

COLUMBIA UNIVERSITY  
IN THE CITY OF NEW YORK

OFFICE OF THE PROVOST

October 10, 2019

Dear Colleague,

In December 2015, Provost Coatsworth announced the Housing Mobility Program, which offers Columbia faculty financial support for relocating out of Columbia housing or downsizing from a large Columbia apartment into a smaller one. We have been pleased with the response and plan to offer an application round each academic year, typically in the fall.

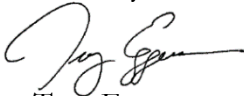
I want to thank those who applied in the earlier rounds. One reality of a dense, expensive residential market like New York is that even a slight increase in the availability of University apartments enhances our ability to recruit and retain the most outstanding faculty members, especially those with growing families. While we welcome applications from all tenants, we continue to be particularly interested in applications from faculty living in apartments with three or more bedrooms.

The decision to move is complex and highly personal, and we encourage anyone interested in applying to the program to discuss long-term needs and goals with loved ones and financial planning experts. The program description, included here and available at <http://provost.columbia.edu/>, has information about the benefits, eligibility requirements, and application materials.

This program is possible only due to the insights and wisdom shared during its development and throughout its implementation by members of the Senate Committee on Housing Policy, the Housing Priorities Committee, the Provost's Faculty Advisory Council, and Office of Faculty Retirement. The ongoing feedback of many of these same individuals has also allowed us to make improvements along the way.

If you have questions beyond these materials, including how to apply, please contact Carrie Marlin, Associate Provost for Administration and Planning, at (212) 854-0218 or [cm3509@columbia.edu](mailto:cm3509@columbia.edu).

Sincerely,



Troy Eggers

Executive Vice Provost

**HOUSING MOBILITY PROGRAM (HMP)**

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## HOUSING MOBILITY PROGRAM (HMP)

### PROGRAM DESCRIPTION

**December 9, 2015**

*(Revised September 2019)*

The goals of HMP are to free up apartments for new and newly tenured faculty and to decrease the backlog of transfer requests from growing families, especially retention cases. The program will provide benefits to tenants seeking compensation to downsize or move out of the University system.

The process begins with an applicant's statement of what type of financial package would provide sufficient compensation to downsize or move. Benefits for participants are varied and may include a decrease in monthly rent, loans, lump sum or income supplement payments, a modernized apartment, and mortgage assistance. All lump sum or moving expense benefits are payable within 45 days of moving out of the current apartment. All participants will receive a taxable moving allowance of \$5,000 in addition to whatever other benefits may be agreed upon. Funding for the Program is limited, and submission of an application does not guarantee receipt of benefits. HMP is a program available to certain tenants (see Section 7, "Eligibility"). The Office of the Provost may choose to modify or discontinue the program.

#### 1. Benefit to Relocate Out of University Housing

- a. Benefit to Relocate for Retirees. Certain Columbia tenants who are retired Columbia University employees or their surviving spouses may apply to receive a taxable lump sum payment upon moving out of Columbia housing. These tenants may also receive a taxable moving allowance of up to \$5,000.
- b. Benefit to Relocate for Active Employees. Certain Columbia tenants who are currently active employees may apply for financial assistance to purchase or rent a principal residence within commuting distance of the campus. Assistance may take the following forms, with details specified in the attached program descriptions dated May 15, 2014<sup>1</sup>:
  - Forgivable loan (for purchase only)
  - Income supplement (payable for no more than ten years) or taxable lump sum payment
  - Shared Appreciation Second Mortgage, or
  - Taxable moving allowance of up to \$5,000
  - Any combination of these four

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<sup>1</sup> See pages 14–20 for HAP2 program descriptions, also available at <https://provost.columbia.edu/content/faculty-housing-policies-and-programs>. Full-time faculty at CUIMC and the Law School are also eligible to apply to the HMP.

## 2. Benefit to Downsize to a Smaller University Apartment

- a. Benefit to Downsize for Retirees. Certain Columbia University tenants who are retired Columbia University employees or their surviving spouses and who wish to downsize to a smaller Columbia apartment may apply. Those accepted may receive:
  - A decrease in monthly rent expenses<sup>2</sup>
  - Taxable moving allowance of up to \$5,000
  - Choice of smaller apartment renovated, if needed, to current Columbia standard, or
  - Taxable lump sum payment
  - Any combination of these four
  
- b. Benefit to Downsize for Active Employees. Certain Columbia tenants who are currently active employees and who wish to downsize to a smaller Columbia apartment may apply to downsize. Those accepted may receive:
  - A decrease in monthly rent expenses
  - Taxable moving allowance of up to \$5,000
  - Choice of smaller apartment renovated, if needed, to current Columbia standard
  - Taxable lump sum payment, or
  - Taxable annual income supplement for up to ten years. Payments are contingent on remaining current on rent payments and subject to the condition that the employee remains eligible for Columbia housing as per the “Columbia University Faculty Housing Policy.”
  - Any combination of these five

## 3. Move Back Permission for Active Employees

- a. Individuals who participate in HMP may apply to return to University housing after they move out of housing, assuming they remain active employees until and at the time of the request to move back. Those accepted will be queued alongside others requesting housing, although priority would be given to recruitment and retention needs.

## 4. Process for Applicants

- a. Completed applications for relocation or downsizing benefits must be submitted to the Office of the Provost by Friday, November 1, 2019. These applications are important financial decisions and should be carefully considered.

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<sup>2</sup> See page 8 for examples of potential rents.

## **5. Criteria for Decisions**

- a. Application decisions are generally made within 60 days of the application deadline, though the University may also respond after this time as well.<sup>3</sup>
- b. Acceptance into the Program will be determined by the University and may take into consideration the requested financial benefit; whether the application is for relocation or downsizing; anticipated demand for junior or senior faculty apartments; the size, location, and quality of the Columbia apartment currently occupied; and the University's need for particular types of apartments at the time of application. The University may respond to any application with a counter-proposal.
- c. Applicants may be contacted to discuss their proposals.
- d. The Office of the Provost typically consults with schools about applications that have been submitted by their faculty and other employees.

## **6. Approvals**

- a. Applications for the Benefit to Downsize for Retirees and the Benefit to Relocate for Retirees require approval of the Provost.
- b. Applications for the Benefit to Downsize for Active Employees, the Benefit to Relocate for Active Employees, and the Move Back Permission require approval by the relevant school dean, or for A&S by the Executive Vice President and Dean of the Faculty of Arts and Sciences, and by the Provost. Applications by CUIMC also require approval by the Executive Vice President and Dean of the Faculties of Health Sciences and Medicine. If the Benefit to Relocate application includes a loan, approval by the University's Executive Vice President for Finance and Information Technology is also required.

## **7. Eligibility**

- a. Generally, only tenants who are eligible to remain in their current Columbia apartment for the remainder of their lives may participate in the Housing Mobility Program.
- b. Nothing in this Program Description shall change the Columbia University Faculty Housing Policy or any individual's rights under that Policy in any manner.

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<sup>3</sup> For downsizing applications, the timeline for final decisions about what specific apartment a tenant will move to depends on unit availability at and after the time of the application.

**HOUSING MOBILITY PROGRAM (HMP)**

**QUESTIONS FOR CONSIDERATION**

- **Moving is a huge undertaking. What information does the University offer to help me determine what might be involved?**

The University recognizes that moving to a new home involves complex planning and decision making on many levels and often over a long period of time. The enclosed flyer on pages 10–11 contains information about Professional Organizers and Senior Move Managers and the varied services these professionals offer. If you decide to enlist the services of one of these professionals, this expense may be something you include in your request as part of your application.

Additionally, Columbia’s Office of Work/Life has an incredibly helpful Moving Guide (<https://worklife.columbia.edu/content/moving-guide>) that addresses many relevant topics, including insurance, packing, storage, moving with pets, and taxes.

- **What benefits may be available to me?**

While the Housing Mobility Program document describes all potential benefits, this information is also available here for easy reference:

| Benefits that may be included in an incentive package |  |                          |                          |                                     |                                     |                           |                                  |   |
|---|--|--------------------------|--------------------------|-------------------------------------|-------------------------------------|---------------------------|----------------------------------|---|
| Affiliate type  | Change in housing status                   | Decrease in monthly rent | Taxable lump sum payment | Forgivable loan (for purchase only) | Shared Appreciation Second Mortgage | Taxable income supplement | \$5,000 taxable moving allowance | Apartment renovated to current standard |
| Retirees  | Relocation outside of University Housing   |                          | X                        |                                     |                                     |                           | X                                |   |
|   | Downsizing to smaller University Apartment | X                        | X                        |                                     |                                     |                           | X                                | X                                       |
| Active Employees                                      | Relocation outside of University Housing   |                          | X                        | X                                   | X                                   | X                         | X                                |   |
|   | Downsizing to smaller University Apartment | X                        | X                        |                                     |                                     | X                         | X                                | X                                       |

Funding for the Program is limited, and we are typically not able to accommodate all applicants. Submission of an application does not guarantee receipt of benefits.

- **What does the process look like if I decide I am interested?**

You make no commitment by inquiring about the program or asking questions to determine whether it might be appropriate for you. If you are ready to apply, please submit the completed Housing Mobility Program application to Carrie Marlin, Associate Provost for Administration and Planning, at [cm3509@columbia.edu](mailto:cm3509@columbia.edu) or at 309H Low Library, Mail Code 4313, 535 West 116<sup>th</sup> Street, New York, New York, 10027. The University may reject your application or offer a counter-proposal.

We suggest you consult with a financial planner to discuss the expenses that would be associated with relocating. Additionally, the Housing Information and Referral Service, part of the Columbia University Office of Work/Life, is a rich source of resources related to the New York City real estate market, rental and purchasing options, hiring a professional organizer or senior move manager, and moving itself. Please contact Alice Lesman, Director of Housing Information and Referral, at 212-851-9182 or [al2775@columbia.edu](mailto:al2775@columbia.edu) to set up an appointment.

If interested in downsizing to a smaller unit within the Columbia housing system, you will have the opportunity to view available units that could be downsizing options once you have submitted an application and the University has confirmed preliminary interest in your application. If potential units are not available for viewing at that time, you will be contacted once there is an apartment available for you to view.

- **For what specific amount or range of financial assistance may I apply?**

We are unable to specify a range for applications, since each application will depend on many specifics, including whether the application is for relocation or downsizing; anticipated demand for junior or senior faculty apartments; the size, location, and quality of the Columbia apartment currently occupied; and the University's need for particular types of apartments at the time of application. Submission of an application does not guarantee participation in the Program.

While any final agreement would have to represent a sensible investment by the University, there are no set application limits. The University is not bound to accept any application and an applicant is not bound to accept any counter-offer by the University. Ultimately, both parties would need to consent to and sign a final agreement.

- **How can I be sure I am considering all significant factors in my application?**

While it is challenging to predict all future needs, you, your loved ones, and experienced financial professionals can work together to determine what type of expenses you will likely have. While this list is by no means inclusive, factors might include:

- Characteristics of your current apartment, and for downsizing applicants, the characteristics you would consider in a new apartment. (For example, a significant potential decrease in square footage from your current apartment could be a consideration for you.)
- Long-term needs, such as transit, accommodations for out-of-town guests, and the impact moving may have on medical and elder care.
- Costs associated with moving, such as packing and moving expenses, first month's rent and security deposit, down payment and closing costs, custom work done in your current apartment that you wish to replicate, and anticipated renovations.

- **Why would I potentially receive a larger financial benefit for relocating out of the Columbia housing system instead of downsizing to a smaller apartment within the system?**

When a tenant relocates outside of the Columbia housing system, the University has an additional unit to offer to new or newly tenured faculty. If a tenant downsizes to a smaller unit within the system there is no net gain in the number of units to offer faculty. That is why the benefits available to a tenant for relocation may be higher value than the benefits for downsizing from the same apartment, although this is only one of several factors that determine the level of benefit that may be offered.

- **If I downsize to a smaller University apartment, what sort of apartments would be available for me to consider? Can I ask for certain characteristics?**

You may request certain characteristics, but there will be limits to what is available for consideration. Tenants who have applied to downsize to a smaller apartment and whose applications receive an offer to move forward would be shown apartments that are available at that time. The characteristics of these units will vary, depending on availability at that time, in terms of square footage, floor, location, natural light, and other factors. A finalized downsizing agreement between a tenant and the University would include renovation to current Columbia standards, if needed.

- **If I downsize to a smaller University apartment, will my rent be lower?**

This is highly likely. Tenants who downsize will be considered for units that not only are smaller but also have lower monthly rent than their current units, unless they have indicated a willingness to consider units with rent equivalent or even higher than their current rent. Depending on the apartment ultimately chosen, a decrease in monthly rent is one of the key benefits offered by downsizing.

