FACULTY MORTGAGE INTEREST REIMBURSEMENT PROGRAM

During its June 2011 meeting, the Board of Trustees of Colgate University ("Colgate" or "University") approved a Faculty Mortgage Interest Reimbursement Program (the "Program") to assist eligible faculty members who wish to purchase homes within a three mile radius of campus or within the Hamilton Central School District. The Program is designed to incentivize newly hired faculty members to live in close proximity to campus thereby contributing to the residential nature of the University while simultaneously invigorating the Hamilton community.

The Program is subject to availability of funds and can be changed or discontinued at any time at the discretion of the Board of Trustees. The effectiveness of the Program will be evaluated periodically with an initial comprehensive review to occur in August 2016.

PROGRAM DESCRIPTION

Effective October 1, 2011, Colgate will provide eligible faculty members who purchase their primary, single-family residence within a three mile aerial radius of the Colgate Memorial Chapel or within the Hamilton Central School District ("qualified residence") with an annual taxable reimbursement to assist with mortgage interest payments for a period of up to ten (10) years.

ELIGIBILITY

Only tenure stream or Category I academic faculty, of any rank, with a start date on or after July 1, 2009, are eligible for the Program. Administrators with tenured status are NOT eligible.

AVAILABILITY

As of the 2019-2020 academic year, the Program is only available to new hires within a 54-month window defined as 6 months prior to or 48 months after the eligible faculty member's official start date. The program is also available to newly-tenured faculty in the 24 months following the tenure decision. An eligible faculty member must obtain a Letter of Eligibility from the Dean of the Faculty's Office, and obtain and complete a Property Information Form from the Accounting Office within one of these two windows in order to participate in the Program.

APPLICABILITY

The Program only applies to first mortgages obtained by an eligible faculty member for the sole purpose of financing the purchase of a qualified residence. Only one reimbursement is available for a qualified residence each year; if two eligible faculty members reside in the same qualified residence, they are only entitled to one taxable reimbursement.

REIMBURSEMENT REQUIREMENTS AND LIMITATIONS

Under the Program, an eligible faculty member must have been in an eligible position on January 10 of the year that follows the year for which reimbursement is requested. In addition, IRS Form 1098 for any year must be submitted to the Accounting Office on or before April 15 of the next year in order to receive a taxable reimbursement. For example, to receive a taxable reimbursement for the tax year ended December 31, 2011, an eligible faculty member must have been in an eligible position on January 10, 2012 and must submit a 2011 IRS Form 1098 and send to the Accounting Office on or before April 15, 2012. Reimbursement will be paid on or before June 30 of the year in which the request is submitted.

An annual taxable reimbursement will be provided by the University for a maximum period of ten (10) years and will be the lesser of the mortgage interest paid by the eligible faculty member and reported on IRS Form 1098 issued to the eligible faculty member or the amount shown on the Maximum Taxable Reimbursement Schedule in Appendix A.

The first year for which a taxable reimbursement will be available is the calendar year immediately following the year in which the closing on a qualified residence occurs. For example, if an eligible faculty member purchases and closes on a qualified residence during 2011, taxable reimbursement will commence in 2013, after submission of a 2012 IRS Form 1098.

Restrictions on Refinancing or Sale of Qualified Residence

If a first mortgage on a qualified residence meeting the requirements of the Program is refinanced, the taxable reimbursement will be limited to the lesser of the amounts shown in Appendix A or the mortgage interest paid and reported on IRS Form 1098 under the refinanced mortgage for the duration of the original ten (10) year period. For example, a mortgage on a qualified residence is refinanced in Year 5 when the maximum taxable reimbursement permitted by Appendix A is $3,000. If interest paid on the refinanced mortgage and reported on IRS Form 1098 for Year 5 is $2,800, the eligible faculty member would only be entitled to a taxable reimbursement of $2,800.

If a qualified residence for which an eligible faculty member is receiving a taxable reimbursement under the Program is sold, the Program can be transferred to another qualified residence for the duration of the original ten (10) year period. However, the taxable reimbursement is again limited to the lesser of the amounts shown in Appendix A or the mortgage interest paid by the eligible faculty member and reported on IRS Form 1098 issued to the eligible faculty member under the new mortgage as illustrated above.

Procedures for Obtaining Taxable Reimbursement Under the Program

The first step in obtaining taxable reimbursement under the Program is obtaining a Letter of Eligibility from the Dean of Faculty's Office. After securing a Letter of Eligibility, eligible faculty members should contact the Accounting Office to complete a Property Information Form which enables the University to make a determination as to whether a specific property represents a qualified residence. If the property is deemed to be a qualified residence, after the closing an eligible faculty member will be required to provide various documents such as proof of closing, a certified loan amortization schedule, evidence that the mortgage is a first mortgage payable by an eligible faculty member on a single-family residence, etc. In addition, an annual certification will be required to verify (1) continued status as an eligible faculty member and (2) continued use of the property as the primary residence. A copy of IRS Form 1098 in accordance with Reimbursement Requirements and Limitations of this Program must also be submitted by each April 15 prior to reimbursement.

The University reserves the right to request any additional information reasonably necessary to enable it to determine eligibility for, and/or the amount of, reimbursement under the Program.

SETTLEMENT OF DISPUTES

In the event of a dispute regarding the interpretation or application of any of the terms and/or conditions of the Program, the Vice President for Finance and Administration and the Dean of Faculty and Provost will be the final arbiters.

OTHER FINANCIAL ASSISTANCE

The University also has a Faculty Loan Program (the “FLP”) which can be used in addition to the Program. The FLP provides unsecured loans of up to $20,000 for faculty members meeting its eligibility requirements. Please contact the Accounting Office for more information about the FLP.

Appendix A

Maximum Taxable Reimbursement Schedule

Year 1	$5,000
Year 2	$5,000
Year 3	$4,000
Year 4	$4,000
Year 5	$3,000
Year 6	$3,000
Year 7	$2,000
Year 8	$2,000
Year 9	$1,000
Year 10	$1,000

REVISED – Fall 2019