

**APPLICATION FOR SUPPLEMENTAL LOAN
ACADEMIC YEAR 2003-04**

EMPLOYEE INFORMATION (Please type or print)

Employee Name _____ Soc. Sec. No. _____ / _____ / _____
Last First MI

Home Address _____
Number/Street

City State Zip Code

Home Telephone No. (_____) Campus Location (please check one) Main PPPL

Department _____ Job Title _____

Campus Address _____ Campus Tel. No. _____

Staff Biweekly Paid Monthly Paid Pay Schedule 12 months 10 months 26 weeks
(please check one) (please check one)

STUDENT INFORMATION (Please type or print)

Student Name _____ Soc. Sec. No. _____ / _____ / _____
Last First MI

Birthdate ____ / ____ / ____ Expected Graduation Date ____ / ____ Degree Sought _____
MO DAY YR MO YR

Relationship of child to employee (please check one)
 Natural Child Legally Adopted Child Stepchild Child of my Same-Sex Domestic Partner
 Legal Ward Other, Please Explain: _____

COLLEGE INFORMATION (Please type or print)

Name of College _____

Tuition, room, board, and college fees (total amount cannot exceed \$37,089.00, total cost for freshman year at Princeton University) \$ _____
Plus

Estimated cost of books and expenses (total amount cannot exceed \$2,991.00, amount permitted by Princeton University's Financial Aid Office) \$ _____
Minus

Total amount of financial aid received (including tuition grant, and/or outside assistance) \$ _____
Equals

The Maximum Annual Supplemental Loan \$ _____

LOAN INFORMATION

Check the appropriate boxes: (Prior to making your selection, please review all information on tax implications on the back of this form.)

- I am requesting a new Supplemental Loan.
 - This should be a personal loan.
 - This should be a mortgage-secured loan.
- I would like to renegotiate the amount of my existing loan.

By making this application I certify that I have read all of the conditions for participation on the back of this form and that I supply over half of the named child's support. I will comply with all of the rules and procedures set forth on the reverse side of this application. If I knowingly make any false statement or representation in this application or if there is a factual error, I will repay immediately to Princeton University, or on demand, any amounts advanced pursuant to this application. Further any statement or representation may result in disciplinary action.

I am requesting a Supplemental Loan in the annual amount of: \$ _____
(annual amount requested)

Number of years for which I am requesting a Supplemental Loan: _____
(number of years I would like to receive loan disbursements)

Employee Signature _____ Date _____

For Office Use Only:

Approved Amount: \$ _____ You will receive \$ _____ per year (\$ _____ per semester) for _____ years

Date: _____ Approved by: _____

Princeton University Treasurer's Office

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Princeton University Treasurer's Office

ELIGIBILITY REQUIREMENTS FOR FACULTY AND STAFF SUPPLEMENTAL LOAN

A. THE EMPLOYEE

1. You must be a regular faculty or staff member who is working five months or more at 50% or greater duty time annually.
2. The following service requirements apply:
 - a. *Eligible immediately:*
Main Campus: Professor, Associate Professor, Senior Research (Discipline), Research (Discipline), Senior Technical Staff Member II and I, Librarian L-IV and L-III, Administrative Staff Grades 7 and above, Head Coach.
PPPL: Principal Research Physicist, Research Physicist, Senior Managing Engineer/Scientist, Managing Engineer/Scientist, Principal Engineer/Scientist, Senior Engineer/Scientist, Administrative Staff Grades 7 and above.
 - b. *Eligible after three years of service:* All other staff.

B. THE CHILD

1. The child must be enrolled as a full-time student in a program leading to an associate degree or bachelor's degree at a two year college or four year college that is accredited by the American Council on Education (ACE).
2. The child must be your naturally born or legally adopted child, your stepchild, your legal ward, or the child of your same-sex domestic partner. In the case of the child of a same-sex domestic partner, the employee's home must be the child's principal place of residence for the year and the child must be a member of the employee's household for the year. An approved Statement of Domestic Partnership must be on file with the Office of Human Resources.
3. The child must receive over half of his or her support from you.
4. The child must be under the age of 25 at the start of the semester for which a Supplemental Loan disbursement is made.

