurance, banking, public education, electronic media and social service, with workforces ranging from 45 to 14,000. Readers should view this *as a model* — one that works in Milwaukee but that can be adapted to meet particular needs of other communities. The model relies upon a number of tested approaches to affordable home ownership, targeting efforts to employees whose firms offer a housing benefit. The Sample EAH Program Proposal in the Appendix outlines the model in detail. Key players and elements of the Select Milwaukee model are:

- The lead nonprofit (Select Milwaukee)
- The employer
- Housing benefit
- Program partners
- Program operations

The Lead Nonprofit

Select Milwaukee is nonprofit corporation with the mission to promote, support and facilitate home ownership in Milwaukee neighborhoods. Among its activities are one-stop homebuying information and clearinghouse services, production of neighborhood marketing events, and urban market training for real estate professionals and mortgage lenders. Select Milwaukee's EAH initiative was launched in 1993.

Select Milwaukee solicits employer participation in its EAH program. In cooperation with individual employers, Select Milwaukee designs the EAH program, tailoring it to meet the employer's needs and interests, and determining details of the housing benefit, employee eligibility, neighborhood targeting and program promotional strategies.

Employers retain Select Milwaukee on an annual fee-for-service basis to administer their programs. Select Milwaukee staff offer employees comprehensive home-purchase services, including education, loan packaging and processing of housing benefit applications. Marketing the program at the workplace and promoting the targeted neighborhoods also are the responsibility of Select Milwaukee.

The Employer

After an EAH plan is established, the employer has nominal involvement in the program — an important program selling point to businesses. The employer's EAH program liaison coordinates with Select Milwaukee worksite activities and program promotion and financial assistance for employees.

Housing Benefit

Select Milwaukee's EAH model requires that employers provide a housing benefit of financial assistance and comprehensive homebuying services. EAH is much more than an occasional brown-bag lunch focusing on home-ownership at a business. The housing benefit is the focal point of EAH programs in Milwaukee. The benefit captures the attention of employees and is tangible evidence of the employer's commitment.

- *Financial assistance.* Accumulating sufficient funds for a down payment and closing costs is a major obstacle to home ownership for many persons. This barrier is reduced when an employer provides employees with financial assistance for a down payment, closing costs, other prepaid closing expenses and minor home repairs. Milwaukee employers offer 0-percent forgivable loans, with three- to five-year terms, in amounts ranging from \$500 to \$5,000. Loans are forgiven over the term if the employee continuously owns and occupies the home and remains with the employer. (Employers also can provide salary advances, low- or no-interest repayable loans and grants.)
- *Homebuying education and related services.* These services are critical to increasing long-term, successful home ownership among modest-income employees who are purchasing a home for the first time. Select Milwaukee offers employees confidential, one-on-one prepurchase, credit and budget counseling, education and homebuying information. Group education programs also are offered. Select Milwaukee offers employees help with their home purchase every step of the way.

Employees are not required to participate in homebuyer education as a condition of EAH financial assistance. Homebuying services are offered to all employees, including those purchasing outside an EAH program area.

Program Partners

Select Milwaukee's EAH programs involve many entities that have over the years worked with Select Milwaukee and other nonprofits in a variety of home-ownership initiatives. EAH program partners include mortgage lenders, private mortgage insurance firms, the secondary mortgage market, real estate professionals, state and local government agencies, community-based organizations, home inspectors and insurance companies. EAH partners play their usual roles, with efforts targeted to employees. For this reason, EAH holds special appeal because of the quality of the target audience — gainfully employed home seekers backed with funds from their employers. EAH has enhanced working relationships with some partners, resulting in the development of special EAH mortgage loan products and new collaborations in other areas.

Program Operations

Select Milwaukee, as the EAH-plan administrator, is the first point of contact for employees. Program operations are straightforward and flexible, with a minimum of hoops through which employees must jump to claim their EAH-plan benefits.

- *Employee Services.* Employees contact Select Milwaukee for EAH plan information and services. Services and information are available at Select Milwaukee's office, and by telephone and mail. Staff also maintain scheduled hours in the offices of some larger employers. Employees have the options of attending periodic homebuyer workshops at the worksite and touring the employer's program neighborhoods. Employees can utilize some, all or none of Select Milwaukee's services, and may work directly with a lender and realty agent of their choosing, contacting Select Milwaukee only to process their EAH-plan benefit request prior to closing.

While details of individual EAH plans differ, standardized intake, services, program operations and forms make administration of several programs efficient. Employee services include:

- information about EAH plans;
 - one-on-one purchase, credit and budget counseling and education;
 - purchase mortgage loan package preparation;
 - supplemental subsidies for up-front purchase costs;
 - neighborhood and home selection information;
 - referrals to mortgage lenders, realty agents and ancillary home-ownership services; and
 - processing of the EAH plan application.
-
- *Plan Promotion and Employee-Outreach Services.* Promotion and marketing are important to the use and success of EAH programs. Select Milwaukee works with the employer's program liaison and other staff to formulate promotion and outreach efforts. Efforts vary, depending on the extent of employer cooperation, the size of the workforce, the physical nature of the workplace, and the availability of e-mail and in-house television networks and other means of internal communication. Promotion and outreach services include:
- preparation of an EAH-plan publication;
 - preparation of articles and fliers for employer distribution in payroll inserts; employee newsletters, e-mail and other means;
 - periodic mailings to employees about homebuying events;
 - creation of program displays for worksites that feature events, homes and neighborhoods;
 - home-purchase seminars at employment sites; and
 - tours of EAH-plan neighborhoods and homes.

THE MOTIVATION AND ROLES OF PROGRAM PARTNERS

Development of an EAH program provides fertile ground in which a nonprofit can nurture existing relationships while cultivating new ones, perhaps even with additional partners. For existing partners, EAH is a special opportunity, presenting a captive audience of potential homebuyers who are employed, purchase-ready or in the process of becoming so, and who are financially backed by their employers. As partners see EAH as a valuable and profitable opportunity, they will be more receptive to future initiatives with the nonprofit.

It is incumbent on the nonprofit to select experienced partners with good track records. The quality of an employee's home-purchase experience ultimately reflects on the employer and, in turn, on the nonprofit and its partners.

Program partners usually include, in addition to employers and the nonprofit, mortgage lenders, real estate professionals, local government, other community-based organizations, and other home-ownership service providers, such as home inspectors and insurance companies. EAH brings together in one package all the essential home-ownership product and service providers.

