

Faculty Recruitment and Retention: Tenure Stream or Equivalent

Mortgage Assistance Program (MAP)

Pilot for Fall 2024

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Overview:

The Mortgage Assistance Program (MAP) is a valuable recruitment and retention tool to attract and retain tenure stream or equivalent faculty who are first time home buyers, as well as new tenure stream or equivalent faculty who are hired and are relocating to the greater Boston area from another state. Established as a pilot program in 2024, MAP is a minimum-interest mortgage program designed to assist qualified faculty in purchasing their first home in the greater Boston housing market. The university has established an initial pool of \$6,000,000 to fund the program. Qualifying applications will be reviewed and approved by the faculty member's school and the Provost's Office. The program may be revised or cancelled as university needs require.

The MAP will be secured by a mortgage on a qualifying primary residence.

The interest rate shall be set at the Annual Long-Term Applicable Federal Rate in effect when the mortgage is closed. This is the lowest rate that is allowed by the IRS.

1. Eligibility

This program is available once to full-time faculty who meet the following general criteria and school-specific position requirements aligning with tenure stream (and the equivalent, continuous term, in the Cummings School):

- Have 9 years of service or less in a full-time faculty* position at Tufts University
- Have not previously purchased a home (are a first-time home buyer) OR the previous home was purchased in an excluded state¹
- Must qualify for a first mortgage with PNC Bank

¹ Excluded states are AK, AL, AR, AZ, CO, FL, GA, IA, ID, IL, IN, KS, KY, LA, MI, MN, MO, MS, MT, NC, ND, NE, NM, NV, OH, OK, SC, SD, TN, TX, UT, WI, WV, and WY

*The program does not cover faculty members under a collective bargaining agreement, unless this is addressed in the collective bargaining agreement.

School-Specific Position Requirements:

School	Criteria
Arts & Sciences	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)
Cummings	Faculty who have attained continuous term, or are on the continuous term track
Dental	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)
Engineering	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)
Fletcher	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)
Friedman	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)
Medical	All tenure stream faculty (bearing the titles Assistant, Associate, and Full Professor)

2. Qualifying Residence

The MAP is only applicable to a faculty member’s “principal residence” in communities within a 50-mile radius of Ballou Hall on the Medford-Somerville campus, the Biomedical Research and Public Health Building on the Boston campus, the School of the Museum of Fine Arts in Boston, and the Jean Mayer Administration Building on the Grafton campus and, at this time, must be in Massachusetts.

“Principal residence” is defined by the IRS, under Section 121 of the Internal Revenue Code, using a facts and circumstances standard and considering, among other facts, where the faculty member resides most of the time, the address listed on the faculty member’s tax returns, voter registration, driver’s license, and automobile registration, the faculty member’s billing address and the faculty member’s principal dwelling throughout the academic year.

Single-family residences, townhomes and condominiums qualify. Vacation homes, investment properties, and income-producing (rental) properties are NOT qualifying residences.

The program is available only for the purchase of a primary residence that is new to the faculty member. Existing residences already owned by the faculty member, including those financed with an outside lender where a mortgage balance is still owed, may not be refinanced using the program. The home must be the faculty member’s first purchase of a principal residence, or their previous home was purchased in an excluded state as outlined in the “Eligibility” section above.

3. Loan Amount

The amount of the second mortgage offered under the MAP is the lesser of:

- \$300,000, or
- 40% of the “applicable value” of a home.

The “applicable value” is the lesser of purchase price or the value determined by the first mortgage lender’s appraisal.

Examples of Purchase Price/Appraised Value and MAP Loan Amount:

Purchase Price/Appraised Value	Loan Amount	Logic
\$600,000	\$240,000	40% * Applicable Value of \$600,000 = \$240,000 is less than \$300,000
\$1,200,000	\$300,000	\$300,000 is less than 40% * Applicable Value of \$1,200,000 = \$480,000

4. Term

The term of the second mortgage offered under the MAP is 30 years.

5. Interest Rate and Monthly Minimum Payments

The Annual Long-Term Applicable Federal Rate ([AFR](#)) in the month the mortgage is closed. This is the lowest rate that is allowed by the IRS for this type of program.

This interest rate is a fixed rate for the life of the mortgage.

A minimum monthly payment equal to the accrued interest based on AFR is required and remitted via payroll deduction. For example, if the loan amount under the MAP is \$300,000 and the AFR is 4.52%, the resulting monthly payment would be \$1,130 assuming no principal payments have been made.

6. Principal Payments

There are no requirements to make regular payments to the principal. The principal can be repaid as a “balloon” payment at any time or at the termination of the mortgage. Making payments over the term of the mortgage, if the faculty member chooses to do so, will reduce the amount of the balloon payment due upon termination of the loan.

7. Termination

Principal and any unpaid interest is due on the earliest of:

- The date of sale of the mortgaged property.
- The date in which the property is no longer the faculty member’s principal residence as determined by the university in its sole discretion.
- The date of termination of employment at Tufts University. Termination does not include a leave of absence taken with the approval of the university.
- The expiration of the second mortgage at the end of the term as specified in the loan.
- Upon the occurrence of an event of default under the primary or the secondary mortgage and the continuation thereof.

8. Right of First Refusal

The university maintains the right to require the borrower to enter into an agreement with the university whereby the owner will not sell or convey the property without first offering to sell the premises to the university at fair market value. The university only intends to pursue this agreement if the house is within walking distance of one of the campuses.

