

## LOANS POLICY #102

<b>Policy Administrator:</b>	Executive Director or designee
<b>Authority:</b>	Section 89900 of the Education Code and Section 42400 of Title 5 of the California Code of Regulations
<b>Effective Date:</b>	06/11/09
<b>Updated:</b>	03/21/19, 12/12/23
<b>Cross References:</b>	

**Policy Statement:** CSU Fullerton Auxiliary Services Corporation's (Auxiliary Services) main function is to serve California State University, Fullerton (University). Although the Auxiliary Services does not normally assume the role of lender, it may be appropriate under exceptional and extraordinary circumstances for the Board of Directors to consider loans to various departments of or entities related to the University.

**Procedures:** The following basic loan criteria must be met before a loan request will be considered by the Auxiliary Services.

- Approvals must be received by the Vice President of Administration and Finance before forwarding to the Auxiliary Services for consideration.
- If approved by the Executive Director, the request must then be approved by the University President before being considered by the Executive Committee and Board of Directors.
- Pro forma financial statements for the term of the loan detailing how the loan will be repaid.
- Standard payments of principal and interest will be made monthly. Other payment options will be considered by the Board, based on circumstance.

**Loan Interest Package:** All loans will be made using a variable interest rate reset on January 2 and July 1 each year. The standard interest rate will be determined by utilizing the prime rate as reflected in the Wall Street Journal on those dates and adding 0.5 percent. Non-standard rates may be accepted at the discretion of the Board.

**Loan Request Package:** After receiving approval through the Vice President of Administration and Finance, the loan request should be forwarded to the Executive Director. The loan request package should include the following items.

- Appropriate administrative approvals, including the division Vice President;
- The name and signature of the requestor;
- The exact amount requested; and
- A description of the project to be funded and how it relates to the mission of the University.

Review Process: Upon receipt of the completed loan documents, the Executive Director will review the request. The review will be subjective based upon the concerns generated from each request. Key points of the review will be the quality of the project, ability to pay, and past loan history.

If the request is accepted by the Executive Director, it will be forwarded to the University President. If the University President approves, the request will be placed on the agenda for the next available Board or Executive Committee meeting. The Executive Committee meets approximately every month. Therefore, when considering a loan, a requester should be aware of the timing of agenda deadlines and when the funds will be needed. Once on the Board or Executive Committee agenda, the requester will be notified of the time and location of the meeting and requested to attend to answer any questions.

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