The following is background information to assist with the recruitment of EAH partners and to outline the roles each can undertake.

Mortgage Lenders

Employees are free to use a mortgage lender of their choice. However, all parties benefit when mortgage lenders with solid track records and a commitment to an EAH program are chosen by employees. Lenders realize that the exposure they gain from program participation increases the likelihood that they will originate an employee's mortgage.

Motivation for mortgage lender partners to participate:

- Generates income.
- Provides access to many potential customers.
- Helps meet CRA performance and investment responsibilities.

Roles for mortgage lender partners:

- Provide financial sponsorship and appropriate staff to teach portions of homebuying seminars at employment sites.
- Financial sponsorship of EAH-program neighborhood and home tours.
- Flexibility on where loan applications are taken.
- Development and use of products that maximize utilization of the EAH financial benefit.
- Pursue collaboration with the nonprofit to secure additional EAH and other funding, such as the Federal Home Loan Bank's Community Investment and Affordable Housing Programs.

Real Estate Professionals

Linking employees with competent, knowledgeable realty agents is a valuable service of EAH programs. Failure to do so may open the door to great disappointment when an employee enters a purchase agreement for a home outside an EAH program area or applies for a loan product that precludes use of the housing benefit. While both the buyer and real estate professional bear some responsibility to verify EAH program information, first-time buyers can unwittingly succumb to different sales tactics. For employees who do not avail themselves of prepurchase services, it is important to include information about quality realty services with general EAH-program materials.

Select Milwaukee has created a pool of committed, knowledgeable real estate professionals through a training and certification program in affordable home ownership, covering EAH and lending among other topics. Seeking realty agent recommendations from partners, colleagues and satisfied customers is an informal but valuable approach to developing a group of agents for the EAH buyer's review and consideration.

Motivation for real estate professionals to participate:

- Generates income.
- Provides access to knowledgeable customers more likely to close.
- Offers easier first-time urban market buyer transactions.

Roles for real estate professionals:

- Assist employees in locating appropriate homes in EAH program areas.
- Help insure full utilization of EAH benefit.
- Maintain and expand working knowledge of EAH program housing.
- Teach appropriate segments of employee homebuying seminars.
- Assist with organization and participate in tours of EAH program markets.
- Provide information about properties for sale in EAH markets.

Local Government

Local government is a very valuable EAH partner for both political and pragmatic reasons. Support and cooperation of local government lends credibility to an EAH initiative. Businesses view local government involvement in EAH favorably. Garnering involvement in and support for EAH from local government should be an easy task.

Motivation for local government to participate:

- Complements related local government initiatives.
- Supports resident attraction and retention.
- Minimal public expenditures.
- Leverages private-sector investment in housing and neighborhoods.

Roles for local government:

- Provide political support for initiatives.
- Assist in recruitment of businesses.
- Provide data, information and technical support.
- Incorporate EAH into revitalization efforts.
- Provide CDBG or other support for initiatives.

Other Community-Based Organizations

The interests of other community-based organizations, their resident constituencies, and the nonprofit spearheading EAH program overlap in several areas. Support, cooperation and participation of other community-based organizations is most effectively secured at the outset of a program.

Motivation for other community-based organizations to participate:

- Increases owner-occupied home ownership and private investment.
- Enhances relationships with local businesses.
- Creates opportunities for resident involvement.

Roles for other community-based organizations:

- Help identify and facilitate access to neighborhood employers.
- Add credibility to an effort spearheaded by a nonprofit that may not be based in the neighborhood.
- Coordinate resident volunteer efforts to help promote the neighborhood to employees.

Other Home-Ownership Service Providers

Additional program partners may include other home-ownership service providers, such as home inspectors, insurance firms and contractors. They are motivated to participate in EAH efforts primarily because of the business potential. As with other private-sector partners, it is important to engage participants with good track records.

Identifying these partners is important to an EAH program because employees can reliably be referred to them for services, and such partners can be engaged to participate in homebuyer education and programs. Partnership arrangements with home inspectors and contractors, for instance, can include negotiated fee discounts for customers of EAH programs. In Milwaukee, for example, the local chapter of the American Society of Home Inspectors offers reduced-fee inspections to EAH program clients.

ASSESSING EMPLOYER-ASSISTED HOME-OWNERSHIP PROGRAM OPPORTUNITIES

Part of the appeal of employer-assisted home ownership is that in most communities the opportunity to mount an EAH initiative exists. Still, launching a program requires a good deal of up-front work and careful organization. To help determine the feasibility, details and scope of an initiative, a nonprofit should carefully consider its capacity to develop and implement an EAH program and review local market conditions and circumstances that might support an EAH initiative.

Initiative Leadership and Administrative Responsibilities

EAH program development, administration and service provision are labor-intensive activities. A nonprofit well-positioned for an EAH initiative would possess expertise in several areas, including home-ownership education and counseling, marketing, public relations, and working with the private sector — in general, home-ownership and neighborhood revitalization experience.

In the Select Milwaukee EAH model, the nonprofit takes the lead, perhaps with local government or a lender, on program development, launch and administration, and employer recruitment. A nonprofit is often in the best position to be the proverbial glue that holds together an effort. Having housing and home-ownership experience, established relationships with potential partners, and a community and resident constituency are strong claims for asserting leadership on an EAH program. A nonprofit's 501(c)(3) status facilitates private-sector support for EAH, including partner contributions and program service and administration and perhaps contributions from the corporate foundation of an employer.

But the versatility of EAH encourages creative approaches to an initiative. Local government or the chamber of commerce can be the catalyst to a discussion, later turning over ongoing administration to a nonprofit. The leadership role can be asserted by a consortium of nonprofits, including NeighborWorks[®] and other housing counseling organizations, community development corporations, business associations, and home-ownership promotion groups.

A nonprofit may desire to collaborate with others to enhance its capacity to initiate and deliver a program. For example, during the first two years of its EAH initiative, Select Milwaukee partnered with Milwaukee housing counseling organizations to provide in-depth counseling services to employees. An appropriate role may be to initiate discussions with sister organizations that are better positioned and equipped for direct involvement in EAH. A community development corporation with excellent ties to local businesses might contact a local NeighborWorks[®] program to explore EAH.

A nonprofit should consider the following, with regard to its own operation, and also review the Organizational Capacity Assessments in the Appendix:

- How would an EAH initiative complement the nonprofit's existing programs and bolster its home-ownership objectives?

