

How do we design an EAH benefit program to fit the needs of our company and our employees? Where do we start?

These are questions to be discussed internally when deciding if an EAH benefit is right for your company. They are just suggestions to open dialogue and sort out what would be in the best interest of your company. The answers will reflect your company's EAH program guidelines which will meet the needs of both employer and employee.

If you are going to make your benefit contingent on the employee financing the home with a PHFA mortgage, many of these questions are answered based on the Agency's guidelines. Many employers, however, choose to offer a benefit without a PHFA mortgage as well. In that case, you, the employer, need to establish the guidelines.

Is turnover, lack of retention, or recruiting a problem for the company?

Would it benefit the company to have staff live closer to work?

Would the company benefit from having employees notice that we care about and are willing to invest in their housing needs?

Would having an EAH improve the morale of the employees?

If we start an EAH benefit, would it be better for the company to establish a cost ceiling: for example, invest \$_____ per year for EAH expenses to be used on a first-come, first-serve basis?

How much would the benefit be?

To become a PHFA Participating Employer, the benefit must be at least \$500 per participating employee.

Is this employee benefit a loan or a gift?

Is this benefit a forgivable loan? If so, what does that mean?

Most employers find that a five year forgivable loan works best; forgiven at a rate of 20 percent per year for five years. It increases retention efforts.

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

What about staff who already own a home but they want to purchase a new one? They are not a first-time homebuyer. Can they still participate in the company's EAH Program?

The employer's benefit can be applied to non first-time homebuyers but the benefit offered by PHFA is only applicable to first-time buyers.

An employee is purchasing a home that will become their principal residence but they want to lease it to another party for the first six months after closing. Is this permissible?

It is not permissible with a PHFA mortgage, however, the employer will need to establish a guideline for non-PHFA mortgages.

Is the EAH Program retroactive for employees who recently purchased a house?

Not for PHFA-financed homes but the employer can determine whether they want to make their employee benefit retroactive.

Can an employee use the EAH loan for a second or vacation home?

Not under PHFA guidelines.

Can employees use the EAH loan to refinance their current home?

Not under PHFA guidelines.

Can the EAH loan be used to payoff a balloon mortgage on an employee's current home?

Not under PHFA guidelines.

Can the EAH loan be used to expand or remodel an employee's current home?

Not under PHFA guidelines.

How often can an employee participate in the EAH Program?

Most companies limit the employee benefit to once per person. PHFA's benefit is only for first-time homebuyers (buyers who have not owned a home in the past 3 years.)

Does an employee have to get a PHFA mortgage to use this benefit?

Management needs to determine when their benefit can be applied. The employee must get a PHFA mortgage to benefit from PHFA's employer assisted housing benefit

Can the EAH loan be used with an FHA or VA mortgage?

If it is in conjunction with a PHFA mortgage, yes, if the employee is eligible under those program's guidelines.

What is the employer's tax obligations for the EAH loan?

The Internal Revenue Service Code treats most forgiveness of debt as taxable income to the employee. You should include the forgiven amount on your annual W-2 Form as "Other Income".

What happens if/when an employee sells the house they purchased with proceeds from an EAH loan?

What happens if the homeowner's employment at their place of business ends during the 5-year loan term?

What happens if the employee goes on paid or unpaid leave?

Are temporary and part-time employees eligible for an EAH loan?

Are newly-hired employees eligible for an EAH loan?

If both spouses work for an employer are they eligible for twice the EAH benefit?