



**2018-2019 Application Package
for Employees of**

**Eastern Michigan University
and
Eastern Michigan University Foundation**

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For more information about this program, contact Leigh Greden, Chief of Staff to the President, by e-mail at LGreden@emich.edu.

Section 1: LiveYpsi Program Overview & Policies

A. Program Overview

The LiveYpsi Homebuyer Program (“LiveYpsi” or the “Program”) provides eligible employees (the “Participant”) of Eastern Michigan University (“EMU”) and the Eastern Michigan University Foundation (the “Foundation”) with a forgivable loan to assist with the purchase of their primary residence in the City of Ypsilanti or in selected portions of Ypsilanti Township.

Forgivable loans are available at levels of \$5,000 or \$10,000, depending on the location of the property (see Section 1(D) for additional details). 20% of the loan will be forgiven for each year the Participant meets all eligibility requirements, which include:

- (1) remaining an eligible employee of EMU or the Foundation (see Section 1(B));
- (2) owning and occupying the home as their primary residence;
- (3) paying all applicable property taxes; and
- (4) complying with the LiveYpsi compliance process (see Section 1(L)).

If the Participant meets all of these conditions throughout a five-year period, 100% of the loan and all accrued interest will be forgiven at the end of the five-year period.

LiveYpsi helps the Ypsilanti community by encouraging eligible employees to purchase homes in the neighborhoods surrounding the University’s main campus. Having eligible employees reside in the area encourages involvement in the community.

LiveYpsi is administered by EMU and is subject to the availability of funds.

B. Employee Eligibility

LiveYpsi is open to eligible employees of EMU or the Foundation. An “eligible employee” is defined as: (1) a regular employee (temporary or contract employees are not eligible) of EMU or the Foundation with at least a 50% appointment, or (2) an individual who has been offered and accepted an offer for such employment with a specified employment start date.

Only one incentive is available per household (e.g., if two spouses both work at EMU and/or the Foundation, only one incentive will be provided).

Participants in LiveYpsi must maintain their Program eligibility – including employment eligibility – throughout the five-year term of the Program (see Section 1(L) for additional information).

C. Eligible Properties & Program Boundaries

Participants may purchase a single-unit or two-unit house, “row house”, townhome, or condominium, if the property is (1) located in the eligible property area (see Attachment A), and (2) owned and used by the Participant as their primary residence throughout the five-year Forgiveness Period (see Section 1(H)).

D. LiveYpsi Funds

Attachment A is a map that illustrates the areas in which an eligible property may be purchased with LiveYpsi funds. The areas are divided into three categories: “A”, “B”, and “C”. Each area has a corresponding color on the map and LiveYpsi funding amount. This formula is summarized below:

| Category | Color on Attachment A | LiveYpsi Funding Available |
|-----------------|------------------------------|-----------------------------------|
| A | Blue | \$10,000 |
| B | Yellow | \$5,000 |
| C | Red | \$5,000 |

E. Financing Structure

New or existing homes may be purchased with or without the use of a mortgage. A mortgage that provides for acquisition along with additional funds for rehabilitation (e.g. FHA 203K) is permitted under this Program. The purchase of a home through land contract is not permitted under this Program. EMU does not secure a lien against homes purchased through LiveYpsi.

F. Application Process

Step 1: Employment Verification

The Participant must fill out “Part 1” of the application (see Section 3) and deliver the completed application via e-mail (LGreden@emich.edu), mail, or hand-delivery to 202 Welch Hall on EMU’s campus.

- Upon receiving a completed “Part 1” application, EMU will determine the Participant’s Program eligibility and notify the Participant.

Step 2: Property Approval

When the Participant identifies a potential property that they are interested in purchasing, the Participant must fill out “Part 2” of the application and deliver the completed application via e-mail (LGreden@emich.edu), mail, or hand-delivery to 202 Welch Hall on EMU’s campus. **A “Part 2” application must be completed before the Participant makes an offer to purchase a property.** To expedite verification that a property is eligible for the program, the Participant should attach a copy of the MLS real estate listing with “Part 2” of the application.