- Would current staff capacity and expertise and board composition support an EAH undertaking?
- Would the addition of middle- and upper-income EAH clients be compatible with the nonprofit's overall mission?
- Does flexibility exist to increase or change geographic targeting of programs?
- Does the opportunity or need exist to partner with other organizations to deliver EAH program services?

Potential Program Partners

It is strategically wise at the outset to identify and approach core partners, such as local government or a key lender, with whom an EAH initiative can be defined, and who will be prominent in the development and implementation of the program. Their early participation can result in long-term buy-in to the program, and bring to the effort different perspectives and potential resources.

Identifying potential EAH program partners should be straightforward, reviewing the following items with regard to existing and potential new partners, using the "Partner Matrix" in the Appendix for guidance.

- Identify potential partners with which a relationship exists or is desired.
- Consider experience with them and their track record.
- Consider what they might bring to the table, including:
 - key leadership and credibility
 - providing program services
 - employer-recruitment assistance
- Whose participation could most expeditiously be secured?

EAH Housing Markets

EAH programs condition an employer's financial assistance on a home purchase in designated neighborhoods. Thus the extent of employee participation will be affected by the selection of neighborhoods. In Milwaukee, EAH program areas range from a small group of neighborhoods within walking distance of the workplace (accounting for the "walk-to-work" designation of these EAH programs) to the entire city of Milwaukee. The versatility of EAH affords consideration of many factors when designating program target areas.

In Milwaukee, a majority of EAH program participants are first-time, modest-income buyers. However, some of the Milwaukee programs have been particularly successful in retaining a number of middle- and upper-income employees in the city and attracting them from the suburbs. These results suggest that as a general consideration an EAH-program target area

should contain a wide-enough variety of homes, in terms of price, size and style, in a range of diverse neighborhoods, to help ensure that the program holds appeal for as diverse and large an employee population as possible. Programs that do so successfully can help maintain and increase economic and racial diversity in neighborhoods.

Data and information about properties and housing markets are important. Real estate professionals and community-based organizations are a good source. Other sources include community development corporations and local government tax assessor and development offices.

Other issues and considerations include:

- An employer's desire to increase owner-occupied home ownership in surrounding neighborhoods.
- EAH can spur initiation of home-ownership initiatives and facilitate or help expand use of existing initiatives.
- Targeting areas with limited housing choices or availability may suppress program use.
- Include neighborhoods to showcase and support redevelopment initiatives and improve general perceptions of neighborhoods.
- Selection of EAH neighborhoods can support other public-policy initiatives, such as encouraging commuters to walk to work or use mass transit instead of driving.

Employer Prospects

Every community has employers with which EAH programs can be initiated. Employers with a historical interest in the location of their employees' residence, such as hospitals, colleges and universities, are good candidates. But in general, there is no employer type — business activity, size, or location — most receptive or best-suited to EAH. Opportunities to develop a program usually depend on a variety of circumstances, sometimes unique to the employer. A variety of Milwaukee employers offer EAH benefits, including small and medium-sized nonprofits, small, medium, and large firms engaged in manufacturing, media, insurance, health care, banking, finance and public education. These employers are located throughout the city, including downtown and its fringes, and in mixed-use and residential neighborhoods.

Assessing business prospects — key to efficient employer recruitment — is largely a subjective process. The assessment involves a review and understanding of mostly anecdotal information — not the firm's balance sheet. Employer assessment and recruitment are facilitated by the lead nonprofit's staff, board members and partners who have entrepreneurial savvy and, if possible, entrée to the potential firms.

The following are factors that may influence an employer's receptivity to EAH and desirability as a recruitment target, and also help predict the likelihood of an employer's participation. The

“Employer Identification and Attribute Inventory” in the Appendix can help organize employer information.

- Housing or other community-development relationship already exists with the lead nonprofit or other program partners.
- History of involvement in community development or neighborhood revitalization, suggesting an understanding of the issues and objectives of EAH.
- Concern with the quality of life in its workplace neighborhood may encourage a business to view EAH as serving its self-interest.
- Including EAH with a neighborhood revitalization program, into which a business investment is sought, can make the entire strategy more saleable.
- Businesses with employee recruitment and retention challenges may see an EAH program as helping address these issues.
- Businesses desiring to foster or maintain positive relations with their surrounding community or local government may view EAH as a practical means to accomplishing these objectives.

DEVELOPING AN EMPLOYER-ASSISTED HOME-OWNERSHIP INITIATIVE

Progress on an EAH initiative can continue as the following items are addressed, consistent with the outcomes of the program-opportunity assessment:

- EAH Program Design
- Scale of the Initiative
- Program Costs and Resources

EAH Program Design

The “Sample EAH Program Proposal” in the Appendix outlines the important details of a program design, including the two-part housing benefit, program services, geographic targeting, program promotion and outreach. The design process affords employers the opportunity to understand a program and tailor it to meet their needs. Key components are:

- *Housing Benefit Financial Assistance.* The objective is for an employer to provide financial assistance to an employee to reduce up-front costs of a home purchase. The assistance functions as an incentive for employees to consider home ownership, and helps draw attention to an EAH program. Generally, amounts under \$500 do not achieve the objective. Flexibility in the benefit’s form is a selling feature to the employer; it can include outright grants, forgivable loans, no- or low-interest repayable loans, and salary advances.
- *Program Administration and Services.* The lead nonprofit administers the program to the extent desired by the employer. Most employers prefer that the nonprofit handle virtually all program administration, including marketing, outreach and public relations. Most employers work cooperatively with the nonprofit in the latter areas. The nonprofit provides all direct employee services and ensures linkages with program partners.
- *Employee Eligibility.* Employers generally determine program eligibility requirements in terms of job tenure and employment status, consistent with other employment benefits. The emphasis placed on EAH by the employer as a recruitment or retention tool or as a community-development effort will influence the final determination on eligibility. As a recruitment tool, for example, eligibility for financial benefits would be upon hiring; as a retention tool, after one or two years.
- *Program Boundaries.* Generally, employers will solicit recommendations for EAH-program target areas that have a reasonable basis, including a neighborhood revitalization rationale, and that offer employees a range of choices. Occasionally, an employer will have strong opinions about an area, in which case an honest assessment of the proposed target area should be offered.