9. Other Terms

A. The program, initially launched as a pilot, may be revised or cancelled as university needs require.

- B. Borrowers must qualify for a first mortgage to participate in the MAP. Typically, this loan must be “conforming” if it is to be combined with a second mortgage.
- C. The university is not involved in any underwriting decisions on the first loan, which are the responsibility of the bank and are subject to state and federal mortgage regulations. Further, the university has no control over the length of time required to close on the first mortgage, although the university is committed to providing any information that the bank requires from the university in order to complete the underwriting in a timely manner.
- D. Borrowers must make payments on the first mortgage directly to their bank. Monthly second mortgage payments will be made via Tufts University payroll deduction to the extent permitted under state law.
- E. The second mortgage loan, at the faculty member’s request, will be made jointly to the faculty member and his or her spouse. Monthly second mortgage payments, however, are still made via payroll deduction from the faculty member.
- F. Only one MAP loan will be given for a home purchase. If multiple faculty members are applying for a MAP loan for the same property, only one will be eligible.
- G. The loan process is subject to all standard lending practices, including but not limited to debt, income, and credit verification and consideration of other underwriting factors as set forth in Appendix A.
- H. The borrower must notify the university immediately if the first mortgage is refinanced.
- I. The borrower must notify the university immediately of changes in any circumstance that could result in the property not being the faculty member’s principal residence.
- J. There is no provision for refinancing the second mortgage with the university.
- K. Borrowers are free to refinance their homes with an outside lender and repay the university’s second mortgage in full at any time without penalty. Any partial payments made must be in \$1,000 increments.
- L. Due to the structure of the mortgage program, it is likely that borrowers may not be able to obtain home equity lines of credit or additional home equity loans in the future. Any decision by the bank to subordinate its interest in the mortgaged property is at the discretion of the bank and subject to the terms of the first mortgage.

Appendix A - Underwriting Factors and Procedures

A. Underwriting Factors

1. Current or reasonably expected income or assets (other than the value of the residence the borrower intends to secure the loan) that the borrower will rely on to repay the loan.
2. Current employment status.
3. Monthly mortgage payment for the loan.
4. Monthly payment on the first mortgage from PNC Bank and any other loans secured by the same property.
5. Monthly payments for property taxes and other required costs related to the property such as homeowner's association fees.
6. Monthly payments for other debts, including alimony and child-support obligations.
7. Monthly debt-to-income ratio, to be calculated using the total monthly payments on debt obligations listed above as a ratio of gross monthly income.
8. Credit history.
9. Other factors as the university deems appropriate.

B. Underwriting Procedures

1. The university will, where necessary, ask the borrower to provide documentation from a third party to verify that the information that the university relies on for underwriting is accurate.
2. The university will require the borrower to consent to a shared application and documentation process with PNC Bank such that PNC Bank would provide the university with information gathered during the underwriting process.
3. The university will require the borrower to provide it with a copy of the information PNC Bank provides the borrower as part of its underwriting process.

Appendix B - Mortgage Assistance Program Application and Approval Process

Mortgage Assistance Program Eligibility Confirmation and Approval Process:

Prospective borrowers should review program information on the university's website:

<https://provost.tufts.edu/faculty-housing/mortgage-assistance-program/>.

When ready to begin the eligibility confirmation process, the faculty member should follow the instructions on the website linked above to submit their application form to verify program eligibility.

Following program eligibility verification, the Controller's Office will schedule an application intake meeting and arrange for a PNC Bank representative to contact the faculty member. PNC Bank representatives are familiar with Tufts' Mortgage Assistance Program, and will help prospective borrowers to understand the features of the program. They will be able to evaluate the borrower's credit and debt capacity and explain the application process.

If the applicant intends to move forward, they should initiate the application process for the first mortgage with PNC Bank. The applicant can obtain a pre-approval letter from PNC Bank, which remains valid for a certain period of time and under certain circumstances, and with a copy of the pre-approval letter, can obtain a similar letter issued by the university from the Controller's Office, indicating the approved amount for the second loan. These letters may be used in negotiations with a seller. Since this letter may be written prior to a formal completed loan application, neither should be interpreted as final approval for a specific loan amount. Borrowers are cautioned against waiving the standard mortgage contingency clause when making an offer on a home, and should not make such an offer without a formal pre-approval that remains valid.

Once the applicant has completed the mortgage application process with PNC Bank, the bank will share it with the Controller's Office to be used as part of the second mortgage application.

The borrower may have some discretion as to the relative size of the first and second mortgages, and PNC Bank and the university will describe available options and provide materials to illustrate the financial impact of a given mix between these loan types. The final decision as to the proportion of first and second mortgage is the responsibility of the borrower, who may wish to obtain outside financial advice.

PNC Bank will notify the university when they have approved the first mortgage. If approved, the borrower will receive approval notification from PNC Bank and the university.

Following negotiation of the home purchase, the borrower or borrower's representative will submit a copy of the signed Purchase and Sale agreement to PNC Bank and the university. The borrower will also confirm the amount of the second mortgage with the university. The applicant will then receive a mortgage commitment letter from the university. The letter indicates the amount of the second mortgage and the terms of the loan. A copy of the commitment letter goes to the university attorney, who will correspond with the applicant and the applicant's attorney detailing documents needed for the closing.

This program description provides general terms and conditions of the university's mortgage program for the purchase of a new home, which may be amended by the university at any time. The specific terms of the program are contained in the loan agreements and other legal documents signed by the borrower at closing. In the event of any discrepancy between those signed documents and this program description, the signed legal documents shall govern.

Mortgage Assistance Program Process Flow:

