COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK

HOUSING ASSISTANCE PROGRAM (HAP2)
Effective July 1, 2014

Forgivable Loans
As of May 15, 2014

1. Eligibility
    a. Eligibility is limited to tenured faculty members[1] seeking to purchase and/or renovate a primary residence within commuting distance of the University. Faculty must be recommended by their dean to participate in the program. All loans under the Program are subject to the approval of the Provost and University's Chief Financial Officer.

2. Details
    a. Only available for the purchase and/or renovation of a primary residence within commuting distance of the University
    b. Term of loan is up to ten years
    c. Principal is forgiven in equal annual installments over the loan term
    d. Interest on forgiven principal will be forgiven annually, concurrent with the principal forgiveness
    e. Interest rate for ten-year loans is based on the long-term annual Applicable Federal Rate (AFR) at the time the loan is made, as published by the IRS
    f. For loans with terms of more than three and up to nine years, interest rate is based on the medium-term annual AFR
    g. Rates are increased each year to account for interest on accrued interest amounts outstanding for longer than one year
    h. Forgiven principal and interest are taxable as income and subject to appropriate withholding
    i. Faculty may select to have withholding on forgiven amounts spread over several paychecks (up to six months) provided that all withholding occurs within the calendar year during which amounts are forgiven
    j. Outstanding principal and accrued interest need to be repaid in the event of termination of full-time affiliation with the University (including by reason of retirement, voluntary or involuntary termination or death), within six months of termination
    k. Upon receipt of an offer of a forgivable loan, faculty have two years to draw on the loan, after which the offer expires
    l. Faculty must provide the University with documentation of a purchase or renovation within 364 days of drawing the funds, otherwise the entire principal amount and accrued interest will be due; there will be no forgiveness

3. Notes
    a. Faculty are encouraged to consult with their own tax and financial advisors
    b. This sheet summarizes the general terms of the Program; specific terms are governed by the individual loan documents

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[1] Morningside campus only, excluding the Law School.

4. Forgivable Loan Examples

Assumptions: Long-term annual AFR: 3.36%
(All dollars in thousands)

a. Example 1: Assume $100k loan for 10 years

Year	Beginning Balance Outstanding	Effective Rate (%)	Principal Forgiven	Interest Forgiven	Total Forgiven = Imputed Income	Estimated Withholding @ 46.52%*
1	100	3.36%	10	0.3	10.3	4.8
2	90	3.42%	10	0.7	10.7	5.0
3	80	3.47%	10	1.0	11.0	5.1
4	70	3.53%	10	1.4	11.4	5.3
5	60	3.59%	10	1.8	11.8	5.5
6	50	3.66%	10	2.2	12.2	5.7
7	40	3.72%	10	2.6	12.6	5.9
8	30	3.78%	10	3.0	13.0	6.1
9	20	3.85%	10	3.5	13.5	6.3
10	10	3.92%	10	3.9	13.9	6.5

b. Example 2: Assume $300k loan for 10 years

Year	Beginning Balance Outstanding	Effective Rate (%)	Principal Forgiven	Interest Forgiven	Total Forgiven = Imputed Income	Estimated Withholding @ 46.52%*
1	300	3.36%	30	1.0	31.0	14.4
2	270	3.42%	30	2.0	32.0	14.9
3	240	3.47%	30	3.1	33.1	15.4
4	210	3.53%	30	4.2	34.2	15.9
5	180	3.59%	30	5.4	35.4	16.5
6	150	3.66%	30	6.6	36.6	17.0
7	120	3.72%	30	7.8	37.8	17.6
8	90	3.78%	30	9.1	39.1	18.2
9	60	3.85%	30	10.4	40.4	18.8
10	30	3.92%	30	11.7	41.7	19.4

*46.52% is proxy for flat rate withholding including federal, state, city, Medicare and FICA; individual withholding might be different