HOUSING ASSISTANCE PROGRAM  
Effective July 1, 2014

CUMC Shared Appreciation Second Mortgage (SASM)

1. Eligibility  
   a. Eligibility is limited to full-time officers of instruction seeking to renovate and/or purchase a primary residence within commuting distance of CUMC. Faculty must be recommended by their department chair and school dean to participate in the program. All loans under the Program are fully funded upfront by departments/schools and are subject to the approval of the Executive Vice President for Health Sciences.

2. Financial Responsibility  
   a. Each school will be responsible for the cost of the SASM and for providing the full amount of the SASM. In the case of the College of Physicians & Surgeons, the Mailman School of Public Health, and the College of Dental Medicine, the faculty member’s department will assume these responsibilities.

3. Prior Approval and Guidelines  
   a. Departments or schools considering a SASM under this program should consult with the CUMC Executive Vice President’s office and obtain approval prior to making commitments to potential recruits or faculty members.
   b. In general, the SASM programs will be used only for faculty being recruited with tenure or for tenured faculty who are being retained.

4. Details  
   a. Term of loan is up to 30 years  
   b. The maximum principal amount of the loan that may be made to any individual faculty member will be $500,000  
   c. Only available where the borrower will obtain a first mortgage from a commercial lender  
   d. Only available for the purchase and/or renovation of a primary residence within commuting distance of CUMC  
   e. CUMC 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  
   f. All loans must be in compliance with the first mortgage  
   g. Mortgage tax and other closing costs are the responsibility of the borrower  
   h. Sum of bank mortgage and CUMC SASM may not exceed 90% of purchase price  
   i. Principal payments will 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 CUMC’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 appointment at CUMC has terminated (including by reason of retirement, voluntary or involuntary termination, or death).
   v. the occurrence of any other events or circumstance as may be provided in the Promissory Note evidencing the loan.

m. Refinancing of a previously purchased property is not available, nor is refinancing of the CUMC SASM

n. Title search and appraisals conducted by first mortgage lender are to be provided to CUMC. An engineering report is not conducted or required by CUMC, 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 CUMC SASM may be repaid in full early without a penalty

5. 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
6. Shared Appreciation Second Mortgage Examples

Assumptions:
   i. $300k SASM mortgage for 30 years
   ii. AFR (for monthly payments) 3.31%
      1. Monthly Interest Payment: $827.50 = $300k x .0331 / 12
      2. Annual Interest Total = $9,930
   iii. Full purchase price was $750k
      1. $100k down payment; $350k bank mortgage; $300k University SASM
      2. Leverage Check: $350k+$300k=$650k; and $650k/$750k=87% which is < 90%
   iv. Property sold after 10 years

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

<table>
<thead>
<tr>
<th>Calculation of Additional Interest on Shared Appreciation Mortgage Due at Sale</th>
<th>Assume Sales Price $900k</th>
<th>Assume Sales Price $1,200k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Price</td>
<td>900</td>
<td>1,200</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Capital Renovation</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Net Appreciation</td>
<td>100</td>
<td>400</td>
</tr>
<tr>
<td>CU Pro-Rata Share</td>
<td>300/750 = 40%</td>
<td>40</td>
</tr>
<tr>
<td>10 Years Interest Paid</td>
<td>9.93 x 10 = 99.3</td>
<td>99</td>
</tr>
<tr>
<td>Additional Interest Due at Sale</td>
<td>Zero because 99 &gt; 40</td>
<td>61</td>
</tr>
<tr>
<td>Total Due to University at Sale*</td>
<td>300</td>
<td>361</td>
</tr>
</tbody>
</table>

* Equals original mortgage amount plus additional interest due at sale

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

<table>
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<tr>
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<td>CU Pro-Rata Share</td>
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<td>40</td>
</tr>
<tr>
<td>10 Years Interest Paid</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Additional Interest Due at Sale</td>
<td>Zero because 89 &gt; 40</td>
<td>71</td>
</tr>
<tr>
<td>Principal outstanding after 10 Years*</td>
<td>231</td>
<td>231</td>
</tr>
<tr>
<td>Total Due to University at Sale**</td>
<td>231</td>
<td>302</td>
</tr>
</tbody>
</table>

*Assumes 12 full principal payments made per year
**Equals original mortgage amount less principal payments plus additional interest due at sale