To help potential applicants as they think through what type and amount of benefit to request, we have provided characteristics that would be typical of potential downsizing units, including examples of rents. Please note that these are hypothetical examples; the characteristics of actual downsizing apartment options, including rent, will depend on what apartments are available at the time of application.

|           | Floor | Bedrooms | Bathrooms | Approx. Sq. Feet | Approx. Rent |
|-----------|-------|----------|-----------|------------------|--------------|
| Example 1 | 10    | 2        | 1.5       | 1,350            | \$ 3,380     |
| Example 2 | 9     | 2        | 2         | 1,370            | \$ 3,390     |
| Example 3 | 6     | 1        | 1         | 1,230            | \$ 3,160     |
| Example 4 | 6     | 2        | 2         | 1,400            | \$ 3,140     |
| Example 5 | 5     | 1        | 1.5       | 1,070            | \$ 2,820     |
| Example 6 | 13    | 2        | 2         | 1,000            | \$ 2,750     |
| Example 7 | 7     | 1        | 1         | 860              | \$ 2,510     |



- **What tenants might be good candidates for this program?**

While applications from all eligible tenants will be considered, tenants with certain life circumstances may be the best candidates: tenants contemplating retirement, retired employees, or those interested in more aggressively saving for retirement, for example. To illustrate the type of tenant who may be interested in the program, we offer the following fictitious case studies:

*(1) M. is a senior faculty member contemplating retirement in the next few years. She lives with her spouse in a spacious 4-bedroom apartment that they moved into when their two children were young. M.'s spouse retired last year, and recently they have been discussing plans for M.'s retirement. They are considering relocating out of the Columbia system.*

*(2) R. is a retired faculty member. His spouse is deceased and he lives in a 3-bedroom apartment on an upper floor of a building on Riverside Drive. R. is mindful of his monthly expenses now that he is retired and is thinking through ways to decrease his cost of living without sacrificing quality of life. He is interested in downsizing and with the support of his family and the advice of a financial professional, R. has determined that he will save a significant amount in the long term with lower rent.*

*(3) E. has two young children and is contemplating moving to a suburban community just outside of NYC until her children are grown. E. hopes at that time to apply to move back into Columbia housing.*

*(4) L. and S. are faculty members, both relatively early in their careers. After their only child left for college, they reexamined their long-term financial planning and determined that purchasing their own apartment will provide them with a solid investment.*

- **How long will this option be available for me to consider?**

Applications for this round of the Housing Mobility Program are due on Friday, November 1, 2019. If an application was not accepted in a previous round, tenants may apply again.

Additionally, the University may reconsider applications that it had rejected in previous cycles. The Office of the Provost may choose to modify or discontinue the program.

## How Do I Begin Planning for a Move?

**A Professional Organizer or Senior Move Manager can help you.**

**Services include:**

|                            |   |
|----------------------------|---|
| Downsizing                 | Online auctions                         |
| De-cluttering              | Photo inventory                         |
| Organizing your move       | Determining future space needs          |
| Packing and move oversight | Paper and document management           |
| Unpacking and resettling   | Donating goods to charity organizations |

...or any other aspect of organizing and moving.

**If any of the following situations sound familiar,  
you might find an organizer or move manager helpful.**

“Both my husband and I have very busy schedules and combined with the care of two young children, just thinking about finding a new place to live and organizing a move is more than I want to handle. I need someone to take over all of the logistics associated with a move.”

**A Professional Organizer can take care of the time-consuming aspects of a move.**

“I am retired and recently had surgery. I am interested in moving, but it would be impossible for me to sort through a lifetime of things and participate in packing the apartment.”

**A Senior Move Manager can assist with the physical aspects of a move.**

“With our considerable travel, research, and speaking engagements, my spouse and I would never have the time to organize a move. The only conceivable scenario would be if someone we trust could take care of all the organizing and oversight on our behalf.”

**A Professional Organizer can eliminate the need for hands-on participation in the move.**

“We have lived in our apartment for over forty years and have accumulated many things, including an extensive library. Though we would like to have less space to maintain as well as lower living expenses, it is difficult to imagine downsizing to a smaller apartment.”

**A Senior Move Manager can help sort everything in preparation for a move.**

*Please see the reverse side for more information.*

# Resources

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## *National Associations*

**National Association of Professional Organizers**  
<http://napo-ny.net>  
856-439-0525

**National Association of Senior Move Managers**  
<http://nasmm.org>  
877-606-2766

## *Referrals*

The professionals listed below have undergone an initial screening process and have expressed interest in working with residents of Columbia buildings. Their websites provide a detailed explanation of their services, as well as client testimonials. Your own investigation should be conducted prior to hiring.

