

## Policies and Procedures

**Title:** Leah Karpen Emergency Loan Program

**Purpose:** The Emergency Loan Fund was established through a generous gift in the name of Leah Karpen and other donors and is maintained by the UNC Asheville Foundation. The purpose of the fund is to provide UNC Asheville permanent employees, faculty and staff, with a low interest alternative to borrow small amounts for emergency situations.

**Scope:** The Emergency Loan fund is available to permanent faculty and staff members for emergency situations where small amounts of money are needed to pay unplanned, unexpected expenses.

**Policy:** Permanent faculty and staff members may apply for a loan for emergency situations where small amounts of money are needed to pay unplanned, unexpected expenses.

Some examples of emergency situations may include, but are not limited to, the following: unexpected doctor or dentist bills, travel expenses due to a death in the family, unexpected repairs such as a furnace, air conditioner, utility payments, etc. Documentation may be required to substantiate certain requests for an emergency loan.

A peer review committee of seven members, representative of the campus community (i.e. SPA, EPA Non-Faculty, Faculty, and the divisions), is appointed to review loan requests greater than \$250 and/or second loan requests. When a vacancy on the committee occurs, the Vice Chancellor of the division represented by the vacating member recommends a new appointee.

## Procedures:

### COMPLETION OF LOAN REQUEST:

1. Employees wishing to utilize the emergency loan fund must complete a request form. The request forms are available through Human Resources and a copy is included at the end of this policy.
2. The completed request form must be returned to Human Resources for approval and processing. Human Resources staff will be available to assist employees with the preparation of the request form.

### REQUESTS FOR LOANS OF \$250 OR LESS:

1. First time requests for loans of \$250 or less can be reviewed and approved by Human Resources personnel.
2. Approved first time loans of \$250 or less will ordinarily be available the workday following approval of the written request by Human Resources.
3. Loans of \$250 or less must be repaid in 12 months or less.
4. Loan payments will rounded up to the next five dollar increment.
5. Interest will be calculated on the monthly outstanding balance and will be collected as the final loan payment.
6. Repayment will be made through payroll deductions.
7. Additional payments can be accepted outside of payroll deductions.

### SECOND REQUESTS OR REQUESTS FOR LOANS GREATER THAN \$250:

1. Requests for a second emergency loan within a 12 month period or a request for a loan greater than \$250 will require the review of the anonymous peer committee. The maximum loan that can be requested is \$750.
2. A majority (4 out of 7 members) of the committee must approve requests for loans between \$251 and \$750.
3. For loans requiring review by the committee, the review process will generally require up to five (5) working days from the date the written request is received by the Human Resources office.
4. The Human Resources office will notify the individual regarding the committee's decision.
5. The check for approved loans will be available the next working day following approval of the loan.
6. Loans of more than \$250 must be repaid in 12 months or less.
7. Loan payments will be rounded up to the next five dollar increment.
8. Interest will be calculated on the monthly outstanding balance and will be collected as the final loan payment.
9. Repayment will be made through payroll deductions.
10. Additional payments can be accepted outside of payroll deductions.

### **SECOND LOAN REQUEST WITH AN OUTSTANDING LOAN**

1. An employee may request a second emergency loan before an existing loan is paid in full.
2. Procedures for approval of a second loan request for an employee with an existing unpaid loan in good standing will be the same as a request for a second loan within a 12 month period or for loans greater than \$250.
3. If a second loan is granted to an employee with an outstanding loan, payments will be recalculated based on the new outstanding balance. The new outstanding balance must be repaid within 12 months or less.
4. If a second loan is granted before an existing loan is paid in full, interest to date on the existing loan will be calculated and added to the outstanding balance of the loan. The new loan payment will be calculated on the principal balance of both loans and the unpaid interest.

### **MAXIMUM OUTSTANDING LOANS AND BREAK BETWEEN LOANS**

1. An employee can have no more than two (2) emergency loans at any one time.
2. Once an employee has two (2) outstanding emergency loans, they cannot request another emergency loan until **both** outstanding emergency loans have been paid in full.
3. If an employee has a second loan granted before a first loan is paid in full, there must be a three (3) month break from the time **both** loans are paid in full before the employee can request another emergency loan.
4. The anonymous peer committee, by majority vote, will have authority to waive the restriction to two (2) outstanding loans and the break period between loans if they agree that the employee's situation warrants waiver of this policy.
5. Documentation may be required to substantiate certain requests for an emergency loan.

