Program Overview

Program Description

The Live Local Medical District Program provides several types of incentives for eligible employees, as defined below by the employer, to live and invest in their homes in and around the Medical District. These incentive options will accommodate those looking to purchase a new or existing home, those interested in renting, and existing homeowners who wish to complete exterior improvements on their existing home.

The Live Local Medical District Program provides:

- New homeowners relocating to the district with a one-to-one matching forgivable loan up to $15,000 toward the purchase or new construction of their primary residence;
- New renters with up to a $2,000 allowance toward the cost of their apartment when relocating within the incentive areas for a lease term of not less than one year;
- Existing renters within the district with an allowance of $1,000 over one year when an existing lease is renewed for a term of not less than one year; and
- Existing homeowners in the district with a matching allowance of up to $5,000 for exterior improvements.

The Live Local Medical District Program is administered by MDCDC, Inc. (MDC). The Program is subject to the availability of funds and may be cancelled or modified at any time. Incentives may not be combined, unless otherwise specified below.

Program Effective Dates

The Live Local Medical District Program is effective October 1, 2016. Only purchase agreements, leases, and renovations initiated after this date may be eligible.
Employee Eligibility

Candidates must be employed by ALSAC, Methodist Le Bonheur Healthcare, Regional One Health, or Southern College of Optometry, and must meet the eligibility requirements listed below of their respective employers in order to qualify for the program.

Specific Instructions/Program Changes:

Employer: Regional One Health Eligibility Requirements:
To be eligible, Regional One Health employee must be a full-time equivalent employee working at least 32 hours per week and must have one year of full-time employment with Regional One Health with satisfactory performance.

Institutional Verification and Preapproval

Employees wishing to participate in the program should complete Part I of the appropriate application form and return it to their corporate designee. Employment status and eligibility will then be verified, allowing a candidate to proceed with the housing search and application process. For contact information for your corporate designee, please see the last page of this document.

Income Related to Incentive

The applicant is required to acknowledge his/her understanding of the income and subsequent tax and tax withholdings consequences related to his/her participation in Live Local Medical District Program. As part of the application process all applicants are required to read and sign the Tax Disclosure Acknowledgement, presented in Appendix A.
Program Boundaries

The Live Local Medical District Program will be available for use with residential housing units located within the Memphis Medical District and select neighboring geographies. Incentives will vary depending on whether the participating unit is within the Primary or Secondary Incentive Area. The map below provides an overview of each boundary. Participants can access a full description of the bounding streets for each Incentive Area in Appendix B.

Primary Incentive Area

The Primary Incentive Area overlaps with the boundaries of the Medical District. Maximum incentives apply which includes:

- Purchase - $15,000
- Rental (New) - $2,000
- Rental (Existing) - $1,000
- Improvement - $5,000

Secondary Incentive Area

The Secondary Incentive Area includes neighborhoods north of St. Jude and eastern neighborhoods near Crosstown and Snowden. This boundary was drawn to provide greater variety in housing choice. However, the incentives are reduced, and the rental renewal and improvement incentives are not offered:

- Purchase - $10,000
- Rental (New) - $1,000
Purchase Incentive

Incentive Description

The Purchase incentive provides qualified employees with forgivable loans of up to $15,000 for use in purchasing an existing or building a new home within the incentive area(s).

Application Process

<table>
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<tr>
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<td>Corporate Designee</td>
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<td>2</td>
<td>Select target property for primary residence and attach property listing to application (MLS or other property listing source)</td>
<td>Applicant</td>
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<tr>
<td>5</td>
<td>2</td>
<td>Deliver completed Application Section 2 with attachments to MDC representative (see last page of guidelines for contact) within 60 days of eligibility.</td>
<td>Applicant</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>Determine property eligibility and notify applicant of property pre-approval</td>
<td>MDC</td>
</tr>
<tr>
<td>6.O</td>
<td>2</td>
<td>[OPTIONAL] Connect applicant with resources for financing and settlement</td>
<td>MDC</td>
</tr>
<tr>
<td>7</td>
<td>3</td>
<td>Secure purchase agreement and related financing for pre-approved property within 60 days of pre-approval</td>
<td>Applicant</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>Complete Application Section 3 including proposed closing date and title company contract</td>
<td>Applicant</td>
</tr>
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<td>9</td>
<td>3</td>
<td>Final employer and administrator sign-off</td>
<td>MDC/Corporate Designee</td>
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<tr>
<td>10</td>
<td>3</td>
<td>Fund distribution</td>
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</table>
Applicant Eligibility (Section I)

Discretion of Corporate Designee

The human resource designee from Regional One Health has final determination authority over an applicant’s eligibility to participate in the program. All questions of internal eligibility must be resolved with the appropriate designee before completing Section II and Section III of the application.

