

## Chapter 76: Teachers

*Rule 76.4 Housing.* The Mississippi Employer-Assisted Housing Teacher Program is a special home loan program that is available to licensed teachers who render services in geographical areas of the state that are designated by the Mississippi Board of Education as having a critical shortage of teachers. The program will be administered by the Department of Education in conjunction with the Federal National Mortgage Association (Fannie Mae). The Department of Education will advertise for bids for the purpose of contracting with a public or private entity to assist with the implementation and administration of the program. A maximum loan amount of \$6,000 will be available to eligible teachers to assist in paying closing costs associated with the purchase of a house. Eligible teachers shall include any employee of a school board of a school district who is required by law to obtain a teacher's license from the State Board of Education and who is assigned to an instructional area of work as defined by the State Department of Education the equivalent of a minimum of three (3) normal periods per school day.

Closing costs will include:

1. Down payment (limited to 2% of the sales price)
2. Lender Loan Origination
3. Teacher Grant Program Administrator
4. Attorney
5. Title Insurance
6. Appraisal
7. Credit Report
8. Pest Inspection
9. Survey
10. Recording Fees
11. Private Mortgage Insurance Premium

The teacher's house must be situated in the county in which the school district, or any portion of the school district, is located.

The amount loaned to any teacher will be converted to an interest-free grant on the basis of one (1) years' service in a geographical area of the state that is designated by the Mississippi Board of Education as having a critical shortage of teachers for one-third (1/3) of the amount of the loan. Any teacher who does not render three (3) years of service in a geographical area of the state that is designated by the Mississippi Board of Education as having a critical shortage of teachers will be liable to the Department of Education for one-third (1/3) of the amount of the loan for each year that the teacher does not render such service, plus interest accruing at the current Stafford Loan rate at the time the person discontinues service. If a claim for repayment is placed in the hands of an attorney for collection, the teacher will be liable for an additional amount equal to a reasonable attorney's fee.

### Overview of Loan Process

The teacher will contact the program administrator to obtain confirmation that they are eligible for the program.

The teacher executes a contract for the purchase of a house in the county in which the school district is located.

The teacher makes a loan application with one of the approved participating lenders as determined by Fannie Mae (Union Planters Bank, Deposit Guaranty Bank, Trustmark Bank).

The lender will approve the loan and submit a copy of the loan approval to the program administrator with the anticipated closing date.

Closing attorney will send the administrator a copy of HUD-1 Form forty-eight (48) hours prior to closing. The administrator will wire the funds for the loan and mail a promissory note to be executed by the teacher at closing.

After closing, the lender will send the administrator the signed promissory note. Notes.

The program is available to teachers of any income level

The loan must be less than the Fannie Mae limit of \$227,150. The loan is not limited to first-time home buyers.

#### MISSISSIPPI EMPLOYER-ASSISTED HOUSING TEACHER PROGRAM LOAN AGREEMENT

Date of Agreement: \_\_\_\_\_

Teacher: \_\_\_\_\_

Teacher's Social Security Number: \_\_\_\_\_

School District: \_\_\_\_\_

Loan Amount up to \$6,000.00: \_\_\_\_\_

Beginning School Year: \_\_\_\_\_

This Agreement is made and entered into upon the above stated date by and between named Teacher ("Teacher") and the Mississippi State Department of Education ("Department"),

For purposes of this agreement "School District" or "District" shall mean any school district that has been designated by the State Board of Education as a geographical area where there exists a critical shortage of teachers.

WITNESSETH:

1. Purpose. Teacher has elected to apply to the Department for a loan for the purpose of purchasing a residence pursuant to the Mississippi Employer-Assisted Housing Teacher Program, enacted by Section 37-159-11, Mississippi Code of 1972 Annotated ("Program"). Department has agreed to lend to Teacher the above stated

