

Loan to Employee Policy

'[Name of the Company](#)' provides the loan and advances facility to its employees. The intention behind this is to make finance available to the employees who are in dire need of funds due to emergencies and do not have any other monetary sources available. This policy also helps employees who require personal finance but cannot to receive loan grants from other financial institutions.

Purpose

This policy describes the provisions related to providing loans and salary advances to the employees of '[Name of the Company.](#)'

Scope

This policy applies to all the employees under the permanent employment with the employees.

It does not apply to the employees who are on the probationary period.

Employees under the notice of dismissal are also excluded from this policy.

Definition

Emergency - for this policy, an emergency is defined as an unforeseen circumstance that calls for immediate action and is not likely to happen again.

Emergencies, in this case, include but is not limited to the following examples:

- Delay in payroll due to error in the payroll calculation
- Theft of the employee's funds
- The expense related to the medical needs of the employee or a close family member
- Expenses related to the funeral of a close family

member. Emergencies do not include the following examples:

- Inability to pay routine expenses and recurring bills
- Inability to pay holiday or vacation expenses
- Inability to pay vehicle registration

Close Family Member - close family members are employees:

- Spouse
- Child
- Domestic partner
- Child of domestic partner
- Sibling
- Parent
- Grandchild
- Grandparent
- In-laws in the above relationships
- Step-relative in the above relationships.

Limitations to Loan

The emergency loans given shall not exceed '[Amount.](#)'

Within a '[Time Period](#)' time-frame, the employee may attain up to '[Number](#)' emergency loans.

However, if the amount of the previous loan is unpaid, the employee shall not obtain other emergency loans.

Provisions Regarding Repayment of Loan

The maximum time allowed to the employee to repay the loan is '[Time period.](#)'

The employee is liable to pay '[Percentage](#)' rate.

The employee is required to repay a minimum monthly amount of '[Amount.](#)'

The monthly payments are due within '[Number](#)' working days from the date mentioned in the promissory note.

If the employee cannot pay the amount by the date mentioned in the point above, he will be charged a late fee, not exceeding rupees '[Late Fee Amount](#)'.

The employee will NOT be charged with any penalty for paying the loan amount before the date mentioned in the promissory note.

All the due loans are to be paid in full at the time of termination of employment.

Procedure for Attaining Loan

The employee applying for a personal loan shall obtain the information about the same from the HR department.

After reviewing and determining the nature of the emergency, the '[Position of the Person](#)' will approve the loan after deciding the loan amount.

The employee receiving loan and the '[Position of the Person](#)' shall enter into a contract that clearly states all the terms of such advancement of loan.

To ensure that the loan is repaid, '[Position of the Person](#)' feels necessary, [he/she](#) may ask the employee to sign an automatic payroll deduction contract, which is a component of the promissory note.

Other Loans

Other Types of loans provided by the '[Name of the Company](#)' to its employees are as follows:

Personal Loans - The amount given as personal loans shall never go past the employee's net income for a month.

Repayments for such loans shall NOT exceed '[Percentage](#)' of the employee's monthly income.

The loans sanctioned shall be paid to the employee within '[Number](#)' days from loan's approval.

The employee shall NOT receive a personal loan if the amount of the previous loan is unpaid.

The employer and the employee shall sign a deed, the terms of

which are agreed upon by both parties.

Repayments are deducted from the employee's salary as agreed upon in the deed.

All loans must be paid in full at the time of termination of employment.

Advance Salary - The amount of advance salary shall be lesser than or equal to the sum receivable by the employee after adding the unpaid leaves and deducting other legal compliance.

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Advance Salary - The amount of advance salary shall be lesser than or equal to the sum receivable by the employee after adding the unpaid leaves and deducting other legal compliance.

Any salary advance will require full recovery at the end of the month when such a sum is advanced.

Any employee who is on the initial probation period shall not receive any advances.

A legal document regarding such advancement shall be signed by both the parties.

The employee shall NOT receive a salary advance if the balance on previous loans and advances remains unpaid