### **MAXIMUM OUTSTANDING LOAN AMOUNT**

1. The maximum dollar amount of emergency loans that an employee can request and be granted in a 12 month period is \$750.
2. If an employee has an outstanding emergency loan and requests a second loan, the amount of the second loan cannot take the employee's requests for the 12 month period over \$750.  
For example: an employee is granted a \$300 emergency loan in March. In August the employee requests another emergency loan. The maximum amount of the second loan request can be only \$450. This will get the employee to the \$750 maximum that can be requested within a 12 month period. (The current outstanding balance of the first emergency loan is not considered in the amount allowed in a second request.)

3. An employee who has been awarded a loan or loans totaling \$750 within a 12 month period must repay the entire outstanding balance of the loan or loans before being eligible for another emergency loan.
4. In extraordinary circumstances, the anonymous peer committee, by majority vote, will have authority to waive the restriction to limit loan **requests** to a total of \$750 within a 12 month period. However, the maximum **outstanding loan balance** will be restricted to a total outstanding amount of \$750.
5. Documentation may be required to substantiate certain requests for an emergency loan.

### **TIME-LIMITED EMPLOYEE LOANS**

1. Emergency loans to employees in time-limited positions can be made under the same conditions as loans to other employees except for the repayment period which will be determined as follows:
  - a. If the employee's time-limited position extends beyond 12 months, the repayment period can be up to 12 months.
  - b. If the employee's time-limited position ends in less than 12 months, the repayment period must be at least one (1) month less than the number of months remaining in the employee's position. For example, if a time-limited position ends in 10 months, and the employee requests and is granted an emergency loan, the maximum repayment period on the loan can only be 9 months, one month short of the term left in the time-limited position.

### **INTEREST CALCULATION**

1. All loans will be subject to an annual percentage rate (APR) of 8% (.67% per month).
2. Interest will be calculated for each month but will be collected as the last payment on the loan.
3. The minimum interest charge will be one month's interest even if the loan is repaid in full within one month.

Below is an example of the interest calculation:

Amount borrowed: \$250

Interest first month:  $\$250 \times .67\% = \$1.68$

First month interest calculation: Payment amount \$50. Principal \$48.32, Interest \$1.68 Outstanding balance for the next interest calculation \$201.68.

Second month interest calculation: Payment amount \$50. Principal \$48.65, Interest \$1.35.

Outstanding balance for the next interest calculation \$153.03.

### **SEPARATION**

1. If an individual's employment with UNC Asheville is terminated or if the employee voluntarily leaves his position, the balance, both principal and interest, of any outstanding emergency loan is immediately due and payable.
2. The employee must agree in writing that should his/her employment with UNC Asheville end, UNC Asheville will have the right to collect the balance of any outstanding emergency loan plus accumulated interest from the employee's last check or other means necessary.
3. If an employee fails to pay or make arrangements to pay his outstanding loan balance at separation, UNC Asheville will have the right to turn the account over to an outside collection agency. The employee will be responsible for paying any collection fees or costs if use of an outside collection agency is required.

### **CONFIDENTIALITY**

All requests for loans from the Emergency Loan Fund will be kept confidential. No record of these loans will be placed in the employee's file unless special circumstances arise with regards to the lack of payment during repayment periods.

### **POLICY REVIEW AND UPDATING**

The above policy is subject to periodic review and updating by the anonymous peer committee.

## **PROCEDURAL QUESTIONS**

Employees with questions regarding the Emergency Loan Fund should contact Human Resources by calling (828) 251-6605 or by writing to:

UNC Asheville  
Human Resources & Affirmative Action Department  
One University Heights  
Phillips Hall - Room 116, CPO# 1450  
Asheville, NC 28804-8503

## **DISCLAIMER:**

The University of North Carolina at Asheville reserves the rights to change or modify terms and conditions, and/or request any relevant information that pertains to this policy at any time.

Approved on: MM/DD/YYYY  
Next review: MM/DD/YYYY