

FACT SHEET *for* Lenders

What is Employer-Assisted Housing?

EMPLOYER-ASSISTED housing (EAH) helps employers achieve business goals while at the same time helping employees meet their housing needs. It can help employees move beyond the most common hurdles to homeownership and purchase or rent a home in the community where they work. EAH can be leveraged with federal, state, and local financial assistance programs to create a greater benefit for employees. Some of the most common EAH options are:

- **Homebuyer/homeownership education:** Conducted at the worksite or offsite by real estate professionals, non-profit housing organizations, and lenders. Topics could include home affordability, homebuying process, mortgage applications, credit issues, and foreclosure prevention.
- **Counseling:** Provided by a certified counselor to help employees understand their options for homeownership, correct credit issues, and learn budgeting to become mortgage ready or avoid foreclosure. Employers can give employees time off or help pay some of the fees.
- **Financial assistance:** Provided by the employer in the form of a loan or grant to help with down payment or closing costs.
- **Rental assistance:** Provided by the employer to help with the payment of a security deposit or the first month's rent.
- **Matched savings:** Matched by the employer in some predetermined ratio to funds saved by the employee to help purchase a home.

Why Participate in an EAH Program?

Banks find themselves in a unique position to provide the residential mortgage financing resources needed to assist communities and employers with employee assisted-housing programs. Banks can offer loan products to complement employer-assisted housing programs and determine how these programs can be offered in the conventional secondary mortgage market.

A lender's participation may also help it meet its Community Reinvestment Act (CRA) goals, especially when the employees' incomes are within the CRA income range. The CRA is designed to encourage commercial banks and savings associations to meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods, which are typically defined as at or below 80 percent of area median income.

EAH financial literacy activities, including homeownership counseling, can help potential bank customers participate in the U.S. financial system and help banks strengthen their communities. Participating in an EAH program may enable banks to extend the reach of their products and services to low- and moderate-income persons and to reach unbanked and underbanked markets. These new markets will help banks grow their customer base.

For more details, see OCC's Financial Literacy Fact Sheet¹ and *Understanding Employer-Assisted Mortgage Programs: A Primer for National Banks*.²

FACT SHEET *for* Lenders**HomeStreet Bank's EAH Program³**

Affinity Lending is a special department at HomeStreet Bank that offers an employer-assisted housing program called the Hometown Home Loan Program. Select employers and membership organizations include the Hometown Home Loan program in their benefits packages, saving their employees and members thousands of dollars on their home loans. The Hometown Home Loan has been helping employees become homeowners since 1994. This program is made possible by a partnership between the employers that adopt the program and housing professionals; local non-profit partners including the Washington State Housing Finance Commission and the Portland Housing Center; and many municipal organizations. Benefits include reduced closing costs, homeownership education, and down payment assistance programs. Through the Affinity Lending Center's relationship with a select group of experienced RE/MAX agents, employees are now eligible to receive additional savings when they purchase or sell a home with a Home Advantage REALTOR®.

What's the Lender's Role?

A lender can be a valuable addition to the implementation of an EAH benefit. Lenders should know what low-cost financing alternatives are currently available from their organizations and from state housing finance organizations. They also should be able to identify mortgage financing that works with EAH financial assistance. The lender should also understand current mortgage underwriting requirements and assist in explaining these requirements at homebuyer workshops, as well as to employees during the homebuying process. A lender may provide added depth when meeting with employers. Lenders may also work out special arrangements with an employer to provide additional mortgage-related benefits to participating employees. Many employers will not want to restrict their employees to a particular lender, but if a lender offers an incentive or an attractive mortgage product, employees may choose that lender.

LINKS

¹ <http://www.occ.gov/topics/community-affairs/publications/fact-sheets/fact-sheet-financial-literacy.pdf>

² <http://www.occ.gov/topics/community-affairs/publications/insights/insights-employer-assisted-mortgage-programs.pdf>

³ <http://www.homestreet.com/programs/employers/index.aspx>