

**SANTA CLARA UNIVERSITY
HOUSING ASSISTANCE PROGRAMS
TENURED AND TENURE-TRACK FACULTY**

INTRODUCTION

The high cost of housing in the local area poses a challenge for Santa Clara University in its efforts to recruit and retain highly qualified faculty. Recognizing the importance of affordable housing, the University has established two housing assistance programs for tenured and tenure-track faculty: [1] a rental assistance program and [2] a purchase assistance program.

The rental assistance program is intended to ease the transition into the local housing market for tenure-track faculty during their probationary period and for newly hired tenured faculty during the first year of their appointment. The program provides monthly rent support based on the local housing market and makes University-owned rental units available to newly hired tenure-track and tenured faculty. The University periodically adjusts the level of rent support based on changes in the local housing market.

The purchase assistance program is intended to enhance the affordability of a single family residence in the local area for tenured and tenure-track faculty. The program provides assistance with the down payment, mortgage interest, and closing costs associated with the purchase of a primary personal residence. Program guidelines have been established to address the relationship of household income, housing prices, and interest rates. The University periodically evaluates these factors and adjusts the purchase support to address affordability.

RENTAL ASSISTANCE PROGRAM

Eligible Faculty

Tenure-track faculty are eligible for the rental assistance program beginning with the first year of their appointment. Tenure-track faculty are eligible to continue in the rental assistance program through the academic year following the tenure decision as long as they continue employment in good standing with the University in at least the rank of their initial appointment.

Newly hired tenured faculty are eligible for the rental assistance program during the first year of their appointment if they meet the income qualifications and are relocating from a distance greater than a 50-mile radius of the University.

Faculty who own a personal residence or other real estate (including participants who purchase real estate) are not eligible for the rental assistance program. The University will provide only one monthly rental support amount per residential unit.

Residence and Geographical Qualifications

Rental support is provided to eligible faculty for the rental of a primary personal residence within a 35-mile radius of the University. The Provost, with the recommendation of the dean, may extend this distance in cases of extreme hardship or other extraordinary circumstances, but not beyond a 50-mile radius of the University.

Amount of Rental Support

Eligible faculty shall receive rental assistance in the form of a monthly rental support allowance. Participants receive rental support coinciding with the terms their appointment from September through August (mid-August to mid-August for School of Law faculty) in a monthly amount set

by the University. The amount of rental support is periodically revised based on the local housing market.

University-owned Rental Units

As part of the faculty housing assistance program, the Office of Administrative Services manages the University-owned rental units used for faculty housing. Administrative Services assigns and reassigns housing units to participating faculty and establishes the annual rental cost of each unit.

The assignment and reassignment of University-owned rental units for each upcoming year is made in May after the hiring of new tenure-track and tenured faculty is completed. Administrative Services, in consultation with the deans, assigns and reassigns individual units to match the University-owned properties with the differing needs of faculty participants.

Newly hired tenure-track and tenured faculty have priority for University-owned rental units used for faculty housing. If necessary to make units available to newly hired tenure-track and tenured faculty, participants in the program who have been in University-owned housing the greatest number of years will be asked to vacate the University-owned rental units but will continue to receive the housing allowance for the remainder of their program eligibility period.

PURCHASE ASSISTANCE PROGRAM

Eligible Faculty

Tenured faculty are eligible for the purchase assistance program beginning with the first year of their appointment. Tenure-track faculty are eligible for the purchase assistance program after receiving a successful mid-probationary review. The Provost, with the recommendation of the dean, may approve participation in the purchase assistance program prior to a successful mid-probationary review in cases of extreme hardship or other extenuating circumstances. Tenured and tenure-track faculty are eligible to continue in the purchase assistance program as long as they continue employment in good standing with the University in at least the rank of their initial appointment.

To be eligible for the purchase assistance program, the faculty member must be a first-time home buyer or must be relocating from a distance greater than a 50-mile radius of the University. Faculty who own a personal residence or other real estate are not eligible for the purchase assistance program unless the other property will be sold.

The maximum amount of purchase support provided by the University for any residence shall be the benefit available to one faculty member.

Benchmark Home Price

The purchase assistance program is intended to enhance the faculty member's ability to purchase a single family home, condominium, or other single family dwelling unit that will be used as the faculty member's primary residence. The University has adopted the median priced single family residence in the City of Santa Clara as the benchmark home price for the purchase assistance program. The University adjusts the benchmark home price twice per year in May and November, if appropriate, using the median price of home sales in the City of Santa Clara. The benchmark home price used in determining the level of support will be the price in effect on the date of the purchase contract.