- Loan Amount pursuant to the terms of the Program, of which the Teacher is aware, and upon the terms and conditions herein stated.
2. Use of Loan Amount. Teacher shall only use the Loan Amount for the purposes of acquiring a residence within the County in which the District or any part of the District is located.
  3. Term of Agreement. The term of this Agreement shall commence upon the later of the commencement of the Beginning School Year or the date of this Agreement above stated.
  4. Grant for Service. Commencing with the Beginning School Year above stated, Teacher shall receive a grant for each year of service rendered as a teacher in the District of one-third (1/3) of the total Loan Amount with no interest accrued upon such grant.
  5. Service of Teacher. Teacher agrees to render service as a teacher in the District for three (3) consecutive years commencing with the Beginning School Year and that the school year in which the Agreement is executed will be considered the Beginning School Year provided the Agreement is executed by December 1 of the school year, otherwise, the Beginning School Year will be the next school year. Provided however that the teacher may choose to accept employment in another district that is located in whole or in part within the county in which the residence is located so long as that school district has been designated by the State Board of Education as a geographical area where there exists a critical shortage of teachers. In the event of this occurrence the teacher shall still be considered as being in compliance with this agreement and the years of service in each of the school districts served shall be added together in determining that three consecutive years have been served.
  6. Residence of Teacher. Teacher agrees to reside and occupy the residence acquired with the use of the Loan Amount during the term of this Agreement. Teacher may not lease out or rent to any person the said residence or any part thereof during the term hereof.
  7. Tax Liability. Teacher acknowledges that the grant or forgiveness for rendering service as a teacher to the District may result in taxable income to Teacher for federal and/or state income tax purposes, and further acknowledges that liability for any and all taxes due upon such taxable income will be the sole responsibility and liability of Teacher, that the Department will withhold no sums from the amounts forgiven and will pay no withholdings thereon to the appropriate taxing authority. Teacher further acknowledges that the Department may furnish to the Internal Revenue Service and/or to the Mississippi State Tax Commission, such information and upon such forms as are required to give notice to the said Internal Revenue Service and/or to the Mississippi State Tax Commission of the grant or forgiveness to Teacher.
  8. Events of Default. Default shall consist of the occurrence of any one or more of the following events: (a) failure of Teacher to render service to the District for three consecutive school years commencing with the Beginning School Year above stated; (b) failure of Teacher to continuously reside in the residence acquired with the use of the Loan Amount for three consecutive school years commencing with the Beginning School Year above stated; (c) any breach of any condition of this

Agreement by Teacher; (d) breach of any condition under the Program by the Teacher.

9. Interest upon Default. Upon the occurrence of an Event of Default, interest shall accrue upon the unforgiven and unpaid portion of the Loan Amount as of the date of this Agreement and continuing until paid in full. The interest rate shall be the Stafford Loan rate in effect upon the occurrence of an Event of Default, as said rate is from time to time determined by the United States Department of Education.
10. Actions upon Default. Upon the occurrence of an Event of Default, the unforgiven and unpaid portion of the Loan Amount together with all interest accrued from the date of the Agreement shall be due immediately. The Department shall give notice to Teacher of the sums due as of the date of default and the interest amount thereafter. Such notice shall be made in writing and shall be deemed received by Teacher on the third business day after deposit in the United States mail, postage prepaid, and addressed to Teacher at the address of Teacher upon the records of the Department.
11. Collection Costs. If Teacher does not pay the sums due the Department within three business days after the day Teacher is deemed to have received the notice, the Department may employ an attorney or attorneys for the collection of the sums due, and in addition to the unforgiven and unpaid portion of the Loan Amount together with interest accrued and to accrue thereon, Teacher agrees to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and court costs.
12. Duties of the District. By its execution hereof, the District agrees that this Agreement has been fully approved by order duly entered upon the minutes of its board of trustees, and that its President has been duly authorized to execute same. District further agrees to notify Department in writing within three business days of the occurrence of any of the following: (a) Teacher ceases to render service to the District as a teacher at any time during the term hereof; (b) Teacher ceases to reside in and occupy the actual residence purchased with the use of the

Loan Amount.

- 13. Acts of God. Teacher's performance of any duty herein required to be performed shall not be excused by the occurrence of war, tornado, fire, earthquake, flood, or death or disability of Teacher, regardless of cause, or any other act of God, or by Teacher's termination by the District.
- 14. Administration by Mississippi Home Corporation. Department may contract with Mississippi Home Corporation, or any other entity that it is permitted to contract with under the Program, to perform all or some of its duties under the Program.
- 15. Rules and Regulations of the Mississippi State Board of Education. This Agreement is subject to and shall be governed by the statutes of the State of Mississippi in such cases made and provided and by the rules and regulations adopted by the Mississippi State Board of Education pursuant to the Program. In the event of a conflict between the terms of this Agreement and the statutes of the State of Mississippi, the statutes shall control, in the event of a conflict between the terms of this Agreement and the rules and regulations adopted by the Mississippi State Board of Education pursuant to the Program, the rules and regulations shall control.
- 16. Advancement of Loan Amount. It is agreed that the Loan Amount will not be advanced until the closing of the purchase of a residence aforesaid by Teacher. It is further agreed that the above stated Loan Amount may be decreased due to lesser cash requirements at closing, and that if the Loan Amount is so decreased, this Agreement shall be deemed amended to reflect the amount actually advanced, and in all other respects shall remain in full force and effect. It is further agreed that the Loan Amount shall not be increased after execution hereof unless this Agreement is amended in writing and executed, by all parties hereto.

WITNESS the signatures of Teacher, of the duly authorized officer of the Department and of the President of the Board of Trustees of District as of the date first above mentioned.

TEACHER

\_\_\_\_\_

Teacher

Date: \_\_\_\_\_

SWORN TO AND SUBSCRIBED before me, this the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_

NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

DEPARTMENT

Mississippi Department of Education

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SWORN TO AND SUBSCRIBED before me, this the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

DISTRICT

\_\_\_\_\_  
School District

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SWORN TO AND SUBSCRIBED before me, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

Source: *Miss. Code Ann. § 37-1-3 (Revised 12/2003)*