

EMPLOYEE EMERGENCY LOAN FUND

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EMPLOYEE EMERGENCY LOAN FUND

I. INTRODUCTION

In September 1970, The Regents approved the establishment of an emergency loan fund for employees on the campuses. This program was subsequently revised on October 22, 1991 to include employees in the Office of the President. The purpose of the fund is to provide loans to University employees who have an immediate need for funds as the result of an emergency and have no other source of money available within the time necessary to act, or who have a dire personal financial hardship and cannot obtain a loan from a credit union or comparable lending institution. The Employee Emergency Loan Fund is not intended to compete with local credit unions or other lending institutions; it is intended to fill the needs of University employees that are not being met by those sources.

II. LOAN FUND GUIDELINES

A. EMPLOYEE ELIGIBILITY

1. Any academic or staff employee who holds an appointment to work 50% time or more is eligible.
2. Any student employee who is eligible for other loan programs is not eligible for loans from this fund source.

B. LOAN CEILING, INTEREST RATE, AND REPAYMENT SCHEDULE

1. The maximum loan granted will not exceed \$5,000 and the borrower's outstanding obligation to the loan fund will not exceed \$5,000 at any time.
2. Loans will bear an interest rate equal to the annualized equivalent of the average rate of return earned by the Short-term Investment Pool during the most recent four calendar quarters, plus an administrative fee of .25 of one percent;

however, loans requested as a result of delays in receiving pay due to certain limitations of the University's payroll system or procedures will not be charged interest. In situations involving late payment of wages, loans should be made only if the employee's paycheck cannot be issued by alternative payroll procedures.

3. The maximum loan period will be three years.
4. Under no circumstances will the loan period exceed the period of appointment; all loans will be fully due and payable upon termination of employment.
5. Repayment of loan may be made by payroll deduction (see section V.B.).

C. DEBT INSTRUMENT, BAD DEBTS

1. Employees receiving loans will sign a debt instrument (see section III.A.).
2. Bad debt losses will be funded from accumulated interest income and late payment assessments, or other campus resources if necessary.

III. ISSUANCE OF LOANS

A. PROMISSORY NOTE

When the loan is approved, the borrower must sign a promissory note that includes as appropriate all of the terms and information shown in either Appendix I or II. Any modification of the terms of the note must be referred to the Office of Real Estate Management and Loan Programs for approval, in coordination with the General Counsel of The Regents as to legal form.

*

B. EMPLOYEE'S COPY

A copy of the note must be given to the employee.

C. COMPLIANCE WITH FEDERAL TRUTH IN LENDING ACT

On the promissory note, the four numbered blanks must be in the sequence shown and the words FINANCE CHARGE and ANNUAL PERCENTAGE RATE must be written in capital

II. LOAN FUND GUIDELINES (Cont.)

C. COMPLIANCE WITH FEDERAL TRUTH IN LENDING ACT (Cont.)

to comply with the Federal Truth in Lending Act. It is not necessary to compute the annual percentage rate for the promissory note if the finance charge: (1) does not exceed \$5.00 and is applicable to an amount financed not exceeding \$75.00; or (2) does not exceed \$7.50 and is applicable to an amount financed exceeding \$75.00.

D. LATE PAYMENT CHARGE

If a campus plans to charge a late payment fee, the standard clause (see Appendix I or II) must be included in the promissory note. The charge, not to exceed \$50.00, should be a flat fee related to the administrative costs of processing late payments.

IV. REPAYMENT OF LOAN

A. GENERAL PROCEDURES

1. There will be no penalty for prepayments.
2. Any payment made within five working days of a scheduled payment date will be considered a timely payment.
3. When a loan is to be repaid in monthly installments, the first payment may be made due up to 45 days after the date of the loan, with subsequent payments due monthly.
4. A partial payment will be applied first to the interest due and any remainder to reduce the principal.

B. PAYROLL DEDUCTION(S)

Loans may be repaid by payroll deduction(s) if the employee so requests and signs an authorization form comparable to the one presented in Appendix I. Deductions must be for a fixed amount with a specific ending date.

V. ACCOUNTING

Each campus should establish account X-102428-02428, Employee Emergency Loan Fund, and account X-102050-02428, Notes Receivable--Employee Emergency Loan Fund. Interest income will be recorded in account X-102428-02428 and identified by transaction code 8020. If late payment assessments are made, they should be credited to the same account using transaction code 8023.

