

Internal Loan Process

Last Updated: 2/25/2011

What to Do		Who	How to Do It
1	<p>Department has determined funds are not available to purchase outright and seeks approval for internal loan</p> <p>Note: This happens after the final quote is obtained and approved by Procurement Services</p>	Requester/Faculty or Staff Member/ Department Head/ Business office staff	<ul style="list-style-type: none"> Establish available funds and source of funds for debt service Department head confirms irrevocable commitment The minimum loan amount is \$25,000
2	Submit Loan Form and Memorandum of Understanding (MOU)	Business office staff	<ul style="list-style-type: none"> Complete the Memorandum of Understanding as your application for the loan Use the loan calculator to develop down payment and annual debt service for MOU input Loan will be for no more than a 4 year term. A down payment will be payable at beginning of the purchase with annual amortization payment roughly $\frac{1}{(term+1)}$ as percent of total Department Head authorization confirms irrevocable commitment
3	Confirm purchase request	Commodity Specialist/Buying Assistant/ Department Head	<ul style="list-style-type: none"> Verify right-sizing completed Attach final quote to the MOU Sign off on MOU and forward to Treasury Operations
4	Consider Amortization	Treasury Operations	<ul style="list-style-type: none"> Review MOU Determine/confirm required down payment Confirm amortization Forward to Senior Vice President for Business Services (SVPBS) to request approval
5	Process MOU for approval	SVPBS	<ul style="list-style-type: none"> Review the MOU request Approve or deny the request
6	Review and finalize loan request	Treasury Operations	<ul style="list-style-type: none"> Finalize preliminary amortization schedule for loan Forward signed MOU and payment

			schedule to Accounting
7	Create a new fund for the loan	Accounting Services	<ul style="list-style-type: none"> • Create a new 82059XXX fund for the loan under department's cost center • Add the new 82059XXX fund to the internal loan fund group • Create the recurring payment entry for the new loan per MOU authorization • Advise the department and Treasury Operations of the loan fund
8	File processed loan document	Treasury Operations	<ul style="list-style-type: none"> • File permanent document • Confirm FundAct structure for interest accrual designation
9	Annual review process	Treasury Operations	<ul style="list-style-type: none"> • Complete annual review for all loans each December 1st • Notify all borrowers of current status of loans • Calculate the adjusting true-up interest to actual for final payment • Provide this information to Accounting Services for final adjusting JV entry