GENERAL RULES AND PROCEDURES

- A. The maximum Supplemental Loan is calculated using the formula outlined under College Information on the front of this application.
- B. Princeton University will provide a Supplemental Loan as needed for any one child in school. Loans for two or more children will be subject to credit approval by the Treasurer's Office if annual repayments of all Supplemental Loans exceed 15% of the eligible employee's annual base salary. The annual percentage rate is 7.25%.
- C. Only one application per child is required, and its approval is for the full term of the loan. If you arrange to borrow under the plan for a maximum of four years for your child's undergraduate education, you will have 168 months to repay; if you begin borrowing for your child's sophomore year, you will have 156 months to repay; if you begin borrowing for your child's junior year, you will have 144 months to repay; and if you begin borrowing for your child's senior year, you will have 132 months to repay. Payments will be deducted from your paycheck following the first disbursement under the plan.
- D. Upon approval, you must contact the Treasurer's Office at 258-7220 to receive instructions for completing the loan transaction. If additional monies are approved at a later date, the loan repayment schedule will be renegotiated.
- E. The loan is for undergraduate study only. Loans cannot be applied to graduate study.
- F. Loans will only be made if your child is enrolled at the time the loan is disbursed. If your child withdraws from school during the academic year or is no longer a full-time student in a degree program, or if there is any change in your child's educational status or relationship to you, you must notify the Treasurer's Office immediately at 258-7220.
- G. Checks are disbursed twice a year, once in August and once in January. Please allow approximately six weeks for the completion of the loan documents and the disbursement of funds.
- H. It is your responsibility to inform the Treasurer's Office of your child's intention to remain in school prior to each semester in order to initiate payment of the next installment. A reminder notice will be sent to you and will allow ample time for reply. Loans will be made only if your child is enrolled at the time the loan is disbursed. If the loan is disbursed and your child does not attend school, it is your responsibility to return the appropriate disbursement in full, plus accrued interest and costs of collection, if any.
- I. Princeton University will not be responsible for late payment fees or finance charges incurred if you do not receive the Supplemental Loan disbursement prior to the payment due date stated on the tuition bill.
- J. Any attempt to abuse the benefits and/or failure to abide by the rules, requirements, or procedures of this program may result in disciplinary action or termination of employment.

TAX IMPLICATIONS OF SUPPLEMENTAL LOANS

A Supplemental Loan may be taken as either a personal or as a mortgage-secured loan which uses your home as collateral.

A. Personal Loan

The Tax Payer Relief Act of 1997 may provide tax benefits for interest paid. Eligibility varies so consultation with a tax consultant is appropriate.

B. Mortgage-Secured

The University makes it possible for participants in the Supplemental Loan Program to secure their Supplemental Loan with a mortgage on their home. This may enable participants who itemize to deduct the Supplemental Loan interest payments for federal income tax purposes, subject to other tax code requirements. Facts about this program are outlined below:

- You must be a homeowner to participate.
- You must itemize tax deductions in order to realize any tax benefits.
- The primary mortgage does not need to be held by the University.
- You will be responsible for the administrative fees associated with a title search and registration of the mortgage. This cost should average approximately \$200 and is payable when you apply for the loan. An additional amount may be required if you negotiate an increase in the loan amount.
- Existing borrowers may convert a current supplemental loan contract into a "mortgage-secured" arrangement, keeping the terms of the original loan.

C. Tax Rules

The tax rules governing interest deductions may limit the amount of your deduction. Before deciding to participate in this program, confirm with your personal tax advisor whether you will be eligible for an interest deduction and whether the amount of potential tax savings justifies the costs and other burdens of participation.

It should be noted that federal tax law provides that below-market interest rates on loans from an employer to an employee result in "imputed" interest income to the employee. The amount of that imputed interest is basically the difference between the interest rate actually charged on the loan and current market interest rates (applicable federal rate). As long as the University charges interest equal to the applicable federal tax rate, no interest will be imputed to you.

There is a *de minimis* exception to the imputed interest rule. At the end of the year, if the total amount of all loans made to you by the University is less than \$10,000, then the imputed interest rule does not apply.

No deduction for interest is allowed in computing the New Jersey Gross Income Tax.

APPLICATION PROCESS

Please return all copies of this application form and a copy of your child's tuition bill to:

Maureen A. Ciambrello
3 New South
Tel: (609) 258-7220

Applications require approximately six weeks for processing. Once your application has been approved, your copy of the application will be returned to you. At that time you must contact the Treasurer's Office to receive instructions for completing the loan transaction. The telephone number is 258-7220.