Property Eligibility (Section II)

Housing Type

Employees wishing to purchase a home within the eligible Areas for their primary residence will have several housing styles from which to choose, including detached single-family homes, townhomes, and condominiums. Structures consisting of two units are also eligible, provided that one unit remains owner occupied as the qualifying applicant’s primary residence. A Program Administrator from the MDC will review all properties submitted during the application process to ensure quality and safety standards are met. Renovation, reconstruction, and repairs to significantly distressed properties will only be considered at the discretion of the Program Administrator. Properties must be suitable for occupancy within three months of purchase.

Construction of New Home

Due to the current housing supply within the Areas, it is feasible that an employee might want to purchase land or an existing property for demolition and construct a new residence. These types of applications will be reviewed on a case-by-case basis by MDC and the required documentation will be customized by MDC, in its sole discretion, for the specific project.

Property Verification for Preapproval

The applicant must have a property selected prior to submitting an application to MDC for approval. In order to verify that a property is eligible for the program, it will be necessary to submit a copy of the real estate listing to the MDC with Part II of the application. A physical review of the proposed property may be conducted at the discretion of the Program Administrator. This review is to ensure that the property is financially and environmentally safe and to protect against unscrupulous property owners trying to take advantage of the program.
Acquisition (Section III)

Time Limitation

The applicant shall have 60 days from applicant pre-approval to find a property, and 60 days from property pre-approval in order to complete his/her purchase. In the event of a delayed closing, a one-time 30-day extension can be considered and authorized by MDC in its sole discretion. Applicants whose closing date is delayed beyond the 30-day extension must reapply and will be subject to funding availability.

Financing Structure

Properties may be purchased with or without the use of a mortgage. A mortgage that provides for acquisition along with additional funds for rehabilitation (e.g. FHA 203K) is permitted under this program. Due to the unique mechanics of the Live Local Medical District Program, it is suggested that applicants work with a preferred lender who has a relationship with MDC and understands the goals of the program. At the applicant’s request, the MDC can refer qualified lenders who are familiar with the program.

Participation in the Live Local Medical District Program cannot guarantee an applicant success in obtaining property purchase financing.

Application of Funds

Prior to the disbursement of funds, the applicant must provide MDC with the completed Part III of the application, including details/date of closing and a copy of the title company contract and any other real estate and/or mortgage documents related to the applicant’s purchase of the property. Upon approval of this final part of the Application, the applicant will be fully approved as a Participant in the Live Local Medical District Program.

Lump Sum Single Payment to Title Company

Matching funds of up to the lesser of the incentive amount ($15,000 in Primary Incentive Area; $10,000 in Secondary Incentive Area) or one half (50%) of purchase price will be made available prior to closing through wire transfer or certified check directly to the title company, closing attorney or other settlement agent for disbursement on behalf of the Participant. These funds can be applied directly to the

<table>
<thead>
<tr>
<th>Incentive Area</th>
<th>Total Qualifying Purchase Costs</th>
<th>Total Paid by the Buyer</th>
<th>Total Paid By LLMCP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$16,000</td>
<td>$8,000</td>
<td>$8,000</td>
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<tr>
<td>Primary</td>
<td>$40,000</td>
<td>$25,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Primary</td>
<td>$100,000</td>
<td>$85,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Secondary</td>
<td>$16,000</td>
<td>$8,000</td>
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<td>$100,000</td>
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<td>$10,000</td>
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purchaser’s closing costs, down payment, and/or to purchase mortgage discount points.