VI. RESPONSIBILITIES

A. CHANCELLORS

Chancellors should establish campus procedures to implement the loan fund guidelines, internal control standards, and accounts receivable collection policy. The procedures should assure that (1) all loans are properly recorded; (2) the borrower clearly understands the terms of the loan and his/her responsibility to meet the terms; and (3) prompt and reasonable collection procedures are used.

B. ACCOUNTING OFFICERS

At least once each year account X-102050-02428 should be reconciled to the file of outstanding notes. Notes that are determined to be uncollectible should be written off after obtaining proper approval (see section III, Accounting Manual chapter [R-212-2](#), Receivables Management). Account X-102428-02428 may be used as a funding source for write-offs up to the amount of total interest income and late payment assessments previously credited to the fund. If bad debt losses exceed this amount, other campus fund sources must be used for the excess. In no case should the loan fund balance be less than the amount allocated.

C. OFFICE OF REAL ESTATE MANAGEMENT AND LOAN PROGRAMS

This office is responsible for the development and monitoring of program policy and utilization. Campuses are requested to submit annual reports of loan activity to this office by October of each year for inclusion in the annual report on employee loans.

VII. REFERENCES

President Charles J. Hitch, Letter to chancellors on Employee Loans for Academic and Staff Personnel, October 21, 1970.

Vice President John A. Perkins, Letter to chancellors on Teaching Assistant Loan Fund, June 23, 1972.

Accounting Manual chapter:

[R-212-2](#) Receivables Management.

Federal Reserve Regulation Z, Truth in Lending Act.

President David Pierpont Gardner, letter to Chancellors concerning the Employee Emergency Loan Fund, October 22, 1991.

Historical note: Most of the materials in this chapter were formerly published in Business and Finance Bulletin G-33. Accounting Manual chapter first published 10/1/77. Earlier revisions 2/1/78, 3/15/87, 12/1/91, 12/1/92, 3/31/97, 12/31/03, and 3/31/07; analyst--Doris Wildeman.

EMPLOYEE EMERGENCY LOAN FUND
Promissory Note

UNIVERSITY OF CALIFORNIA
_____ Campus

Personal Information

Print Name (Last, First, Middle Initial)		Employee Number
Home Address	City	State Zip Code
Department	Title	Campus Telephone

Loan Information

Amount Financed \$ _____	Total Payments \$ _____
FINANCE CHARGE \$ _____	ANNUAL PERCENTAGE RATE ____%

For value received, I promise to pay to The Regents of the University of California, _____ dollars (\$ _____) in _____ consecutive monthly payments of \$ _____ each, beginning with _____, and on the same date of each subsequent month until paid in full.

Prepayment may be made without penalty and with interest accrued to the date of prepayment. In the event I fail to meet the repayment schedule, the University may assess a \$ _____ late payment charge for each late payment, to cover the costs of special handling.

In the event that I am separated from University employment, the University will declare the outstanding balance of the loan immediately due and payable.

I herewith authorize a payroll deduction of \$ _____ per month for _____ months commencing with the next regular check writing in which it can be scheduled.

I attest, under penalty of perjury, that I am a citizen or national of the United States or otherwise qualified to receive public benefits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. (P.L. 104-193: 110 STAT. 2105, 2268-2269)

Employee Signature _____ Date _____

University Official Signature _____ Date _____

For University Use Only

TRAN CODE	EMPLOYEE ID NO.	DATE	ELEMENT NO.	BAL CD	AMOUNT
1 2	4 12	13 18	19 22	23	24 30
X1		MO DY YR . . .	6	G

Retention Period: See Records Disposition Schedule

EMPLOYEE EMERGENCY LOAN FUND
Promissory Note

UNIVERSITY OF CALIFORNIA
 _____ Campus

Personal Information

Print Name (Last, First, Middle Initial)		Employee Number
Home Address	City	State Zip Code
Department	Title	Campus Telephone

Loan Information

Amount Financed \$ _____	Total Payments \$ _____
FINANCE CHARGE \$ _____	ANNUAL PERCENTAGE RATE _____%

For value received, I promise to pay to The Regents of the University of California the sum of \$_____ on or before_____. Prepayment may be made without penalty and with interest accrued to the date of prepayment. In the event I fail to meet the repayment schedule, the University may assess a \$_____ late payment charge for each late payment, to cover the costs of special handling.

I attest, under penalty of perjury, that I am a citizen or national of the United States or otherwise qualified to receive public benefits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. (P.L. 104-193: 110 STAT. 2105, 2268-2269)

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