*Template to be put on letterhead. Text in italics to be filled in as indicated.*

Date:

**Conditional Obligation of [*insert legal name of faculty member*]to Repay to The Regents of the University of California (“University”) Portions of the Faculty Recruitment Allowance Further Described Herein**

In conjunction with your employment with the University, you have become eligible for a Faculty Recruitment Allowance (“Allowance”). Policies governing this allowance are set forth in Appendix E of Section 190 of the Academic Personnel Manual (“APM 190 Appendix E”) and in the campus’s “Revised Guidance and Practice on Faculty Recruitment Allowances (effective November 12, 2020)” (“Campus Guidelines”); nothing in this document should be read to supersede those policies.

1. Because the Allowance is a payment by your employer in consideration of your services, the University will treat all Allowance disbursements as ordinary income for tax purposes in the year in which such Allowance payments are actually received by you.  You will be entitled to retain the full amount you receive if you remain employed by the University for five years (excluding time on leave without salary) from the date of disbursement or your first installment of the Allowance. However, if you leave University employment prior to a full five years of employment (excluding time on leave without salary), a portion of the Allowance, before withholding, will be subject to repayment, as though it had been a loan from the outset. The amount of the Allowance, before withholding, is $[*total amount of Allowance*] (“Total Allowance Amount”). You may elect to have the Allowance paid in installments subject to the restrictions set forth in APM 190 Appendix E and Campus Guidelines. The Allowance is awarded to you on the terms and conditions set forth below.
2. [*If* no *portion of the Allowance is funded by the campus (the EVCP), this provision can be deleted or edited; otherwise, it must be included. Even if* no *portion is EVCP funded, leaving this provision as is constitutes best practice.*] You understand the following conditions apply:
   1. You must receive the first installment of your Allowance no later than 18 months after the [*effective start date of my appointment/effective date of my retention*].
   2. The Total Allowance Amount must be paid out in full no later than five years after the [*effective start date of my appointment/effective date of my retention*]. You understand that you forfeit any portion of the Total Allowance Amount not paid within that five-year period.
   3. You cannot receive any installment of the Allowance while on leave without salary.
   4. You cease to be eligible to receive any portion of the Total Allowance Amount not yet paid to you once you have indicated your intention to separate from the employment of the University, after you have separated, or if you are in your last year of employment at the University.
3. Should you voluntarily elect to terminate your employment with the University before five years of service after receipt of your first installment, you agree that you will repay, as stipulated by the formula in Campus Guidelines, the amount of any Allowance you have received that exceeds the Total Allowance Amount times years of service divided by five. You understand Allowance received is the gross amount of payment before any taxes, payroll withholdings, or other deductions. You understand that the number of years of service, which is calculated to the nearest half year, is the time between the date of separation and the date of the first disbursement of the Allowance (in whole or in part) *less* time on unpaid leave (each semester of unpaid leave counting as half a year).

For purposes of illustration, should you elect to take your Allowance in full in your first semester of employment (the semester July 1, 2021 to December 31, 2021 [*update dates appropriately*]), should you have never taken a leave without salary, and should you separate as shown in the following table, the percentage of your Allowance that you must repay is [*update dates appropriately*]

* 1. Termination on December 31, 2021: 90%
  2. Termination on June 30, 2022: 80%
  3. Termination on December 31, 2022: 70%
  4. Termination on June 30, 2023: 60%
  5. Termination on December 31, 2023: 50%
  6. Termination on June 30, 2024: 40%
  7. Termination on December 31, 2024: 30%
  8. Termination on June 30, 2025: 20%
  9. Termination on December 31, 2025: 10%
  10. Termination on or after on June 30, 2026: 0%

As an additional example, if your Total Allowance were $100,000 of which $50,000 (gross) had been paid and if you were to depart voluntarily after one year of service, then you would be obliged to repay $30,000 (= $50,000 – 20% x $100,000).

1. Repayment pursuant to paragraph 3 [*if paragraph 2 is deleted, change to “paragraph 2”*] above shall be due within 60 days of termination. All sums due under this Agreement not received by University within the 60-day period specified above will accrue simple interest daily at an annual rate of 10.00%, commencing on the day after termination. Following the expiration of the above referenced 60-day repayment period, the University may pursue all remedies available to it to collect the sums then due under this Agreement.

As a condition of receiving the Allowance, please indicate (a) your acceptance of the terms and conditions set forth above and (b) your promise to repay any amounts that may become due, by signing below.

On behalf of

The Regents of the University of California Recruitment Allowance Recipient

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[*Name of Dean*]

Dean of [*School/College*] (name of recipient)

University of California, Berkeley