### Professional Organizers

**Denise Caron-Quinn, In Order to Succeed**  
212-721-2222, [dc@inordertosucceed.com](mailto:dc@inordertosucceed.com)  
<http://inordertosucceed.com>

**Janine Sarna-Jones, CPO, Organize Me Inc.**  
212-842-8301, [Janine@OrganizeMe-Inc.com](mailto:Janine@OrganizeMe-Inc.com)  
<http://organizeme-inc.com/>

**Lisa Zaslow, Gotham Organizers**  
212-866-9493 [info@gothamorganizers.com](mailto:info@gothamorganizers.com)  
<https://gothamorganizers.com/>

### Senior Move Managers

**Judith Kahn, Judith Moves You, LLC**  
917-592-9323, [Judith@judithmovesyou.com](mailto:Judith@judithmovesyou.com)  
<http://www.judithmovesyou.com>

**Marilyn Karpoff, Karpoff Affiliates/Moving On NYC**  
212-358-8044, [mkarppoff@karpoffaffiliates.com](mailto:mkarppoff@karpoffaffiliates.com)  
<http://karpoffaffiliates.com>

***DISCLAIMER:*** *Columbia University does not endorse any specific organization or individual listed above. The University does not guarantee the accuracy of the organization's or individual's statements. The University will not be party to any agreement entered into between the parties and will not enforce such agreement.*

## *Columbia Office of Work/Life*

If you want to discuss any aspect of moving, including how a moving professional might be helpful, please feel free to reach out to Alice Lesman, Director of Housing Information and Referral at Columbia's Office of Work/Life, at 212-851-9182 or [al2775@columbia.edu](mailto:al2775@columbia.edu).

The Office of Work/Life has extensive information for Columbia community members who are planning a move. For more information about Housing and Relocation resources, please visit <https://worklife.columbia.edu/content/relocation>.

*Updated September 2019*

Applications are due on Friday, November 1, 2019. If you have any questions, please contact Carrie Marlin, Associate Provost for Administration and Planning, at [cm3509@columbia.edu](mailto:cm3509@columbia.edu) or 212-854-0218.

**Personal and Professional Information**

Applicant Name: \_\_\_\_\_

Status (*check one*):  Retired  Active

(*If applicable*) Spouse or Domestic Partner's First and Last Name: \_\_\_\_\_

Is your spouse or domestic partner also affiliated with the University? (*check one*)  Yes  No

**Contact Information**

Primary Address, including Apartment Number: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

**Amount Desired to Relocate**

Active Employees Only: Income supplement: \$ \_\_\_\_\_ per year for \_\_\_\_\_ years (*cannot exceed 10 years*)

Forgivable loan: \$ \_\_\_\_\_

Shared Appreciation Second Mortgage: \$ \_\_\_\_\_

*More information about these three programs can be found at <http://provost.columbia.edu>.*

Retirees and Active Employees: One-time lump sum payment: \$ \_\_\_\_\_

*Lump sum and/or moving expense benefits would, if awarded, be taxable and are payable within 45 days of moving out of the applicant's current apartment.*

**Additional Information**

If you would like to share additional information that you feel is relevant to your application or about why you are interested in participating, please do so here:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Acknowledgement**

In connection with this application, you understand that:

1. All the information given is true and correct to the best of your knowledge.
2. You are currently eligible for Columbia housing as per the "Columbia University Faculty Housing Policy."
3. You understand that final decisions are solely in the discretion of the University. The University may respond to any offer with a counter-proposal.
4. You have consulted with a financial and/or tax advisor(s) or have determined that you are not in need of professional consultation on these matters.
5. This application is not a binding offer or contract.

