

Employee Emergency Loan Policy

(Policy ACG0024)

I. Purpose of the Policy

UCSC makes available to its employees an emergency loan program. The purpose of this program is to provide loans to 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 program 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.

This policy describes campus-specific provisions and operational practices related to implementing the UC Emergency Loan Fund policy at UCSC. It combines pertinent portions of related UC policies with campus-specific provisions. Accordingly, this policy should not be used as a comprehensive reference to the related UC policy. In cases where a comprehensive reference is needed, the UC policy should be consulted. Where conflicts exist between this policy and UC policies, UC policies shall take precedence.

Please refer to Section III for the definitions of important terms used in this policy.

II. Detailed Policy Statement

A. Eligibility

The following UCSC employees are eligible to participate in the emergency loan program:

1. Any academic or staff employee who holds an appointment to work 50% time or more is eligible.
2. A student employee who is not eligible to participate in another loan program.

B. An “Emergency”

1. For the purposes of this policy, an emergency is considered to be an event that
 - a. could not be reasonably expected to occur, and
 - b. is unlikely to occur again.

2. Examples of “Emergencies” that *meet* the qualifications for obtaining an Emergency Loan:
 - a. Delay in receiving a payroll payment as a result of an error made by a campus service center or the payroll office, or due to a failure in the payroll processing system.
 - b. Inability of a new employee to adapt to a monthly University pay cycle during the first month of employment.
 - c. Inability to pay for travel related to attending the funeral of a close family member.
 - d. Theft of an employee’s available cash.
 - e. Expenses related to the repair of an automobile that is used by the employee to get to and from work.
3. Examples of “Emergencies” that *do not meet* the qualifications for obtaining an Emergency Loan:
 - a. Inability to pay recurring, predictable, or routine expenses, such as credit card and utility bills, and automobile maintenance costs.
 - b. Inability to pay for taxes, insurance, or vehicle registration fees.
 - c. Inability to pay for school registration fees.
 - d. Inability to pay for moving expenses.
 - e. Inability to pay for vacation or holiday expenses.
 - f. Financial hardship resulting from an annual furlough.

C. Loan Limitations

All emergency loans are subject to the following limitations:

1. The maximum loan granted shall not exceed \$1,000.
2. An employee may obtain up to two employee emergency loans within a 12-month period; however, an employee may not obtain a second emergency loan if an unpaid balance remains on an existing emergency loan.

D. Loan Repayment Terms and Interest Charges

1. Term. The maximum loan repayment period is twelve months.

2. Interest. Interest will be charged on all emergency loans at a rate equal to the annualized equivalent of the average rate of return earned by the UC Short-term Investment Pool during the most recent four calendar quarters, plus an administrative fee of \$5.00. Loans received as a result of a delay in receiving a payroll payment due to certain limitations of the University's payroll system or procedures will not be charged interest.
3. Minimum payment. The minimum monthly repayment amount is \$25.00.
4. Payment method. Repayment of an emergency loan must be made through a monthly payroll deduction, unless an alternate means of repayment is approved in writing by the Director of the Office of Student Business Services.
5. Application of payment. Any partial payment will be applied first to the interest amount due, with the remainder applied against the principal balance.
6. First payment. The first repayment of a loan will be scheduled for the next available payroll deduction, with subsequent payments deducted monthly until the emergency loan is paid in full.
7. Payment due date. Payments are due within five working days of the scheduled monthly repayment date specified in the promissory note.
8. Late payment. A late payment fee, not to exceed \$10.00 per month, will be charged for failure to make payment within five working days of the scheduled monthly repayment date.
9. Prepayment. No penalty will be charged for prepayment.
10. Employment termination. All loans are due and payable in full upon termination of employment with the UCSC campus.

E. Procedure for Obtaining an Employee Emergency Loan

1. A prospective borrower may obtain information about requesting an employee emergency loan from the Office of Student Business Services.
2. Based on a review of the emergency loan request, the Director of the Office of Student Business Services or his/her designee will determine the amount of the emergency loan to be provided and the terms and conditions of its repayment.
3. The prospective borrower must indicate his or her agreement with all of the terms and conditions of the emergency loan by signing a promissory note. A signed promissory note is required in order for an emergency loan to be made. A copy of the promissory note will be provided to the borrower.
4. To enable repayment of the emergency loan, the borrower must sign an automatic payroll deduction authorization which is included as part of the promissory note.

III. Definitions

Close family member - employee's spouse, domestic partner, parent, child (including the child of a domestic partner), sibling, grandparent, or grandchild, including in-laws and step-relatives in the relationships just listed.

Emergency – an event that could not be reasonably expected to occur, and is unlikely to occur again.

Principal balance – the portion of the original loan amount remaining to be repaid.

UC Short-term investment pool - Cash investment pool managed by the UC Office of the Treasurer in which all UC campuses participate.

IV. Getting Help

The Office of Student Business Services assists prospective employee-borrowers. Please consult the UCSC telephone directory or UCSC Financial Affairs website for contact information.

V. Responsibilities and Authority

A **UCSC Employee** receiving a loan from the employee emergency loan program is responsible for repayment of the loan and complying with all of the requirements described in this policy.

The **Director of the Office of Student Business Services** is responsible for administering the UCSC employee emergency loan program. This includes evaluating and approving employee emergency loan applications, collecting repayments, and pursuing collection on past due loan accounts.

The **Assistant Vice Chancellor – Financial Affairs** is responsible for reviewing the appeal of a prospective borrower whose loan application has been rejected by Office of Student Business Services. Depending on the results of the review, the Campus Controller may approve granting the emergency loan.

VI. Related Policies/References for More Information

References

UC Accounting Manual

- Chapter E-526-48 *Employee Emergency Loan*
(<http://www.ucop.edu/ucophome/policies/acctman/e-526-48.pdf>)
- Chapter: R-212-2 *Receivables Management*
(<http://www.ucop.edu/ucophome/policies/acctman/r-212-2.html>)

Other

- Federal Reserve Regulation Z, *Truth in Lending Act*.
(http://www.federalreserve.gov/Regulations/title12/sec226/12cfr226_01.htm)
- President David Pierpont Gardner, *Letter to Chancellors concerning the Employee Emergency Loan Fund, October 22, 1991*
- Vice President John A. Perkins, *Letter to Chancellors on Teaching Assistant Loan Fund, June 23, 1972*
- President Charles J. Hitch, *Letter to Chancellors on Employee Loans for Academic and Staff Personnel, October 21, 1970*