

Employer-Assisted Housing

Improving the Bottom Line and Unlocking Doors to Homeownership for Your Employees



Opening doors to homeownership for your employees

As employers search for ways to compete and succeed in today's dynamic marketplace, Employer-Assisted Housing (EAH) is a benefit many are considering. EAH plans are gaining in popularity because they make an employer stand out from the crowd, enhance recruitment efforts, and can have a positive impact on the bottom line. With an EAH plan, employers can realize a financial gain for their company as they help their employees achieve the dream of homeownership. EAH benefits are simple to administer, low in cost to offer, and can help you recruit and retain valuable employees, thus creating a positive impact on your company's bottom line.

At Fannie Mae the home is our business. As the nation's largest provider of home mortgage funds, we are working with employers throughout the country to create customized EAH benefit plans for employers who want to offer cutting-edge benefits that will make them stand out from the crowd.

Our Business Is The American Dream

At Fannie Mae, we are in the American Dream business. Our Mission is to tear down barriers, lower costs, and increase the opportunities for homeownership and affordable rental housing for all Americans. Because having a safe place to call home strengthens families, communities, and our nation as a whole.

Why EAH?

Recruitment – sets your company apart

Retention – motivates employees to stay

Revitalization – can encourage employees to purchase homes in specific neighborhoods

Reduced Commuting – can encourage employees to live closer to work

Right Thing to Do – helps employees achieve the American dream of homeownership

Relationships – stronger customer relationships with highly motivated employees

Return – can strengthen your financial statements

Recognition – enhances company's reputation

How does EAH work?

Each EAH plan typically involves a four-way partnership among an employer, Fannie Mae, an employee, and a lender.

EAH AT WORK

Advance Food Company Caryville, Tennessee

“Employer-assisted housing benefits like this one help employers achieve their business objectives while promoting goodwill among their employees, communities, and industries.”

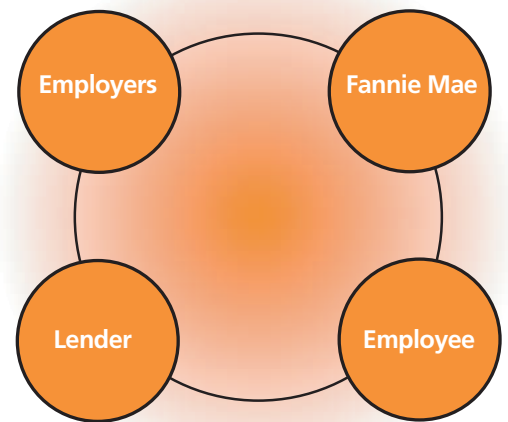
Walter Butler
Tennessee's Deputy Commissioner of
Labor and Workforce Development

The employer offers the employee benefit, often in the form of a forgivable, deferred, or repayable second loan, a grant, a matched savings plan, or home-buyer education that helps the employee achieve homeownership. The employee, who is the potential home buyer, participates by applying for the benefit, meeting the criteria set by the employer to receive the benefit, and fulfilling the

necessary qualifications to become a home buyer. The lender provides the first mortgage underwriting and origination, and manages the relationship with the employee. Fannie Mae works with the employer, helping them create an EAH plan and identify lenders and other partners.

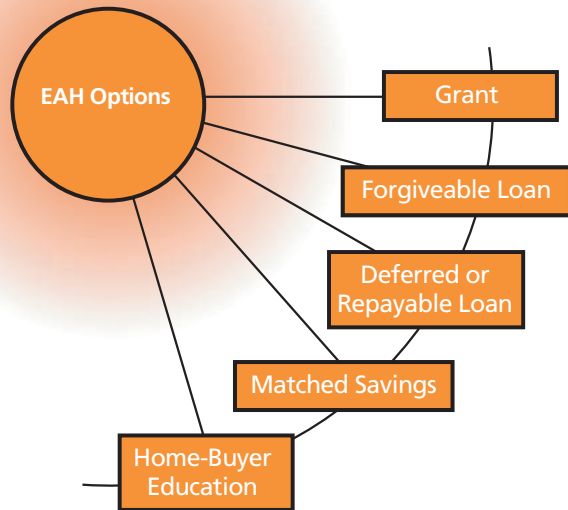
Although EAH is used mostly to help an employee buy a home, the employer also can offer an EAH benefit to help the employee with rental housing. Usually, a rental EAH benefit is structured similar to a financial

EAH plans are a four-way partnership



Creating an EAH plan requires four key participants—your company, Fannie Mae, an employee, and a mortgage broker

Employers have many EAH options



EAH for homeownership except the eligible use of proceeds is to help pay the security deposit or the monthly rent.