Scale of the Initiative

In general, the assessment phase will provide reliable information about the likely initial scale of an EAH initiative. Factors affecting the scale of an EAH program launch include sufficient

organizational capacity and resources in the lead nonprofit to deliver program services, and the nonprofit's ability and capacity to recruit employers.

A nonprofit may have enlisted as a core partner, for instance, the local chamber of commerce or similar business association. Organizations such as these, with good business connections and resources, may wish to drive and support an initiative. National organizations familiar with or involved nationally in EAH efforts, such as the Local Initiatives Support Corporation (LISC), Fannie Mae or Freddie Mac, may wish to sign on as an initiative partner and supporter. These relationships would bode well for a larger-scale initiative.

An EAH initiative also can receive a boost from the early recruitment of a high-profile employer, headquartered in the community, led by a visible CEO, that maintains a corporate foundation supportive of neighborhood revitalization. Such a commitment to support the initiative by establishing an EAH program lends valuable credibility to the effort — and is some of the best EAH advertising to other employers. If the nonprofit's capacity permits, such a development would also support an initiative of some scale.

However, there are significant advantages to an initiative of modest scale. The benefits of a small initiative are: (1) opportunity to demonstrate and improve a pilot program; (2) ability to develop and work with a solid core of partners; (3) relative ease of program start-up, with nominal staffing and funding requirements; and (4) opportunity to develop a track record for recruiting additional employers and pursuing resources to expand the initiative.

Program Costs and Resources

EAH program administration and employee services are offered to employers on a fee-for-service basis. Business planning and resource development will determine the nonprofit's program-delivery costs and, in turn, a pricing structure to recover costs from the employer, lenders and other program partners. Nonprofits should know the costs of staff time and overhead. Average costs for typical EAH services (such as homebuyer counseling and education) should also be known. But a key variable — demand for services from employers and their employees — can be difficult to predict. It is a function of the number of participating employers and their employee populations. To some extent, demand can be controlled by the scale of an EAH initiative and the aggressiveness of employer recruitment efforts. In any event, demand determines the nonprofit's staffing needs and whether additional costs, such as overhead or equipment expenditures, must be incurred.

Since 1993, the Milwaukee initiative has administered EAH programs for 17 different employers, with a combined eligible employee population of over 30,000. The experience includes a variety of program-area markets and sizes, different benefit amounts, a wide range of employee compensation, and both modest and aggressive program promotion. This experience suggests the following guidance in projecting EAH-program service demand along with the corresponding annual staff time required:

- In year one of a program, 7 percent of employees request program information; in subsequent years, the figure is 3 percent (0.5 hours)

- Employee home-purchase rate averages 2 percent annually, with services provided as follows:
 - *Process Benefit Application*: 16 percent secure financing and a home without assistance, seeking only benefit processing (5 hours)
 - *Purchase Ready*: 20 percent are purchase-ready, provided prequalification, lender and real estate professional referrals, and loan packaging services (12 hours)
 - *Short-Term Counseling*: 32 percent provided short-term (three months or less) prepurchase counseling, addressing collections, judgments, savings, including pre-qualification, referral to a lender and real estate professional, and loan packaging services (19 hours)
 - *Long-Term Counseling*: 32 percent provided long-term (six or more months) counseling, addressing judgments/liens, bankruptcies, excessive debt and insufficient savings, including prequalification, referral to a lender and real estate professional, and loan-packaging services (30 hours)

- Miscellaneous program administration, coordination of seminars, tours, program promotion, outreach and reporting (30 hours annually)

With these figures as a guide, service demand can be projected based on the size of the workforce:

Service Demand Projection				
	<i>Employer Size/ Purchase Participation Rate Estimate (2 percent)</i>			
Client Service	Workforce: 500 2%: 10			
Process Benefit 16% @ 5 hours	8 hours			
Purchase-Ready 20% @ 12 hours	24 hours			
Short-Term Counseling 32% @ 19 hours	61 hours			
Long-Term Counseling 32% @ 30 hours	96 hours			
General Information 7% workforce @ .5 hours	18 hours			
Program Administration	30 hours			
Approximate Total Hours	237 hours			

Annual service-demand projection for this employer with 500 employees is 237 hours, or 0.11 FTE.

Salary and fringes of direct staff, overhead and out-of-pocket costs will determine the final cost of administering the program. EAH program fees should reflect other sources of direct program

revenue, such as counseling/loan packaging fee-for-service arrangements with lenders and sponsorships of EAH program seminars and neighborhood tours. Program support also can be solicited from other EAH partners, including Fannie Mae and Freddie Mac, the local philanthropic community, and local government.

EMPLOYER RECRUITMENT

Convincing an employer to invest in affordable home ownership by establishing an EAH program need not be a daunting prospect. A strategic assessment of potential employer participants, an understanding of the appeal of EAH to businesses, and identification of parties who can be instrumental will all make for a solid recruitment effort.

Recruitment Strategy

Developing an effective and efficient EAH employer-recruitment strategy with an objective of establishing one, a few or several EAH programs, will logically flow from the employer-assessment process described above. If employer-recruitment priorities have not already been set, it should be easy to do so at a meeting of nonprofit staff and, as necessary, board members, program partners and others with knowledge of the business community. The strategy should include:

- A prioritized list of employer-recruitment prospects,
- A summary of EAH-relevant characteristics of the business (such as those listed on the “Employer Identification and Attribute Inventory,” in the Appendix),
- Contact assignments and deadlines for each listed employer, and
- The outline for an employer presentation, including materials.

Presenting EAH to an Employer

An initial EAH presentation to an employer should be made to community affairs, human resources, and executive or management representatives, if possible. These groups will have different perspectives and questions about an EAH program. Their participation will make for a more informative and productive discussion. Designated staff of the lead nonprofit, joined by a key partner, if appropriate, should make the initial presentation to the employer. Details of the presentation should reflect research about the employer. Make arrangements in advance for audio-visual equipment that will be needed. Objectives for this meeting should include:

- Presenting a concise picture of EAH, including rationale, benefits and costs.
- Identifying the program partners and their roles.
- Summarizing results of other EAH programs.
- Discussing program goal-setting.
- Emphasizing the flexibility of program design available to the employer.
- Stressing the ease of administration.

- Devising a follow-up strategy consistent with the discussion, including submission to the employer of a preliminary program proposal.

