The University of Indianapolis’ Housing Assistance Program was established to encourage and support home ownership within defined areas around of the University of Indianapolis campus community. The Housing Assistance Program furthers the University’s goals of (a) encouraging faculty and staff to live near campus, (b) further developing a campus community, (c) positively impacting the neighborhoods near campus, (d) reducing employee turnover, and (e) rewarding dedicated employees.

Program Details

**Loan** - Eligible full-time faculty and staff can receive a loan of Five Thousand Dollars ($5,000) to be applied to the purchase price or improvement of a single-family residence in the Target Zone (as defined below). The faculty or staff member must live in the home as their primary residence. The interest rate on the loan will be the mid-term applicable federal rate. Eligible faculty and staff seeking to receive a Housing Assistance Program loan must obtain the pre-approval of the Director of Human Resources. To apply for a Housing Assistance Program loan, the employee must fill out the attached Housing Assistance Application Form.

**Loan Forgiveness** - For each year of the loan that the individual remains employed by the University of Indianapolis, the University will forgive twenty percent (20%) of the principal balance of the loan and any accrued interest to date. This means that if the individual remains employed by the University for five (5) years, the entire principal balance of the loan and accrued interest will have been forgiven. If, for any reason, the individual is no longer employed by the University before the loan has been fully forgiven, the remaining principal balance and accrued interest will become immediately due and payable to the University. In addition, if the employee moves from the home purchased with the loan before the loan has been fully forgiven, the remaining principal balance and accrued interest on the loan will become immediately due and payable to the University.

Example #1: Employee receives a $5,000 dollar loan on January 1st of 2018. Employee remains employed by the University for the next five years. On January 1st, 2019, twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. On January
1st, 2020, another twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. On January 1st, 2021, another twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. On January 1st, 2022, another twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. Finally, on January 1st, 2023, another twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven, leaving no outstanding balance on the loan.

Example #2: Employee receives a $5,000 dollar loan on January 1st of 2018. On January 1st, 2019, twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. On January 2, 2019, the Employee’s employment with the University ceases. Upon the Employee’s employment ending, the remaining principal balance ($4,000) plus any accrued interest will become immediately due and payable by the Employee to the University.

Example #3. Employee receives a $5,000 dollar loan on January 1st of 2018. On January 1st, 2019, twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. On January 1st, 2020, another twenty percent (20%) of the original principal balance ($1,000) plus any accrued interest to date will be forgiven. In June of 2020, Employee sells the home purchased with the loan. Upon selling the home, the remaining principal balance ($3,000) plus any accrued interest will become immediately due and payable by the Employee to the University.

Example #4. Employee receives a $5,000 dollar loan on January 1st of 2018. On December 15th, 2018, Employee’s employment with the University ceases. Since the Employee did not maintain his/her employment with the University for one full year, no part of the loan was forgiven. Upon the Employee’s employment ending, the entire principal balance ($5,000) plus any accrued interest will become immediately due and payable by the Employee to the University.

Eligibility Requirements - To be eligible for the Housing Assistance Program, an individual must be a full-time employee of the University who is eligible to receive employee benefits.

Security for Loan - As security for the loan, the employee receiving a Housing Assistance Program loan will grant a second mortgage to the University which will remain in place until the loan obligation has been fulfilled.

Right of First Refusal - As a condition to granting an employee a Housing Assistance Program loan, the University will require the employee to grant the University a right of first refusal on the home, giving the University the ability to match any offers to purchase the property from the employee. This right of first refusal will apply so long as the employee owns the property, even if the loan has been fully satisfied.

Tax Implications of Loan Forgiveness - The forgiveness of any principal and interest by the University is taxable compensation to the employee receiving the loan forgiveness. The amount of principal and interest forgiven by the University while employee is employed by University will be reported to the Office of Human Resources so that the applicable taxes can be reported and included on
the employee’s Form W-2. Any taxes payable or ruled payable by employee by a federal or state authority in respect to the loan shall be paid by Borrower, together with interest and penalties, if any.

**Limitations** - The following restrictions and requirements also apply to the Housing Assistance Program.

(a) Homes purchased with a Housing Assistance Program Loan must be single-family residences with no more than one rental unit attached. Examples of permissible homes include (a condominium unit, a townhouse, a duplex, or a single-family home).

(b) Homes purchased with a Housing Assistance Program Loan must be located in the Target Zone. The Target Zone is represented by the shaded area on the attached map.

(c) Homes located in the University of Indianapolis master acquisition plan are not eligible.

(d) Employees may only receive a Housing Assistance Program loan on one occasion

(e) Employees may not currently own, have a land contract, or any rights to property within the Target Zone.