Fannie Mae started its own EAH program in 1991, offering a forgivable loan to eligible employees. Since then, more than 2,500 employees have participated in the program. Fannie Mae’s EAH benefit requires employees to work 180 days to become eligible and to remain with the company for an additional five years to receive the full forgiveness of their EAH loan. Fannie Mae also helps employers across the country develop their own customized EAH plans.

What are some of the EAH options?

Employees who receive an EAH benefit generally will get help with at least one of the three primary obstacles to homeownership:

- down payment
- closing costs
- information about completing the home-buying process

There are several standard EAH options. Employers generally provide funds to the employee, which are often used for a portion of the down payment, closing costs, or a permanent interest buydown on the employee’s first mortgage. Some standard options include:

Grant

This is a one-time engagement for the employer. The employer may require the grant to be repaid if the employee leaves before a specified period of employment.

Forgivable Loan

The employer makes a second loan to the employee at the same time as the first mortgage loan is originated. The lender on the first mortgage loan may facilitate the making of the employer loan. Some or all of the principal is forgiven at a specified rate over a specified period of employment.

EAH AT WORK

St. Louis Public Schools

“Through EAH, we’re positioning St. Louis Public Schools as a district that cares about the future of its employees, as well as the surrounding community. We’re confident that offering housing benefits to our local educators will help us attract and retain quality staff endowed with a responsibility that, in many ways, determines the future of St. Louis.”

Dr. Cleveland Hammonds, Jr.
Superintendent of St. Louis Public Schools

EAH AT WORK

YAI/National Institute for People with Disabilities

“YAI’s Homeownership and Financial Planning Program is a manifestation of our commitment to helping make dreams come true for our staff.”

Dr. Joel M. Levy, Chief Executive Officer
YAI/National Institute for
People with Disabilities

Deferred or Repayable Loan

A deferred or repayable loan functions the same as a forgivable loan, except there is a repayment feature, either immediately or at a specified time in the future.

Matched Savings

The employer is matching, on an incremental basis, savings by an employee. There are several ways

an employer can choose to do this, including

- accrual on the company’s books of the obligation to provide a grant at closing; or
- cash deposits (dedicated for home purchase) into an employee’s account.

Home-buyer Education

The employer typically works with a counseling agency or lender to provide information to employees about buying a home. The employer can provide on-site facilities, or allow paid leave time. Counseling precedes loan closing. Home-buyer education is a benefit that can help an employer learn how to improve his or her credit and help them better understand the home-buying process.

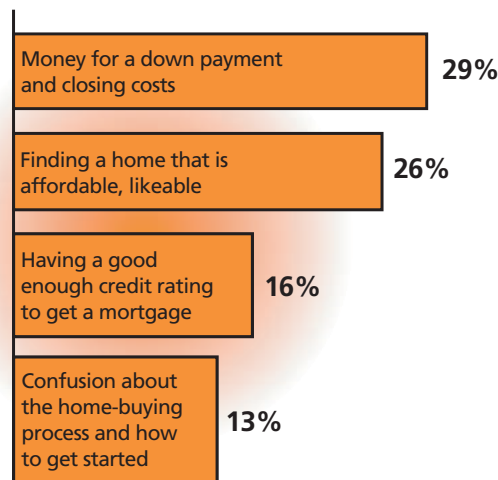
How do EAH plans address business needs?

An EAH plan can reduce recruitment, turnover, and training costs for employers. It can help improve employee morale and create a positive work atmosphere that leads to greater worker productivity. Employers who have employees “on call” have found that because EAH allows employees to live closer to work, response times are shortened. Over time, the EAH plan will more than pay for itself from the savings realized from improved employee retention.

Exactly how do EAH plans pay for themselves?