A Participant may submit as many “Part 2” applications as desired. In other words, if an offer to purchase a property is rejected or the Participant withdraws the offer, the Participant may, at any time, submit a new “Part 2” application for a different property. **Under all circumstances, a “Part 2” application must be submitted before the Participant makes an offer to purchase the property.**

- Upon receiving a completed “Part 2” application, EMU will determine the property eligibility and notify the applicant.

Step 3: Sign documents

Before any funds will be disbursed under the LiveYpsi Program, the Participant must submit signed copies of the following documents via e-mail (LGreden@emich.edu), mail, or hand-delivery to 202 Welch Hall on EMU’s campus:

- Primary Residence Purchase Agreement
- Tax Disclosure Acknowledgment
- Authorization to Deduct Amount From My Final Paycheck

Copies of these documents are included in Section 3.

Step 4: Property Purchase

The Participant may negotiate purchase of the approved property. The Participant should regularly update the LiveYpsi Program Administrator regarding the status of a purchase of an approved property.

G. Distribution of Funds

A Participant may choose one of the following methods to receive the forgivable loan payment (which will be either \$5,000 or \$10,000, depending on the location of the property):

1. Before Closing: Lump Sum Payment to Title Company

Funds are available prior to closing through direct deposit to the title company. These funds may be applied directly to the Participant’s closing costs and/or down payment. Funds may be used to purchase mortgage discount points.

Or

2. After Closing: Lump Sum Payment to Participant

Funds are available after closing through direct deposit into the account where the Participant receives their paycheck from EMU or the Foundation.

For individuals who have accepted but not begun eligible employment with EMU or the Foundation, EMU will deposit the funds through direct deposit into the account where the Participant receives their paycheck from EMU or the Foundation after the individual begins employment.

Funds are not available under this section until **after** proof of closing is provided to the LiveYpsi Program Administrator. The Participant may use these funds in any way related to the purchase

of the home including, but not limited to, moving costs, renovations to the property, landscaping, painting, etc.

H. Schedule of Loan & Interest Forgiveness

The forgivable loan is forgiven over a five-year period (the “Forgiveness Period”) beginning at the day of closing as long as the Participant complies with the terms of the Program (see Section 1(L) for more details about compliance).

Pursuant to IRS regulations, interest will accrue on the unforgiven portion of the loan at a rate of two percent (2.0%) per year. Interest accrued on the unforgiven portion of the loan will be forgiven in its entirety at the end of the five-year period if the entire forgivable loan has been forgiven. The forgivable amount of the loan principal and interest is calculated according to the charts below depending on the amount of the forgivable loan:

\$10,000 Forgivable Loan:

| Year(s) in home | Percentage of Principal Forgiven | Amount of Principal Forgiven | Amount of Unforgiven Principal | Interest (2.0%/year) | Total Interest Forgiven | Total Accrued Interest |
|-----------------|----------------------------------|------------------------------|--------------------------------|----------------------|-------------------------|------------------------|
| 0 | 0% | \$0 | \$10,000 | \$0 | \$0 | \$0 |
| 1 | 20% | *\$2,000 | \$8,000 | \$160 | \$0 | \$160 |
| 2 | 40% | *\$2,000 | \$6,000 | \$123.20 | \$0 | \$283.20 |
| 3 | 60% | *\$2,000 | \$4,000 | \$85.66 | \$0 | \$368.86 |
| 4 | 80% | *\$2,000 | \$2,000 | \$47.38 | \$0 | \$416.24 |
| 5 | 100% | *\$2,000 | \$0 | \$0 | *\$416.24 | \$0 |

