

**GUIDELINES FOR
THE NEW YORK UNIVERSITY SCHOOL OF LAW FOUNDATION
CHILDREN'S SCHOLARSHIP PROGRAM
(Effective July 1, 2005)**

OVERVIEW

The New York University Law School Foundation offers the Children's Scholarship Program to help eligible faculty or administrators pay their dependent child(ren)'s tuition at an eligible educational institution. The Scholarship Program assists with tuition costs for children at eligible institutions from kindergarten and through a baccalaureate degree. Beginning in the 2004-2005 academic year, the tuition payments provided by the Scholarship Program are exempt from federal income tax.

ELIGIBLE FACULTY AND ADMINISTRATORS

To be eligible for the Scholarship Program, faculty and administrators must have a permanent, full-time appointment at the New York University School of Law. Faculty members with temporary appointments, including visiting faculty, research scholars, and faculty appointed by one-year contract, are not eligible. Administrators working part-time are also ineligible.

A faculty member or administrator must continue in his or her permanent, full-time position during each term (semester or quarter) for which tuition payments are provided. If an eligible faculty member or administrator becomes ineligible by virtue of taking a part-time position or accepting a temporary appointment, Scholarship Program Benefits will terminate at the end of the term in which the faculty member or administrator takes the part-time position or accepts a temporary appointment.

Tuition benefit amounts are described in "Annual Benefit Amount" below.

ELIGIBLE CHILDREN

The Scholarship Program pays certain tuition costs for each "eligible child". A child is eligible if the following requirements are met:

1. The child is:
 - a natural or legally adopted child of the eligible faculty member or administrator; or
 - a child of the spouse of an eligible faculty member or administrator.

AND

2. The child is a dependent of the eligible faculty member or administrator for federal income tax purposes.

Grandchildren are not eligible for the Scholarship Program.

The Foundation, the New York University School of Law Foundation Scholarship Committee (the “Committee”) and the School of Law’s Human Resources Department reserve the right to request any reasonable information they deem necessary to establish that a child is eligible.

ELIGIBLE EDUCATIONAL INSTITUTIONS

An “eligible educational institution” is a tax-exempt primary school, secondary school, college or university which normally (1) maintains a regular faculty and curriculum and (2) has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on.

LEVELS OF EDUCATION COVERED BY THE SCHOLARSHIP PROGRAM

The Scholarship Program will assist with tuition costs for children beginning at the first grade level and continuing through a baccalaureate degree. It will assist with kindergarten if the kindergarten is part of a primary school.

For students at the college or university level, the Scholarship Program will assist with up to four years of tuition costs. This means that eligible faculty members or administrators with children attending an institution on a semester system will receive Scholarship Program benefits for up to 8 semesters or equivalent. For eligible faculty members or administrators with children attending an institution on a quarter system, Scholarship Program benefits will generally be provided for up to 12 quarters.

The Scholarship Program does not provide benefits for summer school except where a summer term is one of the 12 quarters at an institution on the quarter system.

SABBATICAL, LEAVE OF ABSENCE or TERMINATION OF EMPLOYMENT

Sabbatical

An otherwise eligible faculty member will remain eligible for Scholarship Program benefits during a paid sabbatical.

Leave of Absence

A faculty member’s or administrator’s eligibility may be affected by a leave of absence. Generally, a faculty member or administrator on unpaid leave (other than FMLA leave) will not be eligible for Scholarship Program benefits. For example, if an eligible faculty member or administrator takes a leave of absence to work in the private sector or at a for-profit entity, no Scholarship Program benefits will be provided. If, however, an eligible faculty member or administrator takes an approved leave of absence to serve with a government or non-profit agency, Scholarship Program tuition payments may continue for up to one year. In unusual circumstances, the Committee may extend assistance for any such faculty member or administrator beyond one year.

Termination of Employment

In the event a faculty member or administrator dies, becomes permanently disabled, or retires, the Scholarship Program benefits will terminate at the end of the term in which the faculty member or administrator dies, becomes permanently disabled, or retires. For example, if the eligible faculty member or administrator terminates employment in November due to death, permanent disability, or retirement, the fall term is the last term covered.

If an eligible faculty member or administrator terminates employment for reasons other than death, permanent disability or retirement, no further Scholarship Program benefits will be paid and the Committee reserves the right to recover Scholarship Program benefits paid on behalf of the eligible child for a term that has not yet ended.