**Compliance to Receive Forgivable Loan**

In order to secure the loan, the Participant shall execute a Promissory Note evidencing the loan indebtedness to his/her employer, a copy of which is available in Appendix C. The following section describes the conditions under which a loan becomes forgivable. An employee can participate in the housing purchase program only once – however, an employee who previously participated in the rental incentive program may be eligible to participate in the housing purchase program in a subsequent calendar year.

**Program Compliance**

The MDC will ensure that a Participant remains in compliance with the guidelines of the program in three ways:

- **Within 90 Days:** Participants are responsible for providing the MDC with a proof of residence change within 90 days of residency. Eligible documentation includes a copy of the updated driver’s license, property tax record, or utilities bill.
- **Annually:** Participants must submit proof of insurance and non-delinquency of property taxes on an annual basis to remain in compliance with the loan agreement. Other documents may be requested at this time
- **Annually:** MDC will connect annually with each employer’s human resource designee to ensure that the Participant remains employed and in good standing

**Schedule of Loan Forgiveness**

Loans are forgiven over a five-year period beginning at the day of closing as long as the Participant is in compliance with the terms of the program. Forgiveness of 1/5 of the loan balance will occur on the anniversary of the closing date annually until the entire balance is forgiven or the forgiveness is terminated for noncompliance.

The loan is considered immediately due in the case of any of the following events:

- **Separation of Employment**
  
  If a Participant should separate from the employer for any reason, the full outstanding balance of the loan shall immediately become due.

- **Sale of Property**
  
  If a Participant sells or transfers title to the home for which a loan has been awarded, the amount of any unforgiven portion of the outstanding loan is due immediately. In the case where a Participant is purchasing another home in the Primary Incentive Area, he/she can request to have the outstanding balance applied to the new residence and, subject to approval by the Program Administrator, continued forgiveness will then be subject to compliance of the new residence for the remainder of the term.
Change of Residence

If a Participant moves from the home for which a loan has been awarded the amount of the outstanding loan is due immediately. However, in the case where a Participant is purchasing another residence within the Primary Incentive Area, he/she can request to have the outstanding balance applied to the new residence and, subject to approval by the Program Administrator, continued forgiveness will then be subject to compliance of the new residence for the remainder of the term.

Uninhabitable Condition

In the event of damage due to fire, vandalism or act of nature that renders the structure uninhabitable, the homeowner will have 120 days to complete repairs or the structure will be considered abandoned or out of compliance, and the full outstanding amount of the loan shall immediately become due.

Default

In the event that the Participant should default on any loan or mortgage or related agreement with its primary lender for the purchase of the subject property and such default is not cured within the time allowed by the lender, the full outstanding balance of the loan shall become immediately due.

Bankruptcy

If Participant files or has filed against him/her a petition in bankruptcy, and if such proceedings are not dismissed within ninety (90) days, the full outstanding amount of the loan shall immediately become due.

Limitations

Employees currently owning their primary residence within the district are not eligible for the purchase program. Employees are not eligible to use the Purchase incentive and the Rental Incentive within the same program year. Employees are not eligible to use the Purchase Incentive and the Exterior Home Improvement Incentive within the same program year. However, employees who currently own their primary residence within the Primary Incentive Area prior to the program's start date may apply for the Exterior Improvement Incentive.

Only one Purchase incentive may be used for each qualifying property (i.e. coworkers, friends, spouses, cannot apply for multiple Purchase incentives for the same property.)
Residential Rental Incentive Program

Rental Incentive Program

The rental incentive program provides qualified employees with a subsidy of up to $2,000, spread across semi-annual payments that can be applied towards the rent of their primary residence within the incentive area(s). The rental incentive should benefit employees who wish to live closer to work but are not yet ready to commit to purchasing a home.

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Applicant Eligibility (Section I)

Discretion of Corporate Designee

The human resource designee from Regional One Health has final determination authority over an applicant’s eligibility to participate in the program. All questions of internal eligibility must be resolved with the appropriate designee before completing Section II and Section III of the application.