\$5,000 Forgivable Loan:

| Year(s) in home | Percentage of Principal Forgiven | Amount of Principal Forgiven | Amount of Unforgiven Principal | Interest (2.0%/year) | Total Interest Forgiven | Total Accrued Interest |
|-----------------|----------------------------------|------------------------------|--------------------------------|----------------------|-------------------------|------------------------|
| 0 | 0% | \$0 | \$5,000 | \$0 | \$0 | \$0 |
| 1 | 20% | *\$1,000 | \$4,000 | \$80 | \$0 | \$80 |
| 2 | 40% | *\$1,000 | \$3,000 | \$61.60 | \$0 | \$141.60 |
| 3 | 60% | *\$1,000 | \$2,000 | \$42.83 | \$0 | \$184.43 |
| 4 | 80% | *\$1,000 | \$1,000 | \$23.69 | \$0 | \$208.12 |
| 5 | 100% | *\$1,000 | \$0 | \$0 | *\$208.12 | \$0 |

* indicates a taxable event

I. Note on Tax Withholding

The forgiven portions of the loan and any forgiven interest must be reported as income on the Participant's periodic payroll statement and IRS Form W-2. The Participant is required to acknowledge their understanding of the income and subsequent tax withholdings related to their participation in the Program (see Section 3).

J. Contractual Obligation

In order to secure the forgivable loan, the Participant must sign a contractual agreement (see Section 3).

K. Time Limitation

Funds are limited, available on a first-come / first-served basis, and are secured only when the purchase of the eligible property is closed. Approval of a Part 1 Application or Part 2 Application does not guarantee that an eligible employee will receive funds under this Program.

L. Compliance

EMU will verify each Participant's compliance with the Program every year during the five-year Forgiveness Period. This compliance process will verify employment status, ownership of the approved property, residency at the approved property, payment of property taxes for the approved property, etc. Each Participant may be required to submit paperwork to EMU including, but not limited to, proof of insurance and payment of property taxes. A Participant who fails to participate in the compliance process or fails to meet any of the compliance requirements may be deemed in default (see Section 1(M)).

M. Termination & Default

The portion of the loan that has not been forgiven, plus any interest charged that has not been forgiven, is considered due immediately in the case of any of the following events:

(a) Separation of Employment

If the Participant's employment with EMU or the Foundation is separated, the amount of any unforgiven portion of the loan, plus all unforgiven interest, is due immediately except in the following circumstances: the Participant has been involuntarily separated due to the employer's economic conditions, or separation is due to a long-term disability determination.

(b) Sale or change in use of the approved property

If the Participant sells the approved property, or if the Participant stops using the approved property as their primary residence, the amount of any unforgiven portion of the loan, plus all unforgiven interest, is due immediately. In the case where a Participant is purchasing another home in the LiveYpsi program area, the loan will continue subject to compliance for the remainder of the term.

(c) Uninhabitable Condition

If the approved property acquired with LiveYpsi funds becomes uninhabitable due to fire, vandalism or act of nature, the Participant will have 120 days to complete repairs or the structure will be considered abandoned and the unforgiven portion of the loan, plus all unforgiven interest, is due immediately.

(d) Failure to pay taxes

The unforgiven portion of the loan, plus all unforgiven interest, is due immediately if a Participant fails to pay all real property taxes owed on the approved property.

(e) Failure to comply with compliance process

The unforgiven portion of the loan, plus all unforgiven interest, is due immediately if a Participant fails to provide information requested as part of the annual compliance review (see Section 1(L)).

N. Notice Regarding Changes

The LiveYpsi Program Administrator has the discretion to modify the terms of the LiveYpsi Program. Any such changes shall be communicated, in writing, to all participants in the Program.

Section 2: Program Administrator Contact

Leigh R. Greden

Chief of Staff to the President

Eastern Michigan University

202 Welch Hall

Ypsilanti, MI 48197

Office: 734-487-2211

E-mail: LGreden@emich.edu

Section 3: Application and Contract Forms

Please complete the forms on the following pages. The forms may be completed in writing or electronically. You may submit as many Part 2 applications as necessary.