The costs of providing and administering EAH plans, from the least to the most expensive version, are minimized or offset by the savings accrued from reductions in turnover, recruitment/relocation and training budgets, and from

Here’s what people say are the major obstacles to homeownership



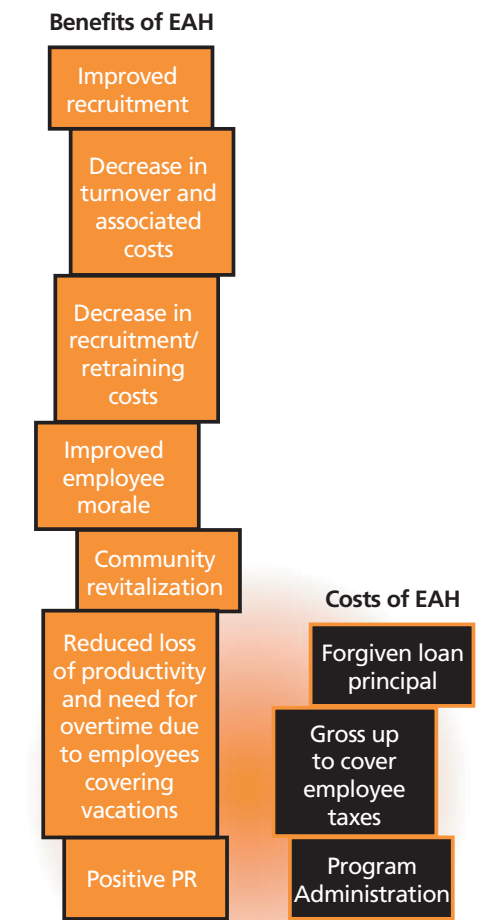
Source: 1998 Fannie Mae National Housing Survey

With EAH, employees can overcome the major obstacles to homeownership

higher productivity and morale. For example, a reduction in the turnover rate by even one percentage point for a typical company with 5,000 employees can save the cost of hiring and training 50 new employees.

Fannie Mae has developed a software program to help you calculate the potential savings your company could realize from instituting an EAH program. A representative from a Fannie Mae regional or Partnership Office (listed at the end of this brochure) can assist you in determining how much your company can benefit.

EAH benefits outweigh costs



Are there any EAH benefit programs that do not involve a financial benefit?

A home-buyer education EAH benefit is one of the more popular EAH benefits that does not involve a financial benefit to the employee. Generally, the employer partners with a nonprofit housing counseling agency that, for a minimal fee, will offer usually a six- to eight-hour home-buyer education class plus one-on-one counseling. This may be on-site and possibly during working hours to make it easier for employees to participate. Often an employer will also give the employee a day off for loan closing. Although the recruitment and retention results from this type of EAH is not as strong as a financial EAH, a Home Buyer Education EAH benefit can be very effective too.

How much does it actually cost to offer and administer an EAH plan once it is established?

Administration costs of EAH plans differ according to the specifics of the plan. For an average company of 4,000 employees, plan administration for a forgivable loan requires one-half of one employee’s time. The actual cost to the company to offer the plan will depend upon the option chosen.

E A H AT W O R K

**Bremer Bank
St. Paul, Minnesota**

“It takes a collaborative effort to make a real impact on an issue as complex as affordable housing. As a business, we wanted to affect the pressing issue of rising homeownership costs in the Twin Cities and its impact on our employees. The REAL/HELP program is a great way for employers like Bremer to address this growing problem – by starting in our own backyard.”

Stan Dardis
Bremer Chief Executive

What are the benefits of EAH?

EAH creates a win/win/win situation among employees, employers, and the community. EAH plans allow employers to achieve their business objectives and create bottom-line savings, while promoting goodwill among employees and in surrounding communities.

For Employers:

- Highly effective recruitment tool
- Reduction in training and hiring costs

E A H A T W O R K

Patriot Homes Elkhart, Indiana

“The assistance we provide our employees is saving us money by improving employee retention. But more importantly, we are helping improve the lives of our employees by providing them the opportunity of homeownership.”

Steve Like, Executive Vice President and General Counsel of Patriot Homes

- Greater employee retention and loyalty
- Highly cost-effective employee benefit
- Enhanced reputation as “family-friendly” employer
- Improved employee morale
- Creation of employer goodwill in the community
- Community revitalization
- Opportunity to make an investment in housing

