

## **Frequently Asked Questions (FAQ) - Henrico County Employee Home Purchase Assistance Program**

### **What is the purpose of the Employee Home Purchase Assistance program (EHPAP)?**

The EHPAP is designed to assist eligible County employees with buying a home in Henrico County. This program aims to make homeownership more achievable and affordable for County employees by offering down payment and closing cost assistance.

### **Who is eligible for the program?**

Eligible employees in this program must be permanent, full-time employees of Henrico County General Government, Henrico County Public Schools, and County Constitutional Officers who have 12 months of continuous full-time service and a performance appraisal rating of 'acceptable' or higher. Additionally, to qualify, employees must be either first-time homebuyers or individuals who have not had any ownership interest in a home within the last 5 years.

### **If I am an employee on leave in a nonpaid status, am I eligible for the EHPAP?**

It depends. If the employee meets all the eligibility requirements for EHPAP and has been in a nonpaid status for more than five days, they must contact Human Resources to determine eligibility.

### **Are there any additional requirements for employees who receive assistance?**

To participate in the program, employees are required to contribute a minimum of \$1,000 of their own funds towards the home purchase. The total employee contribution may be higher and will depend on their household assets and the funds needed for closing. Additionally, employees are responsible for the cost of the required home inspection. As part of the program, employees must also complete homebuyer education and counseling services, which are provided by a third-party vendor contracted by the County.

### **How is the down payment and closing cost assistance provided?**

Down payment and closing cost assistance is provided in the form of a forgivable loan, with the funds provided directly to the settlement agent at closing. Assisted employees will not receive direct payments, reimbursement, or cash back after closing on their home.

### **What is a forgivable loan?**

A forgivable loan is a no interest loan employees won't have to pay back if they remain a permanent full-time employee of Henrico County and occupy the home as their primary residence for a period of at least 5 years following the receipt of assistance. For each full month these conditions are met, 1/60th of the loan is forgiven.

### **Are there any repayment requirements?**

Employees must repay any unforgiven loan balance to the County if they are no longer a permanent full-time employee of the Henrico County and/or when they no longer occupy the home as their primary residence within 5 years of receiving assistance. The outstanding loan balance will be due in full within 60 days if any of the repayment requirements are triggered.

### **What type of loan can I use to purchase a home? Can I rent to own?**

Assistance must be used in conjunction with Conventional, FHA, VA, USDA, or Virginia Housing first mortgage products. It cannot be used with subprime or adjustable-rate mortgage loans, seller financing, or mortgage assumption. Rent to own properties are not eligible for assistance.

### **How much assistance can an eligible employee receive?**

Eligible employees may receive a maximum assistance amount of \$25,000. Not all employees will receive the maximum assistance amount of \$25,000. The actual amount of assistance will vary and will be determined by factors such as household assets and funds needed to close on the home.

### **Is the assistance considered taxable income?**

Yes, the assistance is considered taxable income, and employees are solely responsible for paying applicable federal and state income tax on the forgivable loan amount. After the forgivable loan is issued, the loan is forgiven at a rate of one sixtieth (1/60th) of the total for each month of continued full-time employment with Henrico County or Henrico County Public Schools. Taxes will be withheld for a portion of the forgivable loan every pay period over the next 5 years following receipt of the assistance. Employees should consult a tax professional to fully understand the implications associated with receiving an EHPAP forgivable loan from their employer.

### **Will there be a lien recorded against my property if I receive a forgivable loan?**

Yes, a lien (e.g., Deed of Trust and Deed of Trust Note) will be recorded against your property to secure the forgivable loan amount. If the terms of the note are satisfied or the outstanding balance is paid in full, the lien will be released within 30 days.

### **I am not ready to buy a home now, can I reserve funding for a later date?**

No, funds are available on a first come, first served basis. Once the available funding is depleted, there are no guarantees that additional funds will be available.

### **Are there any restrictions on the home I can purchase?**

To qualify for assistance, the home must meet certain criteria. Eligible homes include single-family attached or detached dwellings, manufactured homes on a permanent foundation, or condominiums located within Henrico County. The sales price of the home must not exceed the regional sales price limit set by Virginia Housing at the time of application. Currently, this limit is \$425,000.\*

### **Are there income restrictions?**

Yes, there are income restrictions to be aware of. The total household income, which includes the income of all adults living in the home regardless of their marital or familial status, must not exceed the household income limits set by Virginia Housing at the time of application. Currently, for a household of 2 or fewer individuals, the income limit is \$98,400, and for households with 3 or more members, the limit is \$114,900.\*

\*Sales price and income limits are subject to change. Employees should refer to the Virginia Housing website for current income and sales price limits before applying to receive down payment and closing cost assistance.

<https://www.virginiahousing.com/en/partners/lenders/lending-limits-requirements>