LiveYpsi: Primary Residence Purchase Application

Part 1 : Applicant Information

Applicant Name: _____

Co-Applicant's Name (if any): _____

Current Street Address: _____

Current City: _____ Current State: _____ Current ZIP: _____

Primary Phone #: _____

Secondary Phone #: _____

Email address: _____

EID #: _____

EMPLOYER CERTIFICATION – FOR OFFICE USE ONLY

Name of Authorizing EMU Agent: _____

Job Title: _____

Signature: _____ Date: _____

Notes:

LiveYpsi: Primary Residence Purchase Application

Part 2: Property Pre-Approval

Name of Applicant: _____

Address of proposed purchase: _____

Ypsilanti, MI ZIP: _____

House Type: Condo Single-Family Duplex Other _____

Housing Details: _____
bedrooms # baths above-ground SF year built # of adults who will reside in household

Realtor Listing Agent (if any): _____

Buyer's Agent (if any): _____

MLS #: _____

PROPERTY CERTIFICATION – FOR OFFICE USE ONLY

Name of Authorizing EMU Agent: _____

Job Title: _____

Signature: _____ Date: _____

Notes:

LiveYpsi: Primary Residence Purchase Agreement

Participant's Printed Name: _____ (hereafter referred to as "Participant")

Amount of Forgivable Loan: \$10,000.00 (Ten-Thousand and 00/100 Dollars)
 \$5,000.00 (Five-Thousand and 00/100 Dollars)

Participant agrees that their purchase of the Property was partially incentivized with the forgivable loan funding from the LiveYpsi Program. In consideration for the receipt of the forgivable loan funding from the LiveYpsi Program, Participant agrees to the terms and conditions contained in this Agreement and in the LiveYpsi Application Package (as amended). Participant acknowledges that these restrictions apply for the term of the Forgiveness Period as defined in the LiveYpsi Application Package.

Participant shall use the LiveYpsi Program forgivable loan proceeds to fund costs associated with the Property which include, but are not limited to, closing costs, down payment, mortgage points, property improvements, or other eligible expenses as determined by the LiveYpsi Program Administrator.

The amount of the LiveYpsi forgivable loan shall be reduced by 20% for each full year Participant complies with the terms of the Program, which include the following: (a) Participant must remain an "eligible employee" as defined by the LiveYpsi Program Administrator; (b) Participant must continue to own, reside in, and maintain the Property as their primary residence, commencing with the date of the forgivable loan; (c) Participant must timely pay all real property taxes owed on the property; (d) the property must remain habitable as defined by the LiveYpsi Program Administrator; and (e) Participant must comply with the LiveYpsi compliance process.

Interest shall be charged against the remaining balance of the forgivable loan at a rate of two percent (2.0%) per year. All accrued interest will be forgiven at the end of the Forgiveness Period if Participant complies with the terms of the Program as outlined in this Agreement and the LiveYpsi Application Package.

If Participant fails to comply with the terms of this Agreement and/or the terms of the LiveYpsi Application Package during the Forgiveness Period, Participant must repay to the LiveYpsi Program the outstanding balance of the LiveYpsi forgivable loan plus all outstanding interest owed. If Participant fails to repay the outstanding balance of the forgivable loan plus all outstanding interest, Participant agrees that Participant's employer may deduct from Participant's final paycheck the amount owed to the LiveYpsi Program.

Participant must notify the LiveYpsi Administrator of any sale of the Property or change of Participant's residence that occurs prior to the end of the Forgiveness Period. Such notification to the LiveYpsi Administrator must occur in writing and within five (5) calendar days after the sale of such Property or change in residence.