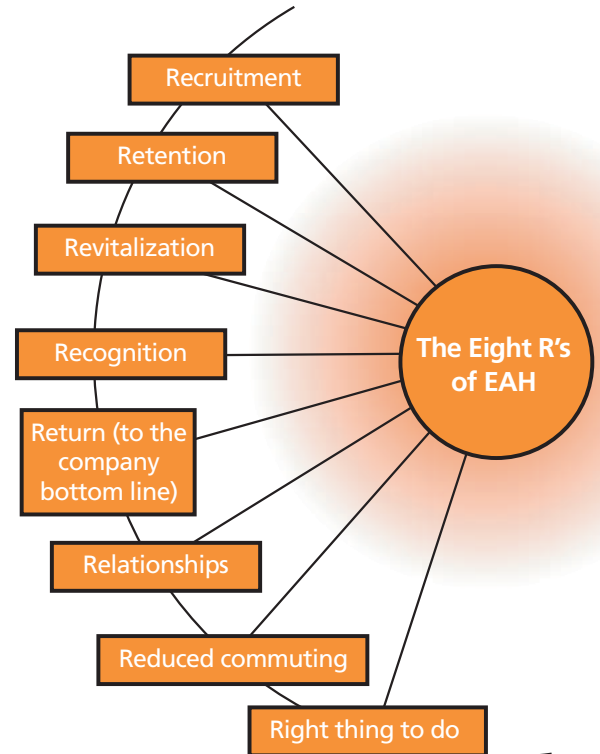
For Employees:

- Realization of dream of homeownership
- Enhanced life style associated with homeownership, such as greater community and school involvement and quality of life
- Increased job satisfaction and loyalty to employer
- Possibility of reducing commuting time
- Investment in a home with possible equity appreciation over time.

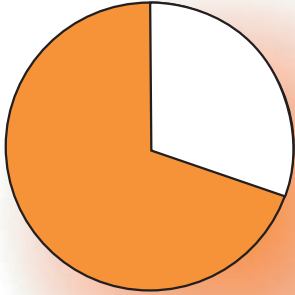
For Communities:

- Increase in tax base due to rise in homeownership
- Increase in business for real estate professionals and local businesses
- Greater community involvement due to increased homeownership
- Community revitalization tool
- Increased stability in neighborhood

EAH provides employers, employees and community benefits



The Advantages of Homeownership



According to our 2002 National Housing Survey, over 70% of respondents see buying a home as a safe and potentially lucrative investment.

My business is not related to housing, so I do not know lenders or home-buyer education counselors to help with the EAH benefit. How can I learn who these lenders and counselors are?

Fannie Mae can provide you with names of lenders who are familiar with lending using an EAH benefit and who are experienced in providing value to employees of EAH employers. Fannie Mae's local Partnership Offices also are knowledgeable about home-buyer education counselors and other nonprofits who can help make offering an EAH benefit even easier for you.

The employees who work for my company are in a low-income bracket. Can they still afford to own a home?

Fannie Mae offers a wide variety of mortgage products to meet the needs of many types of borrowers. For example, Fannie Mae's *MyCommunityMortgage™* is a suite of mortgage options that provides more flexible terms for low- and moderate-income borrowers of one- to four-family home. *Community Solutions™* is a suite of flexible mortgage options especially designed for school employees, police and fire department employees, and healthcare workers where as little as \$500 is required for a down payment. Working with a preferred mortgage lender and Fannie Mae, an employer can create an EAH plan that takes advantage of these flexible terms and combines them with other types of homeownership assistance.

Is this a benefit employees want?

National surveys indicate that a majority of Americans feel that homeownership is a valuable social and financial investment and a key life objective. A recent Fannie Mae National Housing Survey found that more than two-thirds of Americans think homeownership makes a tangible difference in their lives, so much so that they are willing to make sacrifices in order to achieve their dream. Over 70 percent of Americans see buying a home as a safe and potentially lucrative investment. EAH is a customized benefit option that addresses the key obstacles of purchasing a home: down payment and closing costs, and obtaining information about the home-buying process.

EAH AT WORK

Mission St. Joseph's Hospital Asheville, North Carolina

"As one of the largest employers in the area, we felt responsible for doing something for employees. We also needed a tool to retain the outstanding staff we have and to attract new staff to this housing market."

Janet Moore
Director of Marketing
and Communications at
Mission St. Joseph's Hospital

Are there ways to offer meaningful homeownership assistance without increasing the cost of employee benefit packages?

Fannie Mae can facilitate the availability of home-buyer education, which can be offered as a choice within any EAH plan. Home-buyer education can help a potential borrower navigate the complicated mortgage application process.

What about the tax issues involved in an EAH plan?