Follow-up should include, in addition to the usual courtesies:

- Prompt response to any questions and requests for additional information made at the meeting.
- Preparation and submission of a complete program proposal reflecting the meeting discussion, similar to the “Sample EAH Program Proposal” in the Appendix
- Agreement to contact the employer again at a specified time, or meet with other employer representatives as needed

Larger businesses may need to have other departments such as legal and employee benefits, senior management, business partners, or directors review the program proposal. The proposal document is useful in describing clearly how a program would function and providing decision-makers the opportunity to review the concept. While the initial proposal outlines in detail program services and processes, other components of the proposal — benefit type and amount, targeted neighborhoods and employee eligibility — are recommendations to the employer. More discussion may be needed to resolve these program components.

Once all program details are settled, they can be incorporated into a memorandum of understanding between the nonprofit and employer. The memorandum will clearly present each party’s responsibilities and will create service and program performance expectations.

PROGRAM LAUNCH AND ADMINISTRATION

Launch

The launch of an EAH program should insure that employees receive comprehensive information about their home-ownership benefit. Information can be provided in several ways, including:

- A program summary document distributed to employees.
- Employee newsletters, bulletin boards, payroll inserts, e-mail and staff meetings.
- Employee meetings at which the nonprofit is introduced and program details are outlined.

An employer may wish to issue media releases announcing the launch of an EAH program.

Administration

- *Program Events and Activities.* There are two objectives of EAH program activities and events: to promote a firm's program to employees; and to further EAH program objectives of guiding and supporting employee entry into the housing market. These can include:
 - Home-purchase education seminars with program partners offered at the workplace.
 - Tours of program target neighborhood and homes for sale.
 - Informal brown-bag lunches.
 - Participation in employment-benefit fairs at the workplace.
- *Publicizing the Program and Results.* Publicity about a program and its results should be disseminated within the workplace and to the general public. Publicity at the workplace cultivates employee interest and may feature an employee homebuyer or a variety of topical home-purchase information. The employer, nonprofit and program partners should periodically review opportunities to communicate program successes and activities through local media. For example, the occasion of the first employee purchase is worth a widely distributed press release. Positive publicity is valued by employers and partners, reinforcing their decisions to participate; it also can be beneficial when recruiting other employers.
- *Employer Relations.* Sound nonprofit EAH-program administration acknowledges the employer as a valued client and keeps the employer informed about the status and progress of its "investment" in home ownership — its EAH program. Periodic contact

with the employer's liaison provides an informal update on progress, success and problems, and can be used to solicit feedback from the employer.

At least once a year, or on a more-frequent schedule requested by the employer, a detailed written report that formally recounts program progress should be prepared. A complete picture of EAH program activity would include aggregate sales volume, mortgage amounts, benefit amounts, funds leveraged, volume of employee inquiries and employee home-purchase status updates. Reporting to an employer that its EAH program facilitated a million dollars in home sales in its neighborhoods last year is sure to impress. The report demonstrates employee interest in and progress toward home-buying, and reinforces the employer's decision to initiate a program. Recommended data are listed in "Reports to the Employer" in the Appendix.

APPENDIX

Assessment Tools

Organizational Capacity Assessment 23
Partner Matrix..... 25
Employer Identification and Attribute Inventory..... 26
Sample EAH Program Proposal..... 27

Document Templates

Templates for documents typically used in EAH programs in Milwaukee are found on the following pages. Forms and correspondence should be designed to meet the needs of each employer and nonprofit.

Sample Employer-Assisted Home-Ownership Program Application 32
Sample EAH Program Brochure Copy..... 33
Sample EAH Funds Commitment Letter..... 35
Sample Forgivable Loan Agreement..... 36
Sample Promissory Note 38

Employer-Assisted Home-Ownership Program Contacts..... 39

ORGANIZATIONAL CAPACITY ASSESSMENT

Rate the organization's capacity to provide the following services:
(1 = not prepared; 5 = very prepared)

Home-Ownership Services

Homebuyer education and counseling	1	2	3	4	5
Credit establishment/repair	1	2	3	4	5
Homebuyer workshops	1	2	3	4	5
Information on diverse housing markets	1	2	3	4	5
Knowledge of financing options/programs	1	2	3	4	5
Client follow-up/tracking	1	2	3	4	5
Post-purchase services	1	2	3	4	5

How might any areas with minimal or no capacity affect the ability to deliver a program? How might these be addressed?

ORGANIZATIONAL CAPACITY ASSESSMENT (CONTINUED)

Rate the organization's staff expertise in the following areas.
(1 = no expertise; 5 = expert)

	Staff				
Entrepreneurial skills to approach employers	1	2	3	4	5
Provide services to diverse constituency	1	2	3	4	5
Offer services in diverse workplace environments	1	2	3	4	5
Written and verbal communication skills	1	2	3	4	5
Program marketing skills	1	2	3	4	5
Event planning and coordination skills	1	2	3	4	5

How might minimal or no expertise in any of these areas affect the ability to deliver a program? How might the expertise be obtained?

PARTNER MATRIX

Potential Program Partners							
Services/Role	Nonprofit Housing	Other CBOs	Mortgage Lender	Realty Pros	Government	Other Services	Secondary Market
Program Development							
Administrative Financial/In-kind Support							
Program Administration							
Employer Recruitment							
Employee Services							
Counseling							
Service Referrals							
Seminar/Tours							
Homebuying Information							
Property/Market Information							
Loan Originations							
Loan-Product Development							

EMPLOYER IDENTIFICATION AND ATTRIBUTE INVENTORY

Employer Name and Address	
Number of Employees	
Workforce Composition (wage rates, positions, etc.)	
Proximate Neighborhoods (identify)	
Community-Based Organization Presence (identify CBOs)	
Community Involvement History (identify projects, issues)	
Existing Neighborhood Revitalization Efforts in Surrounding Neighborhoods (describe)	
Quality-of-Life Issues in Surrounding Neighborhoods (describe)	
Community Relations Needs (describe)	
Appropriate Employer Contacts (name/title/phone)	
Partner Connections with Employer (who with whom)	

SAMPLE EAH PROGRAM PROPOSAL

Proposal Summary

An Employer-Assisted Home-Ownership Program can be an effective and inexpensive vehicle by which the company supports and encourages home ownership among its employees in Milwaukee neighborhoods. Efforts such as employer-assisted home ownership that increase levels of owner-occupied home ownership in these neighborhoods are key to their revitalization and long-term stability, and complement other economic-development initiatives.