Property Eligibility (Section II)

Renter Eligibility

First time residents moving into the incentive area(s) are eligible to receive up to $2,000 in rental subsidy toward a rental property in the Primary Incentive Area or $1,000 toward a rental property in the Secondary Incentive Area. Residents who previously lived within the Primary Incentive Area are eligible to receive $1,000 upon lease renewal or relocation within the Primary Incentive Area. Residents who previously lived within the Secondary Incentive Area are eligible for $1,000 only if they are relocating into the Primary Incentive Area.

Housing Type

Applicants wishing to rent within the incentive area(s) for their primary residence will have several housing styles from which to choose. These can include detached single-family homes as well as townhomes, lofts, and apartments. In order to ensure the safe and quality experience for participants, all eligible units must conform to Rental Housing Livability Criteria developed by the MDC. Representatives from MDC will continually survey rental property within the district to assess its livability. A full description of the methodology used by MDC in surveying properties can be accessed in Appendix D.

Verification & Pre-approval

In order to verify that the rental property is eligible for the program, part two of the application must be submitted with the property information including address and unit number. The Program Administrator may also contact the prospective lessor to schedule an inspection if the property has not been recently evaluated by MDC.
Leasing (Section III)

Lease Terms

The minimum term for a residential lease under this program will be for one year. Leases longer than one year are acceptable. Exceptions to the one-year minimum may be made by the Program Administrator in his/her sole discretion upon a showing by the Applicant of a compelling need for deviation from the one year term requirement.

Time Limitation

The applicant shall have 45 days from the date the application is pre-approved to execute the lease. A copy of the fully executed lease (signed by tenant and landlord) must be submitted with part three of the application. Applicants whose lease signing is delayed beyond the 45-day limit must reapply and will be subject to funding availability. Applications submitted after a lease has been signed will not be accepted.

Application of Funds

Based upon eligibility, funds will be distributed directly on a semi-annual basis to the Participant, who shall agree and certify that all Rental Incentive funds are expended solely on the rent of the property.

Compliance to Receive Rental Subsidy

Program Compliance

The MDC will ensure that a Participant remains in compliance with the guidelines of the program in two ways:

- **Within 90 Days:** Participants are responsible for providing the MDC with a proof of residence change within 90 days of residency. Eligible documentation includes a copy of the updated driver’s license, property tax record, or utilities bill.
- **Annually:** MDC will connect annually with each employer’s human resource designee to ensure that the Participant remains employed and in good standing.

Monitoring

Noncompliance events include separation of employment and change or residence. In the event of noncompliance all future semi-annual payments to the Participant will cease.
Semi-annual payments will cease upon any of the following events:

**Separation of Employment**

If a Participant should separate from Regional One Health, dispersion of rental subsidy will cease immediately.

**Change of Residence**

If the Participant moves out from the residence for which the lease has been signed, no further payments will be made. However, participants relocating to another eligible residence within the Primary Incentive Area may reapply and, if approved, semi-annual payments will then be made Participant at the new rental property. Overall annual rental subsidy funding shall not exceed $2,000 per Participant.

**Limitations**

Applicants are not eligible to utilize the Purchase and rental incentives within the same program year. The renewal incentive is not guaranteed in future years for participants who utilize the rental incentive in the first year. A recipient of a relocation rental incentive may, in the next year, apply for a renewal incentive, the granting of which shall be in the sole discretion of the Program Administrator. Multiple co-tenants may, at the sole discretion of the Program Administrator, be eligible for rental incentives for the same property.
Existing Owner Improvements

Exterior Improvement Incentives

The exterior improvement program provides qualified employees that currently own a home within the Primary Incentive Area a matching grant of up to $5,000 for use on qualified improvements to the exterior of their home.

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<td>2</td>
<td>Deliver Application Section 2 with information on property, deed, proof of homeowners insurance and proof that taxes are paid to MDC for pre-approval</td>
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<td>Determine property eligibility and notify applicant of property pre-approval</td>
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<td>2</td>
<td>[OPTIONAL] MDC connects applicant with resources upon request (i.e. lenders)</td>
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<td>Deliver Application Section 3, providing at least two contractor bids with detailed scope of work and proof of zoning and code compliance</td>
<td>Applicant</td>
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<td>7</td>
<td>3</td>
<td>MDC approves or requests changes to scope of work</td>
<td>MDC</td>
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<tr>
<td>8</td>
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<td>Fund distribution upon project completion and proof of payment.</td>
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Applicant Eligibility (Section I)

Discretion of Corporate Designee

The human resource designee from Regional One Health has final determination authority over an applicant’s eligibility to participate in the program. All questions of internal eligibility must be rectified with the appropriate designee before completing Section II and Section III of the application.