A financial EAH benefit may be treated as income for tax purposes for the employee. This depends on what type of benefit is offered and how it is structured. For the employer, the cost of an EAH benefit is treated as an expense. In a few cases, there may be tax incentives provided by the state or local jurisdiction where the employer is located.

How can Fannie Mae help me get started?

Employees in Fannie Mae's partnership or regional offices can help build the bridge from your company's business needs to an EAH plan design. If your

E A H A T W O R K

Canisius College Buffalo, New York

"We believe our EAH program will not only facilitate homeownership but also develop greater employee loyalty to the college and commitment to the city of Buffalo."

Rev. Vincent M. Cook
Canisius College President

company and Fannie Mae create an EAH partnership, Fannie Mae can

- provide free technical assistance/customer service from regional and Partnership Offices;
- identify lenders, home-buyer education counselors, and other housing industry partners; and
- provide marketing/public relations support.

For more information

For further information on EAH, or to set up a meeting about EAH, call the Fannie Mae Regional or Partnership Office closest to you.

To read more about EAH, visit www.fanniemae.com and click on Affordable Housing Solutions; Affordable Housing Solutions; Employer-Assisted Housing.

Phone numbers and the states that each regional office serves are listed below.

Southeastern Regional Office

950 East Paces Ferry Rd., Suite 1900
Atlanta, GA 30326-1161
(404) 398-6000

Serves: AL, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA, WV

Midwestern Regional Office

One South Wacker Dr., Suite 1300
Chicago, IL 60606-4667
(312) 368-6200

Serves: IA, IL, IN, MI, MN, ND, NE, OH, SD, WI

Southwestern Regional Office

Two Gallerial Tower
13455 Noel Rd., Suite 600
Dallas, TX 75240-5003
(972) 773-4663

Serves: AZ, AR, CO, KS, LA, MO, NM, OK, TX, UT

Western Regional Office

135 North Los Robles Ave., Suite 300
Pasadena, CA 91101-1707
(626) 396-5100

Serves: AK, CA, GU, HI, ID, MT, NV, OR, WA, WY

Northeastern Regional Office

1900 Market Street, Suite 800
Philadelphia, PA 19103
(215) 575-1400

Serves: CT, DE, MA, ME, NH, NJ, NY, PA, PR, RI, VI, VT

Fannie Mae has Partnership Offices in the following locations:

Alabama	(205) 297-3630
Arizona	(602) 744-6840
California	
Los Angeles	(213) 580-0160
Sacramento	(916) 341-1240
San Francisco	(415) 277-3360
Colorado	(303) 291-6260
Connecticut	(860) 244-1240
Delaware	(302) 429-2900
Idaho	(208) 345-1058
Illinois	(312) 368-8815
Indiana	(317) 639-7915
Iowa	(515) 697-3722

Florida	
Miami	(305) 603-2300
Orlando	(407) 487-5904
Tallahassee	(850) 577-5944
Georgia	(404) 589-3301
Kentucky	(859) 226-5142
Louisiana	(504) 525-8800
Maryland	(410) 659-4944
Massachusetts	(617) 345-8040
Michigan	(313) 596-6730
Minnesota	(651) 726-0900
Mississippi	(601) 592-1040
Missouri	
Kansas City	(816) 960-2050
St. Louis	(314) 444-3460
Montana	
Billings	(406) 259-7049
Helena	(406) 443-6940
Nebraska	(402) 479-7700
Nevada	(702) 765-7600
New Hampshire	(603) 222-5400
New Jersey	(973) 848-2300
New Mexico	(505) 848-3530
New York	
Buffalo	(716) 858-4220
New York City	(917) 322-8960
North Carolina	(704) 344-6960
North Dakota	(701) 530-2565
Ohio	
Columbus	(614) 222-8940
Cleveland	(216) 241-4015
Oklahoma	(405) 552-2001
Oregon	(503) 552-6060
Pennsylvania	
Pittsburgh	(412) 288-3560
Wilkes-Barre	(570) 830-4365
Rhode Island	(401) 276-2116
South Carolina	(803) 212-1057
South Dakota	(605) 782-2540
Tennessee	(615) 252-4160
Texas	
Dallas/Fort Worth	(214) 397-1020
Houston	(832) 397-4410
San Antonio	(210) 228-3840
Utah	(801) 715-6860
Virginia	(703) 276-4700
Washington, D.C.	(202) 752-7950
Washington	(206) 839-1541
Wisconsin	(414) 274-3150
Wyoming	(307) 432-5501

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