The Employer-Assisted Home-Ownership Program administration and services will be provided by Select Milwaukee. Select Milwaukee is a nonprofit, 501(c)(3) corporation that promotes home ownership in Milwaukee neighborhoods through a variety of programs, including employer-assisted home ownership. It has developed and currently administers the programs of several Milwaukee employers.

While a number of options are available, the Employer-Assisted Home-Ownership Program can offer eligible employees a three- to five-year forgivable loan of up to \$2,500 to assist with the down payment and closing costs associated with a home purchase. In addition, through the program, employees will have access to a broad range of home-ownership counseling, information, and support services provided by Select Milwaukee in collaboration with community-based organizations, mortgage lenders and others. Program goals can be established at the outset of the program.

Based on a workforce of 300, for example, Select Milwaukee's annual fee for EAH program administration and services is \$3,200. The level of employee participation and the actual amount of benefits provided will determine total annual costs for the program.

Employer's Program Role

Once a decision is made to initiate a program, the day-to-day administrative responsibilities of employer staff for the program will be minimal. A company program liaison should be identified at the outset and be expected to spend, on average, three to five hours a month on program activities, perhaps slightly more at the outset. Establishment of a program is the key role for the company, with these components:

1. Financial Assistance to Employees

The EAH program can provide eligible employees a forgivable loan of up to \$2,500 for down payment, closing costs, other prepaid closing expenses and minor home repairs. Typically, the loan carries a 0-percent interest rate and can be forgiven over a three- to five-year period. A percentage of the loan is forgiven for each of the first three to five years the employee lives in the home. After three to five years, the entire loan is forgiven. The forgiven portion of the loan balance will be a taxable event for the employee and be deductible by the employer as an employee benefit. Alternative forms and amounts of

assistance, such as low-interest repayable loans or salary advances, also can be considered.

2. Homebuying Information and Services

In addition to financial assistance, the EAH program will help ensure that employees have help every step of the way in their home purchase — from deciding whether to purchase and whether a home is affordable, to shopping for homes in program neighborhoods and obtaining the best financing available.

Through Select Milwaukee, employees will have access to many homebuying services and resources, including prepurchase counseling, referrals to real estate salespersons, community-based organizations, and special financing programs. In cooperation with community-based organizations, mortgage lenders and realty professionals, Select Milwaukee will organize for employees a series of homebuying workshops and tours of program neighborhoods. These services and activities will help promote the program to employees and stimulate interest in home ownership.

Employee Eligibility

Typical employee eligibility for the EAH program includes full- and regular part-time employment status, and often, but not always, a required minimum of six to 12 months of satisfactory service. However, eligibility is at the discretion of the employer. Down-payment and closing-cost assistance are contingent on the employee qualifying for a mortgage loan at a lender of his or her choice.

Employees must live in the home purchased for at least three to five years, depending on the term of the forgivable loan. If a home purchased with employer assistance is sold, transferred or no longer occupied by the employee within the loan term, a portion of the employer's financial assistance may have to be repaid.

Program Boundaries

All programs establish neighborhoods in which employee home purchases will be supported by the employer. Areas may be small, such as neighborhoods contiguous to or surrounding a facility. Or, program neighborhoods may cover larger areas, such as a city's Community Development Block Grant target area or the entire city. Employers can also offer "tiered" benefits so that higher levels of financial assistance are provided when employees purchase in neighborhoods immediately surrounding a firm, and lower levels when employees purchase in other areas more distant from the firm. Program-boundary decisions should result in a program that offers assistance for a wide range of housing and neighborhood options for a cross section of employees.

Program Procedures

Program procedures are flexible and straightforward:

1. Employees contact Select Milwaukee for general program information. They will receive home-purchase counseling, information about qualifying, special financing programs, neighborhood and home selection, and referrals to a realty agent and mortgage lender. Select Milwaukee services will be available at the worksite on a regularly scheduled basis, at Select Milwaukee's office, or by telephone. Employees may want to attend a home-buyer workshop and neighborhood tours. Employees also can work directly with an agent, lender and community group of their choosing.
2. After finding a home, employees will contact Select Milwaukee to complete a program application and apply for a loan from a mortgage lender.
3. After receiving a mortgage loan commitment, employees will provide certain documentation and complete any additional forms. Select Milwaukee will coordinate loan closings. Appropriate employer staff will be notified in advance of loan closing to arrange the availability of the employer's funds at closing.

Select Milwaukee Services and Marketing Plan

Select Milwaukee will work closely with an employer to develop, initiate and implement the marketing program. Program promotion will include assistance with the creation of an EAH-program information package and coordination of events and activities for employees at the employer's facilities and elsewhere. The employer will be kept apprised of employee participation in the program at least quarterly.

Employee Services

Select Milwaukee's home-ownership programs director will provide employees a variety of services and resources, including:

1. **Comprehensive Homebuyer Education.** For each employee contacting Select Milwaukee, a preliminary determination will be made of their interest in participating in the program and of their needs. Comprehensive home-purchase counseling will be available to all employees, including budgeting, credit-repair and credit-establishment. Each employee contacting Select Milwaukee will receive program information.
2. **Homebuying Seminars and Neighborhood Tours.** Select Milwaukee will provide periodic homebuying seminars at the employer's facilities and/or elsewhere, covering all aspects of the homebuying process, and also provide neighborhood tours to learn about homes in program neighborhoods.

3. **Resource Referral Network.** Select Milwaukee will refer employees to appropriate home purchase–related resources, including realty services, legal services, home inspection services, mortgage lenders, and education options for buyers with children.

Employee Outreach/Program Promotion Services

Promoting the program to employees is a key to its success. Select Milwaukee will work closely with the employer’s staff to develop and implement promotion efforts for employee groups that would most likely participate. The following would constitute elements of a program promotion strategy:

1. Select Milwaukee can assist Employer prepare a program brochure or manual for distribution to employees.
2. Periodic promotional fliers can be prepared and distributed as payroll inserts or through other customary means.
3. Select Milwaukee can create one or more program displays, featuring basic program information, and photos of and information on available homes in program neighborhoods.
4. Select Milwaukee can establish a program column in regular employee communications, such as newsletters, coordinated and written by Select Milwaukee.
5. Periodic workplace home-purchase seminars can be designed to familiarize employees with the homebuying process and the benefits of the program.