Property Eligibility (Section II)

Housing Type

Employees who currently own their primary residence within the Primary Incentive Area are eligible for matching exterior improvement allowances. Eligible structures include owner occupied residential properties consisting of one to two units. These can include detached single-family homes as well as row homes and townhouses. Multi-family properties consisting of more than two units are not eligible. Residences where a homeowners association, condominium association, or other form of cooperative is responsible for the building exterior are not eligible.

Ownership, Property Tax, and Insurance Verification

In order to verify that a property is eligible for the program, it will be necessary to submit a copy of the deed to MDC with part two of the application. In addition, property tax payments and homeowner’s insurance coverage should be up to date in order to participate. Proof of insurance and evidence of non-delinquency on property taxes are required in Part II of the application.

Project Scope of Work (Section III)

Time Limitation

The applicants shall have 60 days from the deed pre-approval in order to submit the scope of work and other documents required for Part III of the application. Applicants delayed beyond this limit must reapply and will be subject to funding availability. Applications submitted after home improvements have already been commenced will not be accepted.

Qualified Improvements Compliance

Qualified improvements will be limited to the exterior of the home. These improvements include a wide range of beautification, weatherization and restoration projects. These projects include: Roof replacement, masonry restoration, window repair or replacement, exterior restoration, exterior painting, exterior lighting, gutters and downspouts, siding and trim repair, street fronting site work (fencing,
walkways, etc.). The determination of whether an applicant’s proposed scope of work complies with the requirements of this program shall be made by MDC in its sole discretion.

Zoning and Code Compliance

All approved work must conform to all applicable local zoning ordinances and applicable building codes. Proof of zoning and code compliance is required along with the scope of work in Part III of the application.

Contractors

All proposed work requires bids from a minimum of two contractors. Work may be performed by a general contractor, or depending on the scope, 1-2 specific tradespersons. In the case of multiple tradespersons hired directly by the homeowner, two bids will be required for each trade. MDC must approve all contractor choices. Property owners may also perform their own work, though MDC still must approve the scope of work and will only consider properly documented costs of materials as eligible project costs.

Application of Matching Funds

The allowance will operate as a reimbursement. Preapproved projects with qualifying costs of $10,000 or more will receive the maximum allowance of $5,000 upon project completion and proof of payment. Preapproved projects with qualifying costs of less than $10,000 will receive a 50% allowance reimbursement upon project completion and proof of payment. Future projects remain eligible for matching funds until the $5,000 total reimbursement is reached. Qualifying project costs will be based on materials only for owners wishing to undertake their own repairs. Participants performing their own work shall submit invoices and/or receipts to MDC evidencing the costs of the materials for such renovation and repairs, the sufficiency of which shall be determined by MDC in its sole discretion.

<table>
<thead>
<tr>
<th>Total Paid by Homeowner on Qualifying Costs</th>
<th>Reimbursed Upon Completion and Full Payment</th>
<th>Available for Future Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,000</td>
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<tr>
<td>$5,000</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
</tbody>
</table>
Administrative & Employer Contacts

Medical District Collaborative

**Purchase and Improvement Incentive Contacts:**
Chet Jackson  
cjackson@mdcollaborative.org  
Larissa Redmond Thompson  
lredmondtompson@mdcollaborative.org

**Rental Incentive Contacts:**
Mariko Krause  
mkrause@mdcollaborative.org  
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amiller@mdcollaborative.org

MDC Office Information:
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Memphis, TN 38103  
P (901) – 552 – 4781  
www.mdcollaborative.org

Regional One Health Contact Information

**Corporate Designee:**
Nila Carrington  
Manager Physician/EE Benefits  
ncarrington@regionalonehealth.org

**Payroll/Financial Contact:**
Tara Shield  
Assistant Controller  
tshields@regionalonehealth.org