Signature of Applicant: \_\_\_\_\_

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

*Upon completion of this application, please submit to Carrie Marlin, Office of the Provost, at [cm3509@columbia.edu](mailto:cm3509@columbia.edu) or at 309H Low Library, Mail Code 4313, 535 West 116th Street, New York, New York, 10027.*

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Applicant Name: \_\_\_\_\_

Status (*check one*):  Retired  Active

(*If applicable*) Spouse or Domestic Partner's First and Last Name: \_\_\_\_\_

Is your spouse or domestic partner also affiliated with the University? (*check one*)  Yes  No

**Contact Information**

Primary Address, including Apartment Number: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

**Amount Desired to Downsize**

Active Employees Only: Income supplement: \$ \_\_\_\_\_ per year for \_\_\_\_\_ years (*cannot exceed 10 years*)  
*More information about this program can be found at <http://provost.columbia.edu>.*

Retirees and Active Employees: One-time lump sum payment: \$ \_\_\_\_\_

*Lump sum and/or moving expense benefits would, if awarded, be taxable and are payable within 45 days of moving out of the applicant's current apartment.*

**Additional Information**

If you would like to share additional information that you feel is relevant to your application or about why you are interested in participating, please do so here:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Acknowledgement**

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HOUSING ASSISTANCE PROGRAM (HAP2)

Effective July 1, 2014

Income Supplement

As of May 15, 2014

1. Eligibility
  - a. Eligibility is limited to full-time faculty members<sup>1</sup> seeking to purchase, renovate, or rent a home as a primary residence within commuting distance of the University. Faculty must be recommended by their dean to participate in the program.
2. Details
  - a. Non-tenured Faculty
    - i. Upfront payment of \$40,000 for purchase only (paid in one lump sum); contract must be delivered to University prior to receipt of funds
    - ii. Annual income supplement is \$22,000 per year
    - iii. Payments continue until promotion to tenure or for a maximum of ten years
    - iv. Payments are spread evenly over each paycheck
  - b. Tenured Faculty
    - i. Upfront payment and annual income supplements are subject to Dean's discretion
    - ii. Income supplements may continue for a maximum of ten years
  - c. Income supplements are fully taxable as income and subject to appropriate withholding
  - d. Income supplements will not be considered in the calculation of University retirement contributions or other University benefits
  - e. Payments cease if faculty member ceases to have a full-time affiliation with the University
3. HAP1 Recipients
  - a. The previous housing assistance program (HAP1) will end on June 30, 2014.
  - b. Current beneficiaries are grandfathered; there will be no change in their benefits.
  - c. The existing program of assistance for non-tenured faculty will continue. Participating non-tenured faculty members who are later promoted to tenure will see their housing supplement automatically rise to the level of tenured faculty participants as of the effective date of tenure. See <http://goo.gl/FDGr63> for details.
4. Notes
  - a. Faculty are encouraged to consult with their own tax and financial advisors

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<sup>1</sup> Morningside campus only, excluding the Law School.

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<sup>1</sup> 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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<sup>1</sup> 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



HOUSING ASSISTANCE PROGRAM (HAP2)

Effective July 1, 2014

Shared Appreciation Second Mortgage (SASM)

As of May 15, 2014

1. Eligibility
  - a. Eligibility is limited to tenured faculty members<sup>1</sup> seeking to renovate and/or purchase 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. Term of loan is up to 30 years
  - b. Only available where the borrower will obtain a first mortgage from a commercial lender
  - c. Only available for the purchase and/or renovation of a primary residence within commuting distance of the University
  - d. University SASM will be secured by second mortgage on the property, or in the case of a co-op, a second security interest in the proprietary lease and shares associated with the apartment
  - e. All loans must be in compliance with the first mortgage
  - f. Mortgage tax and other closing costs are the responsibility of the borrower
  - g. Sum of bank mortgage and University SASM may not exceed 90% of purchase price
  - h. Interest is paid monthly at the long-term monthly Applicable Federal Rate (AFR) in effect at the time the loan is made
  - i. Principal payments may be deferred until the end of the loan
  - j. Mortgage interest expense may be tax deductible
  - k. When the loan comes due, outstanding principal will be payable along with additional interest that is equal to the lesser of:
    - i. the difference between the cumulative interest paid and the University's pro-rata share of the actual appreciation in the property, net of capital improvements (but not less than zero); and
    - ii. the maximum rate allowed by law.
  - l. The loan will come due upon the earliest of:
    - i. the stated maturity of the loan;
    - ii. the sale of the property;
    - iii. up to six months after the property ceases to be the primary residence of the borrower; and
    - iv. up to six months after the borrower's full-time employment at the University has terminated (including by reason of retirement, voluntary or involuntary termination, or death).
  - m. Refinancing of a previously purchased property is not available, nor is refinancing of the University SASM

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<sup>1</sup> Morningside campus only, excluding the Law School.