Select Milwaukee has established program linkages with several community-based organizations situated in the program areas, the Department of City Development, mortgage lenders, and realty professionals to ensure that employees receive comprehensive information and service regarding a home purchase in Milwaukee. This collaboration will provide housing counseling services, homebuying seminars, neighborhood tours and open houses, knowledgeable realty services, and special mortgage products for program homebuyers.

REPORTS TO EMPLOYER

Employee Purchases. In spreadsheet format, provide the following data and information:

- Employee name
- Date of purchase
- Purchase price
- Total up-front costs
 - down payment
 - closing costs
- Employee costs
 - down payment
 - closing costs
- Home-ownership benefit
 - down payment
 - closing costs
- Other funds leveraged

- Totals/Averages

All Program Activity. Provide the following for all employees:

<i>Status/Service</i>	<i># of Employees</i>
1. Requested/received information	_____
2. Referral to community-based organization housing counseling	_____
3. Referral to mortgage lender	_____
4. Referral to real estate salesperson	_____
5. Actively looking for a home	_____
6. Purchased in plan area	_____
7. Purchased outside plan area	_____
8. Not qualified to purchase	_____
9. Attended worksite seminar	_____
10. Received prepurchase counseling	_____

**SAMPLE EMPLOYER-ASSISTED HOME-OWNERSHIP PROGRAM
APPLICATION**

PART 1 EMPLOYEE/CO-BORROWER INFORMATION

Employee Name		Co-Borrower Name	
Current Address		Current Address	
City/State/Zip		City/State/Zip	
Telephone	Work Phone	Telephone	Work Phone

PART 2 MORTGAGE LENDER INFORMATION

Mortgage Lender	Loan Officer
Address	Telephone
City/State/Zip	Loan Application Date

PART 3 FINANCIAL DATA

New Property Address		Household Income	
City/State/Zip		Closing Date	
Sale Price	Down Payment (%)	Total Closing Costs	Loan Amount

PART 4 FINANCIAL ASSISTANCE DATA (completed by Select Milwaukee)

DOWN PAYMENT		CLOSING COSTS		VERIFIED	DATE
Amount	Source	Amount	Source	By	Date

Employee Signature

Date

SAMPLE EAH PROGRAM BROCHURE COPY

EMPLOYEE HOME-OWNERSHIP PROGRAM

The YWCA Greater Milwaukee Employee Home-Ownership Program can help YWCA employees achieve the dream of home ownership

Program Summary

The YWCA Greater Milwaukee Employee Home-Ownership Program supports and encourages home ownership among its employees by providing a \$1,000 grant for the purchase of a new or existing home in the city of Milwaukee.

Recognizing the advantages of home ownership, but also the many challenges that often come with trying to purchase a home for the first time, the YWCA Greater Milwaukee has established the Employee Home- Ownership Program. Financial assistance provided through the program can help employees overcome the obstacle of needing a lot of money up-front for down payment and closing costs. Another challenge for first-time home buyers is learning how and where to start the home-purchase process and gathering all the information to make a wise purchase decision. The YWCA Employee Home-Ownership Program offers all YWCA employees all the information and services needed to become happy and successful homeowners.

Teaming up with the YWCA to provide Program services and information is Select Milwaukee, a nonprofit organization that promotes and supports home ownership in Milwaukee neighborhoods.

Who Is Eligible?

YWCA Greater Milwaukee regular full-time and regular part-time employees, with a minimum of two years satisfactory employment are eligible to receive financial benefits for a home purchase through the Employee Home-Ownership Program. Employees must also obtain prepurchase education from Select Milwaukee. Financial benefits are contingent upon an employee qualifying for a mortgage loan at a lender of her or his choice. Employees need not be first-time homebuyers, however, refinancing an existing home is not a qualified purchase.

Employees who have worked for the YWCA for less than two years, while not eligible for financial benefits, are eligible for home-ownership information services. Because some employees may find that qualifying to buy a home may take some time, all employees regardless of their length of employment, are urged to take advantage of these services.

What Type of Home Can Be Purchased?

Any new or existing home in the city of Milwaukee can be purchased with financial assistance from the program. The home can be a single-family, duplex, multi-family or condominium. Employees must occupy the home as their primary residence. Select Milwaukee can provide information about Milwaukee neighborhoods, homes for sale and real estate professionals to assist with shopping for a home.

How Do I Find Out More?

To learn more about the YWCA Greater Milwaukee Employee Home-Ownership Program and how to get started with homebuying, contact Select Milwaukee at 562-5070. Select Milwaukee is a clearinghouse of information and assistance about homebuying in the city of Milwaukee. It offers comprehensive homebuying education, advice and counseling — valuable information especially for first-time buyers. Select Milwaukee staff can answer just about any question that concerns homebuying, including:

- Can I afford to buy a home?
- What does owning and buying a home cost?
- Can I get a loan if I have never used credit or have had credit problems?
- How do I choose a real estate agent?
- Which loan programs would be best for me?

The Employee Home-Ownership Program provides YWCA employees help every step of the way in their home purchase.

How Do I Apply for the YWCA Grant?

To apply for an Employee Home-Ownership Program grant, employees must complete an application. After working with Select Milwaukee, choosing a home to purchase, and applying for a home mortgage loan, employees will receive an application from Select Milwaukee. Select Milwaukee will process the application and request the grant funds of the YWCA on the employee's behalf. Funds will generally be made available to the employee a day or two before the home purchase is complete and closed.

SAMPLE EAH FUNDS COMMITMENT LETTER

Dear Lender:

I am writing to confirm the eligibility of Jane Diaz for participation in the ABC Co. employer-assisted home-ownership program. All financial assistance through the program is contingent upon loan approval and closing.

Based on the Good Faith Estimate dated October 24, 2001, Ms. Diaz is eligible for the following program benefits: \$1,083.00 for down payment and \$1,417.00 for closing, prepaid and escrowed expenses. These funds will be provided to Ms. Diaz prior to closing. The funds are provided to eligible employees in the form of a 0-percent interest, three-year, forgivable unsecured loan, with no repayment provisions. No repayment is required provided that for three years from the date of purchase the employee (1) remains employed by ABC Co.; (2) maintains an ownership interest in the purchased property; and (3) continuously occupies the property as her principle residence.

For our files we will need copies of the following: the loan commitment letter, Verification of Employment, Appraisal and HUD-1 Settlement Statement. At your convenience, please mail or fax these to our office. Also, please be certain to notify me at least a week in advance, if possible, of the closing date so that program funds can be disbursed to Ms. Diaz.

Please contact me if you have any questions.

