

**Financial Policy & Procedure Instructions Manual
FPI H-11 Student Loan Fund**

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I. PURPOSE

To outline the policies and procedures for gift acceptance, investment, lending, accounting and collection of moneys of the Short Term Student Loan Fund.

II. GENERAL

A. Over a period of years various individuals and groups have given money to the University which either the donor(s) or the State Board of Agriculture have designated for use as short term loans. Such moneys have been consolidated into the Short Term Student Loan Fund.

B. The Short Term Student Loan Fund provides small, short term, and generally non interest bearing loans to students.

C. Special provisions, which were in effect in the original, separately administered, Veterinary Medical Student Loan Program, are incorporated in the current consolidated loan program. The special provisions were provided based on additional costs to Veterinary Medical students.

III. DEFINITIONS

A. **Endowment Funds:** Funds given by a donor who stipulates, as a condition of the gift, that the principal of the fund is to be maintained inviolate and in perpetuity, and that only the income from the investment of the fund may be used.

B. **Quasi Endowment Funds:** Funds which the State Board of Agriculture, rather than the donor, has designated are to be retained and invested. The governing board may at any time reverse this classification and expend the principal.

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C. Unrestricted Funds: Funds which are composed of gifts which have no donor restrictions on investment of principal and no special restrictions on type or characteristics of individuals to whom loans may be made.

D. Loanable Fund: Includes money immediately available for loan in the Short Term Student Loan account or on short-term investment. Endowment and quasi endowment funds, outstanding loans, deposit with United Student Association Fund and Reserve for Doubtful Accounts are not included.

E. Due Date: The date by which the Short-Term Loan must be paid. This is the first Accounts Receivable Operations due date for the next term. (See Policy Section V D.4.)

IV. RESPONSIBILITIES

A. The State Board of Agriculture will formally accept gifts in the name of the University, will approve special restriction gifts, and approve designation and transfer of quasi endowment funds.

B. The University Foundation will acknowledge gifts for student loans, maintain official University records of gifts received, deposit receipts to appropriate accounts and handle all donor communications.

C. Student Financial Services and International Student Services will receive and evaluate requests for Short Term Student Loans, originate loans and secure promissory notes.

D. Accounts Receivable Operations will, through Student Loans Receivable and Student Accounts Receivable, make payment to the approved recipient, provide account status information, and perform billing and collection functions.

E. Business & Financial Services will, through the State Treasurer, the University Cash Accountant, and the University Treasurer, invest excess funds in accordance with State and University policy, distribute earnings to the fund, and receive and deposit Short-Term Loan payments.

V. POLICY

A. **Gift acceptance policy.** Gifts intended for the Short Term Student Loan account will be processed through the University Foundation in accordance with procedures in FPI H-4 located at <http://www.colostate.edu/Depts/BusFin/FPIMAN/giftfnd.htm> describing receipt and administration of donations.

B. **Loan management policy.** For efficient management purposes all moneys designated for short term student loans by donors or by the State Board of Agriculture are consolidated into the Short Term Student Loan Fund. All loans are made from one consolidated fund and earnings and losses are reflected in the consolidated fund.

C. Fund Investment.

1. Investment account. All funds of the Short Term Student Loan Fund available for investment will be handled as a pooled account.

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2. New funds available for investment. New funds (gifts) available for investment are reflected in the appropriate fund category account. These funds will be automatically invested once they reach the State Treasury.
3. Designation and transfer of funds. Funds may be designated as or withdrawn from a quasi endowment category and transferred to/from the loanable part of the Short Term Student Loan Fund upon recommendation of the Vice President for Student Affairs, Vice President for Administrative Services, and approval of the State Board of Agriculture. A copy of the Board's approval should be provided to the CSU Treasurer.
4. Investment of excess funds. The Cash Accountant will distribute the fund's portion of investment income earned by the State Treasury.
5. Earnings from the State Treasury will be credited to the "loanable" Short Term Student Loan Fund.

D. Loan Policy.

1. Provided funds are available for lending, loans generally will be made only to those students who:
 - are currently enrolled in a degree-seeking program;
 - are enrolled for a specified number of credits via Resident Instruction registration; (Depending on the availability of funds for lending, this specified number of credits may be increased to a specific part-time or full-time level.)
 - have at least a 2.0 grade point average;
 - are not on disciplinary probation;
 - have not been repeatedly late in payment on their University account;
 - have not had their student account previously assigned to collections;
 - have not presented a non-sufficient funds (NSF) check for payment to their student account; and
 - do not currently have an amount due on their student account.
2. Loans to students are normally made for up to \$300 except that graduating students in their final semester (graduating term) may receive up to \$400 and senior Professional Veterinary Medical students may receive up to \$500 if no previous Short Term Student Loan is outstanding.
3. Students normally may have only one short term loan outstanding at any one time.
4. Loans made during a given term will normally have a due date consistent with the first Accounts Receivable Operations due date for the following term. (See Accounts Receivable Critical Dates Calendar)
5. If payment is not made when due under terms of the original note, the indebtedness is treated as an overdue University account and subject to standard University late payment penalties.
6. Loans are intended for those financial needs, other than institutional expenses, which threaten continuation of the student's enrollment at the University.

VI. PROCEDURES

- A. **Application for loan:** Generally, short term loans will be made from the start of the third week through the last day of each term. Students desiring loans should obtain and complete a "Short Term Loan Application" available from Student Financial Services or International Student Services. The completed application is processed by Student Loans Receivable.
- B. **Promissory note and signatures required:** Each approved applicant for a loan must sign a promissory note. The promissory note will be completed and witnessed by a Student Financial Services Representative or an International Student Services Advisor.
- C. **Loan application form disposition:** The approved application form should be attached to the completed promissory note and forwarded to Student Loans Receivable for

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verification of eligibility and posting of credit transactions to the borrower's student account.

- D. **Loan Origination & Disbursement:** Upon receipt of an approved Short Term Student Loan Application and a completed Promissory Note, the Student Loans Receivable Office will verify loan eligibility, establish the borrower's loan, process the credit transaction as a disbursement to the borrower's student account, and post the charge (debit) transaction to the borrower's account for repayment.
- E. **Billing:** Student Loans Receivable will post the charge of the loan for billing on the student account statement. The Student Accounts Receivable Office will bill the borrower prior to the due date, and follow up with necessary collection action on delinquent accounts.
- F. **Delinquent loan:** If a loan is not repaid by the due date, the overdue balance will be treated as a past due student account and handled in accordance with University policy.
- G. **Permanently ineligible:** If a student presents an NSF check to the University, or if the student account is sent to a collection agency, the student becomes permanently ineligible to receive a loan from this program.
- H. **Appeals:** Students who do not meet the eligibility requirements may submit an appeal in writing to Accounts Receivable Operations. The appeal should include an explanation of the need for a Short-Term Loan and why eligibility criteria were not met. A decision on Short-Term Loan eligibility will be rendered in three business days.