- n. Title search and appraisals conducted by first mortgage lender are to be provided to the University. An engineering report is not conducted or required by the University, but should be taken under the advice of an attorney. The borrower will be required to maintain property insurance. Additional actions and documentation, including a credit check, may be required.
- o. The University SASM may be repaid in full early without a penalty

3. Notes

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

4. Shared Appreciation Second Mortgage Examples with Three Sales Prices

a. Example 1: All principal payments deferred; interest paid monthly

Assumptions:

\$300k SASM mortgage for 30 years

AFR (for monthly payments) 3.31%

Monthly Interest Payment:  $\$827.50 = \$300k \times .0331 / 12$

Annual Interest Total = \$9,930

Full purchase price was \$750k

\$100k down payment; \$350k bank mortgage; \$300k University SASM

Leverage Check:  $\$350k + \$300k = \$650k$ ; and  $\$650k / \$750k = 87\%$  which is  $< 90\%$

Property sold after 10 years

Example 1: Assumes all principal payments are deferred  
(All dollars in thousands)

| Calculation of Additional Interest on Shared Appreciation Mortgage Due at Sale |                         | Assume Sales Price \$900k | Assume Sales Price \$1,200k | Assume Sales Price \$600k        |
|--|-------------------------|---------------------------|-----------------------------|----------------------------------|
| Sales Price  |                         | 900                       | 1,200                       | 600                              |
| Purchase Price   |                         | 750                       | 750                         | 750                              |
| Capital Renovation   |                         | <u>50</u>                 | <u>50</u>                   | <u>50</u>                        |
| Effective Purchase Price   |                         | 800                       | 800                         | 800                              |
| Net Appreciation/ Gain (Loss) on Sale  |                         | 100                       | 400                         | (200)                            |
| CU Pro-Rata Share  | $300/750 = 40\%$        | 40                        | 160                         | Zero<br>CU doesn't share in loss |
| 10 Years Interest Paid   | $9.93 \times 10 = 99.3$ | 99                        | 99                          | 99                               |
| Additional Interest Due at Sale  |                         | Zero because $99 > 40$    | 61                          | Zero                             |
| Total Due to University at Sale*   |                         | 300                       | 361                         | 300                              |

\* Equals original mortgage amount plus additional interest due at sale

4. Shared Appreciation Second Mortgage Examples with Three Sales Prices (cont'd)

b. Example 2: Principal and interest paid monthly

Assumptions:

\$300k SASM mortgage for 30 years

AFR (for monthly payments) 3.31%

Monthly Total Payment Fixed = \$1,315.52

1<sup>st</sup> monthly payment = \$488.02 principal + \$827.50 interest

Subsequent payments increase principal and decrease interest

Total interest payments

Year 1 = \$9,840.33

10 years = \$88,556.14

Total principal payments

Year 1 = \$5,945.89

10 years = \$69,306.07

Full purchase price was \$750k

\$100k down payment; \$350k bank mortgage; \$300k University SASM

Leverage Check: \$350k+\$300k=\$650k; and \$650k/\$750k=87% which is < 90%

Property sold after 10 years

Example 2: Assumes principal and interest payments are made monthly  
(All dollars in thousands)

| Calculation of Additional Interest on Shared Appreciation Mortgage Due at Sale |               | Assume Sales Price \$900k | Assume Sales Price \$1,200k | Assume Sales Price \$600k        |
|--|---------------|---------------------------|-----------------------------|----------------------------------|
| Sales Price  |               | 900                       | 1,200                       | 600                              |
| Purchase Price   |               | 750                       | 750                         | 750                              |
| Capital Renovation   |               | 50                        | 50                          | 50                               |
| Effective Purchase Price   |               | 800                       | 800                         | 800                              |
| Net Appreciation/ Gain (Loss) on Sale  |               | 100                       | 400                         | (200)                            |
| CU Pro-Rata Share  | 300/750 = 40% | 40                        | 160                         | Zero<br>CU doesn't share in loss |
| 10 Years Interest Paid   |               | 89                        | 89                          | 89                               |
| Additional Interest Due at Sale  |               | Zero because 89 > 40      | 71                          | Zero                             |
| Principal outstanding after 10 Years*  |               | 231                       | 231                         | 231                              |
| Total Due to University at Sale**  |               | 231                       | 302                         | 231                              |

\*Assumes 12 full principal payments made per year

\*\*Equals original mortgage amount less principal payments plus additional interest due at sale