Short-term Student Loans – Approving and Processing Procedures

I. Purpose
The Short-term Student Loan Program is to provide temporary funds for living and education related expenses to students for a period not to exceed 90 days.

II. Responsibilities
A. The office that awards a short-term loan is responsible for:
   1. A correct and complete application and promissory note;
   2. Determination that any applicant who is currently delinquent to the University has a verified source of repayment;
   3. Entrance of a payment request in SAP;
   4. Establishment of a due date not more than 90 days from the short-term loan application date (per Truth Lending Act requirements);
   5. Forwarding all documents to Student Account Services;
   6. Notification of Student Account Services in writing of any alterations of due dates.

B. Student Account Services is responsible for:
   1. Disbursement of loan funds;
   2. Entrance of an acceptance request to create a charge on the student account;
   3. Collection of the short-term loans using the due date on the promissory note; and
   4. Reconciliation of loan funds.

III. Policy
A. Short-term loans are made for emergency or unpredictable purposes.
B. Short-term loans are made by the Office of Student Financial Aid and Scholarships (OSFAS) or by those departments that have been delegated responsibility for administering specific loan funds by University Financial Services. OSFAS’ Short-term Loan Committee reviews loan applications made to OSFAS and approves/denies requests.
C. For loans administered by OSFAS, an applicant should:
   1. Be enrolled;
   2. If financially delinquent, have a verified source of repayment; and
   3. If the student is an athlete, have approval from Athletics.
D. Other departments authorized to approve short-term loans are obligated to carry out the wishes of donors and to follow specific departmental criteria, as well as to ensure any student who is currently delinquent has a verified source of repayment.
E. Any one or combination of the following may impact the student’s borrowing capacity or opportunity to borrow:
   1. Delinquent balances with the University;
   2. Existing unpaid short-term loans;
   3. Excessive short-term loan requests (loans are limited to three per academic career, barring extenuating circumstances as determined by the Short-term Loan Committee);
   4. Inability to repay within 90 days;
   5. Unreasonable amounts;
   6. Forthcoming refunds from other aid sources;
7. Undue advances of aid sources designated for upcoming terms;
8. Poor academic progression, conduct violations, or other factors indicating a high likelihood that enrollment will cease;
9. Failure to complete counseling requirements with Financial Wellness;
10. Abuse of funds; and/or
11. The sustainability of the institutional fund balances.

IV. Procedures
    A. Students must request a loan from OSFAS counseling staff prior to completing a loan application. The counselor will forward a link to the application to the student.
    B. After the application for the short-term loan is received, the OSFAS Short-term Loan Committee will approve or deny the loan request. The Committee will determine if additional documentation is needed to support the loan request. After a loan is approved by OSFAS, the student must sign a promissory note. The note must be completed and a copy given to the student. The student is advised to make repayment through myUK or to Student Account Services by the due date. Borrowers must also complete course requirements for an iGrad money management course each time a loan is borrowed. Failure to complete the course will automatically disqualify the applicant from consideration for future loans.
    C. After the student signs the promissory note, the payment request is entered in SAP. The application and original promissory note are forwarded to Student Account Services, along with documentation of the SAP payment request. The originating office and Student Account Services retain copies of all loan documentation.
    D. Student Account Services enters acceptance requests in SAP to create charges for the amount of the loan. The student is billed for the short-term loan charge on the monthly student account statement. If the short-term loan is not paid by the due date, the student will be assessed a late payment fee of 1.5% of the unpaid balance. Each month, the balances of each student loan fund will be reconciled with the general ledger control accounts to maintain the accuracy of the loan fund balance.
    E. Student Account Services initiates a payment run in SAP to create a refund payable to the student.