

Internal Borrowing Guidelines (formerly Section 504)

The University's internal borrowing guidelines are guiding principles to effectively utilize capital resources, including debt financing, in achieving the mission and goals of the University while minimizing the cost of funds. Units sponsoring a capital project that requires debt financing must ensure that the project is in compliance with the [Capital Project Funding Guidelines](#).

Basic Guidelines

Under extenuating circumstances, certain exceptions to these guidelines can be approved by Planning and Budget and the Treasurer's office.

- For loans under \$500,000, amortization period is five years or less
- For loans under \$1,000,000, amortization period is 10 years or less
- Loan repayment period cannot exceed the life of the financed asset. Maximum loan period is 30 years or the term of the underlying debt instrument, whichever is shorter.
- Interest is paid during construction period; principal and interest amortization will begin within one year of project completion (e.g., certificate of occupancy)
- Compounding of interest will be available only on projects with a repayment source not available during construction (e.g., gift pledges or revenues to be generated by the completed project) greater than \$5 million and pre-approved by Planning and Budget and Treasurer's Office
- All projects must have a formal funding plan and a contingency funding plan (backstop repayment source)

Internal Borrowing Guidelines may be reviewed on the University Treasurer's Web site at <http://www.dfa.cornell.edu/treasurer/debt/internal-debt/internal-borrowing>.