Sincerely,

Home-Ownership Programs Director

SAMPLE FORGIVABLE LOAN AGREEMENT

THIS LOAN AGREEMENT is made as of the _____ day of _____, 20____, by and between _____ABC Co._____ (The "Company") and _____Employee_____ (The "Employee").

WITNESSETH

WHEREAS, ABC Co. desires to encourage its employees to purchase homes located in certain areas in the city of Milwaukee;

WHEREAS, ABC Co. desires to make a zero-interest forgivable loan to the Employee to apply toward the down payment or closing costs for the purchase of such a home;

NOW, THEREFORE, the parties agree as follows:

1. The Company will make a loan to the Employee in the amount of Two Thousand Five Hundred Dollars (\$2,500), which loan shall not bear interest.

2. The Employee shall use the proceeds of the loan only for the purpose of making a down payment or payment of closing costs in connection with the purchase of the property located at 1111 N. 1st Street, Milwaukee, Wisconsin (the "Property").

3. All proceeds of the loan may, at the Company's option, be disbursed to the Employee and the seller of the Property and/or the institution financing the purchase of the Property.

4. The Company will upon receipt of a certificate signed by the Employee in the form approved by The Company and in the absence of any evidence that any statement in the certificate is inaccurate, forgive an amount equal to one-third (1/3) of the original principal amount of the loan each February commencing after the Employee's first anniversary date of this Agreement.

5. Amounts of principal forgiven shall be treated as income to the Employee, and the Company will deduct and withhold from any amounts otherwise payable to the Employee amounts required to satisfy the Company's obligation to withhold federal, state and local income taxes, and social security taxes.

6. In the event:

- (a) the Property is sold or transferred by or ceases to be occupied by the Employee as his/her principal residence,
- (b) the Employee's employment with the Company terminates, or
- (c) three years elapse from the date of this Agreement,

the loan shall immediately mature and principal amount of the loan, less any amounts previously forgiven under paragraph 4 above, shall be due and payable immediately, without notice or any action by the Company.

7. The Employee's rights and liabilities under this Agreement are not assignable or delegable, in whole or in part, without the prior written consent of the Company. The provisions of this Agreement shall inure to the benefit of and be binding upon any permitted successors and assigns of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

FOR MARRIED WISCONSIN RESIDENTS: The obligation evidenced by this agreement is being incurred in the interest of my marriage or family. I understand the creditor may be required by law to give notice of this credit transaction to my spouse.

NOTICE TO CUSTOMER:

- DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.
- YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.
- YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT.
- ACCEPTANCE OF THIS LOAN DOES NOT GUARANTEE CONTINUOUS EMPLOYMENT.
- RESTRICTED TO NO MORE THAN \$2,500 IN LOANS FROM THE COMPANY ON ANY ONE PROPERTY.

Employee

Spouse (optional)

ABC COMPANY

By: _____

Title: _____

SAMPLE PROMISSORY NOTE

1. DESCRIPTION OF PROPERTY

Residential property to be purchased by Borrower located at 1266 N. 1st Street, Milwaukee, WI 53208 (“Property”).

2. PROMISE TO PAY

In return for a loan that I have received, I promise to pay \$ 2,500 (this amount is called “principal”) to ABC Co. (“Lender”).

3. INTEREST

There will be no interest charged by Lender.

4. PAYMENTS

(A) Amount of Payment.

Lender will credit me as payment an amount equal to one-third of the principal balance on each of the three anniversary dates following the date of this Promissory Note, in accordance with the Forgivable Loan Agreement between me and Lender; provided that I meet and certify that since the date of this Promissory Note:

- (1) I have been continuously employed by Lender;
- (2) I have maintained my ownership interest in the Property; and
- (3) I have continuously occupied the Property as my principal residence.

(B) Time and Place of Payment.

Any unpaid principal balance under this Promissory Note will become immediately due and payable upon the occurrence of the earliest of the following events:

- (1) My employment by Lender terminates;
- (2) I sell or transfer my ownership interest in the Property;
- (3) I no longer use the Property as my principal residence; or
- (4) Three years have elapsed since the date of this Promissory Note.

In such an event I will pay that amount to the Company in full within 30 days at ABC Co. 1111 W. Juneau Avenue, Milwaukee, WI 53201

5. GIVING OF NOTICES

In the event that I sell or otherwise transfer my ownership interest in the Property or if I cease using the Property as my principal residence, I will give notice to Lender by delivering it or by mailing it by first class mail to Lender at the address stated in Section 4(B) above.

Dated this _____ day of _____, 20_____.

NOTICE TO CUSTOMER:

- DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.
- YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.
- YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT.

(Borrower)

1111 N. 1st Street
Address

Milwaukee, WI 53208
City, State, Zip Code

123-45-6789
Social Security No.

EMPLOYER-ASSISTED HOME-OWNERSHIP PROGRAM CONTACTS

Hospitals

Memorial Hospital
Chattanooga, Tennessee

Contact:
Ken Gross
Chattanooga Neighborhood Enterprise
(423) 265-4114

Universities

Yale University
New Haven, Connecticut

Contact:
Cynthia Camlin
Office of New Haven Affairs
Yale University
(203) 432-8613

Municipalities

City of Baltimore
Baltimore, Maryland

Contact:
Tom Jaudon
Department of Housing & Community
Development
(410) 396-4606

School Districts

Milwaukee Public Schools
Milwaukee, Wisconsin

Contact:
Raymond Schmidt
Select Milwaukee
(414) 562-5070

Manufacturers

Harley-Davidson Motor Company
Milwaukee, Wisconsin

Contact:
Raymond Schmidt
Select Milwaukee
(414) 562-5070

Financial Services

Northwestern Mutual Life
Milwaukee, Wisconsin

Contact:
Raymond Schmidt
Select Milwaukee
(414) 562-5070

Nonprofit Social Services

YWCA of Greater Milwaukee
Milwaukee, Wisconsin

Contact:
Raymond Schmidt
Select Milwaukee
(414) 562-5070

Chambers of Commerce

Grand Rapids Area Chamber of Commerce
Grand Rapids, Michigan

Contact:
Rick Chapala
The Right Place
(616) 771-0328

Additional Resources

Irene Hardisty
Fannie Mae Iowa Partnership Office
(515) 244-9871



NeighborWorks® America
1325 G Street, NW, Suite 800
Washington, DC 20005
(202) 220-2300
www.nw.org