Income and Asset Qualification

To be eligible for the purchase assistance program, the annual household income of the faculty member cannot exceed 35% of the University's benchmark home price. Household income shall

include the participant's University salary, income from a spouse or partner, and any other income normally reported for income tax purposes. Approval for purchase assistance will include certification of the income and asset qualification requirements as contained in the program application and implementation documents. Undesignated assets of the faculty member generally cannot exceed 35% of the University's benchmark home price. Undesignated assets exclude qualifying retirement plans, educational savings plans, cash value of life insurance policies, vehicles for personal use, and personal property. Asset qualification requirements will be evaluated on a case-by-case basis depending on the individual circumstances of the faculty member.

Residence and Geographical Qualification

Purchase support is provided to eligible faculty for the purchase of a primary personal residence within a 35-mile radius of the University. The Provost, with the recommendation of the dean, may extend this distance in cases of extreme hardship or other extenuating circumstances, but not beyond a 50-mile radius of the University.

Purchase support is provided to eligible faculty for a single family home, condominium, or other single family dwelling unit that will be used as the faculty member's primary residence for which the purchase price does not exceed 125% of the University's benchmark home price. Vacation home, investment properties, and multiple-family dwellings are not qualifying residences. Support will not be provided for a home which is replacing a residence already owned that will not be sold (e.g., a current home to be used as a rental income property in the future by the participant). Support will not be provided to purchase a replacement residence unless the faculty member is relocating from a distance greater than a 50-mile radius of the University.

Designated Lender

The University has engaged the services of Wells Fargo Bank to assist with the administration of the purchase assistance program. The Relocation Division of Wells Fargo Home Mortgage handles all loans associated with the purchase of a residence by a faculty member under the University's purchase assistance program. Wells Fargo also certifies for the University that the faculty member meets the income qualification of the purchase assistance program.

Down Payment Requirements and Forgivable Loan

Participants in the purchase assistance program are required to make a total down payment equal to at least 10% of the purchase price of the residence. Participants are required to have personal down payment funds equal to at least 5% of the purchase price of the residence. If the total down payment is less than 20% of the purchase price of the residence, the interest rate on the participant's first mortgage will include a modest premium since the loan-to-value ratio will be greater than 80%.

The University will guarantee a loan to the participant in an amount equal to 7.5% of the benchmark home price that can be applied to the 10% total down payment requirement. The down payment loan will be made through the University's designated lender as a second mortgage, and the University will pay the interest on the loan during the program eligibility period. As long as the participant continues to be employed as a full-time tenured or tenure-track faculty member at the University, the loan will be forgiven on a fully amortizing basis over a 10-year period. If the participant is no longer employed in a tenured or tenure-track faculty position before the loan is fully amortized, the remaining balance of the loan and any applicable interest is due in full no later than 30 days after the participant's appointment ends.

Loan Requirements and Subsidy

Participants in the purchase assistance program are required to secure a 30-year, fixed rate first mortgage through the University's designated lender. Participants must meet the creditworthiness standards and other loan requirements of Wells Fargo Home Mortgage.

The University will subsidize the participant's first mortgage in an amount equal to 7.5% of the benchmark home price. The mortgage subsidy amount will be used to buy down the interest rate paid by the participant in a declining amount over a 10-year period.

Wells Fargo Home Mortgage uses the subsidized interest rate in qualifying the participant for their first mortgage. The debt-to-income ratio of the participant's housing expenses (i.e., first mortgage principal and interest, taxes, and insurance) and other long-term debt shall not exceed 40% after applying the mortgage subsidy amount and projected increases in the participant's income.

Closing Costs

The University will pay participants in the purchase assistance program an amount not to exceed one half of one per cent of the benchmark home price toward non-recurring closing costs associated with the purchase of the residence.

INCOME TAX IMPLICATIONS

The monthly rental support allowance is supplemental compensation and is subject to all applicable withholding taxes.

The forgiveness of the down payment loan by the University each year and imputed interest on the loan, the mortgage subsidy paid by the University each year, and the payment of the participant's closing costs by the University may create taxable events for the program participant.

Program participants are strongly encouraged to consult their tax advisor with respect to the income tax implications of the support received through the University's housing assistance program.

DISCLAIMER

This document is intended as a general guide to Santa Clara University's Housing Assistance Program for tenured and tenure-track faculty. In those instances where the actual program documentation differs from the guidelines, the program documentation shall prevail.

Nothing in the foregoing description of the Housing Assistance Program for tenured and tenure-track faculty should be construed as an offer or commitment of any kind to make any type of rental or purchase support available. Both the rental assistance and purchase assistance programs are subject to change, termination, or discontinuation at any time without notice.

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