I/we hereby agree to the terms and conditions outlined above and the terms of the LiveYpsi Application Package, as amended, and I/we hereby acknowledge prior receipt of, review of, and agreement with the "Tax Disclosure Acknowledgement", "Note Regarding The Forgivable Loan Program", and "Authorization to Deduct Amount From My Final Paycheck".

Participant's Signature: _____ Date: _____

Co-Applicant's Printed Name: _____

Co-Applicant's Signature: _____ Date: _____

TAX DISCLOSURE ACKNOWLEDGEMENT

I, (print name) _____, understand that the LiveYpsi Program has certain tax consequences. Any amounts paid to me, or on my behalf, under the LiveYpsi Program will be reported by my employer as income on my W-2 and/or periodic payroll statement, and are subject to tax withholdings from my regular wages. I hereby agree that all applicable federal, state, and local employment and income taxes shall be withheld from my regular wages as appropriate.

I understand that, in the case of a forgivable loan for the home purchase program, where the loan is forgiven over several years, the amount of the loan forgiven each year will, in that year, be reported as income and subject to federal, state and local employment and income tax withholdings. I also understand that the amount of any interest that is forgiven related to that loan will, in that year, be reported as income and subject to federal, state, and local employment and income tax withholdings. The forgivable loan program is discussed further in the "Note Regarding The Forgivable Loan Program," a copy of which I have received and reviewed.

I agree to be responsible for all tax consequences of all benefits received under the LiveYpsi Program. I have been advised to consult my own tax advisor to determine how these benefits will affect my particular tax situation.

Agreed:

Applicant Signature

Date: _____

Co-Applicant Signature (If Appropriate)

Date: _____

NOTE REGARDING THE FORGIVABLE LOAN PROGRAM

The LiveYpsi Program provides a forgivable loan (subject to interest at a rate of 2.0% per year), at the time of the real estate purchase, which is forgiven at the rate of 20% of the principal per year over five years. At the end of the five-year period, all interest accrued is also forgiven, assuming the property owner has complied with the terms of this LiveYpsi program.

Example: If an employee receives a \$10,000.00 home purchase assistance loan on June 1, 2018, there would be no taxable income reported in 2018. On June 1, 2019, and assuming the employee is in compliance with the loan requirements, \$2,000.00 of the loan principal is forgiven. Applicable federal, state, and local income and employment taxes on that income will be withheld from the employee's regular wages during one pay period in 2019, and income of \$2,000.00 and the associated withholdings will be reflected in the employee's W-2. Likewise, in 2020, 2021, 2022 and 2023, and assuming the employee continues to comply with the conditions of the loan, the employee will be deemed to have received each year income in the total amount of the loan that is forgiven, namely \$2,000.00 per year. That amount will be subject to tax withholdings from the employee's regular wages each year, and income of \$2,000.00 and the associated withholdings will be reflected in the employee's W-2 each year. In 2023, assuming the employee has complied with the conditions of the loan and all of the loan principal has been forgiven, all of the interest accrued will also be forgiven. That amount will be deemed as income which will be subject to tax withholdings from the employee's regular wages in 2023, and that income and the associated withholdings will be reflected in the employee's W-2 for 2023.

AUTHORIZATION TO DEDUCT AMOUNT FROM MY FINAL PAYCHECK

As part of my participation in the LiveYpsi program, I acknowledge that I am personally responsible for repayment of any unforgiven portion of the forgivable loan I will receive, plus applicable interest, if I do not comply with the terms of the LiveYpsi Program.

I also give my full and free consent to have the unforgiven portion of the forgivable loan, plus applicable interest, deducted from my final paycheck issued by **EASTERN MICHIGAN UNIVERSITY**, pursuant to state and federal law, if I default on the terms of the forgivable loan as outlined in the current LiveYpsi Application Package.

Agreed:

Employee's Printed Name: _____

Employee's Signature: _____ Date: _____

ATTACHMENT A: LiveYpsi Program Boundaries

Live Ypsi - eligible neighborhoods map