ANNUAL BENEFIT AMOUNT

Kindergarten-12

The annual benefit payable under the program for K-12 is the greater of:

- (1) 2/3 of the eligible educational institution's tuition; or
- (2) \$7,000

not to exceed actual tuition or net tuition due after taking other aid/grants/scholarships into account.

Baccalaureate Degree

The annual benefit payable under the program for the baccalaureate degree is the greater of:

- (1) ½ of the eligible educational institution's tuition; or
- (2) \$7,000

not to exceed actual tuition or net tuition due after taking other aid/grants/scholarships into account.

Example: Assume an eligible faculty member's child is attending an eligible institution (K-12) with an annual tuition of \$20,000. The child receives an \$8,000 scholarship from the school. Therefore, the faculty member owes \$12,000 in tuition for the year. The school will receive the greater of \$13,333 or \$7,000, not to exceed \$12,000. Thus, school will receive \$12,000 from the Foundation.

Please note, however, the aggregate payments under the program to all participants for any one fiscal year may not exceed 1% of the School of Law's consolidated annual operating budget.

What's Not Covered

The Scholarship Program does not cover:

- Room and board
- Books and course materials
- Health insurance
- Transportation and parking
- Tutoring fees
- Courses taken through correspondence
- Laboratory fees
- Special fees established only for specified courses
- Auditing fees
- Late fees
- Tuition insurance
- Public school taxes
- Other costs or expenses that the Foundation or Committee, in their discretion, determine are not tuition for purposes of the Scholarship Program.

No Scholarship Program benefits continue beyond an eligible child's attainment of a baccalaureate degree.

PAYMENTS

Tuition benefits will generally be paid two times per year, once in January or February and once in July or August, upon submission of an invoice or qualifying tuition statement to Human Resources. Where practicable, payment will be made for the entire benefit entitlement in July or August. The benefits are generally paid directly to the eligible educational institution.

If, however, an eligible faculty member or administrator must make a tuition payment directly to his or her child's eligible educational institution, benefits will be paid by check to the faculty member or administrator as reimbursement, upon receipt of an invoice with the tuition amount and proof of payment.

Payment cannot be processed without an invoice or qualifying tuition statement. Please allow approximately 10-15 business days for processing by the University Accounts Payable office.

HOW TO APPLY

To apply for the Scholarship Program, an eligible faculty member or administrator must complete and submit an application on behalf of each eligible child, including providing an official statement of tuition from the eligible educational institution and, if applicable, a transcript from the prior academic year (or the most recent academic year in which the eligible child received assistance from the Foundation). A completed application should be submitted for each academic year the child attends an eligible educational institution, as well as for each

change of eligible educational institution. Application forms are available from the Human Resources Department.

An eligible faculty member or administrator should submit a completed application as soon as he or she knows the educational institution his or her child(ren) will attend. Completed applications, however, must be submitted no later than June 1 in order to receive Scholarship Program benefits for the upcoming academic year (beginning the following September).

OTHER INFORMATION

Administration

The Human Resources Department administers the Scholarship Program and will communicate with eligible faculty members and administrators about Scholarship Program applications, policies and operation. The Foundation, the Committee and the Human Resources Department reserve the right to request any reasonable information they deem necessary to determine that the requirements of the Scholarship Program have been or will be met.

The Committee has the discretionary authority to determine all matters with respect to the Scholarship Program, including, without limitation, eligibility issues, benefit amounts, and qualifying tuition. All decisions of the Committee (or its delegate, if any) shall be final and binding as to all persons. If the faculty member or administrator and his or her child qualify for the program, the Human Resources Department will issue an authorization letter to the eligible faculty member or administrator.

An eligible faculty member or administrator must advise the Human Resources Department immediately if his or her child (1) withdraws from an educational institution during any academic year, (2) transfers to another educational institution, or (3) is no longer eligible. In the event that a child becomes withdraws, transfers or otherwise becomes ineligible during the course of a term, no further Scholarship Program benefits will be paid and the Committee reserves the right to recover Scholarship Program benefits which were paid on behalf of the child for such term.

Status and Duration of Program

The Scholarship Program is intended to provide benefits which are excluded from taxation, to the extent possible, under Internal Revenue Code Section 117(d) or other applicable law. The Scholarship Program may be changed at any time by the Foundation to effectuate or maintain compliance with the Internal Revenue Code or any such other law. The Foundation also reserves the right to modify the Scholarship Program in any other respect, or discontinue the Scholarship Program, at any time for any reason.

<p>Faculty members and administrators are advised to consult with a tax advisor regarding the tax consequences of participating in the Scholarship Program.</p>
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