

University of Central Florida

Internal Lending Guidelines

Applies to the Following Divisions:

- Colleges, Graduate and Undergraduate Studies, UCF Global, Faculty Excellence, Teaching and Learning, Academic Program Quality, Provost Office Operations, Regional Campuses
- MD Health Affairs
- Office of Research & Commercialization
- Student Development and Enrollment Services
- Information Technology & Resources

Guidelines:

These guidelines are intended to establish the process for granting and administering internal loans to academic colleges and support units from a pool of funds set aside at the division level. The purpose of the internal lending program is to provide seed capital or bridge financing for initiatives and/or capital purchases that will support the university's mission, as guided by the strategic plan. The objectives of the internal lending program include:

- Provide bridge loan funding when units are unable to self-fund initiatives expected to provide the unit with incremental revenue opportunities and/or positively impact the university's strategic priorities
- Ensure that colleges and support units submit fiscally responsible and achievable business plans which support timely repayment
- Provide access to funding across units

Process:

Each unit will submit a loan application form to the office of Budget, Planning and Administration (BPA), complete with an analysis of all recurring and non-recurring resources within the unit and the expected source(s) of repayment. It is expected that a unit will look to its reserves as a primary source of funding for purchases that are not covered by its annual operating funds. Financial need must be demonstrated with supporting schedules for a loan application to be considered.

The time frame for loan application submissions will be consistent with the timing of the [exceptional funding request process](#). Units are not permitted to simultaneously submit the same initiative as both an exceptional funding request and an application to the internal lending program.

The loan application and financial analysis will be reviewed by (BPA) and sent to a committee of provost appointees who will review each proposal and make a funding recommendation. The provost or his/her designee will make the final determination to approve or deny the loan. Requests will be approved based on availability of funding, and the committee will reserve the right to recommend wait-listing or resubmission of certain applications in the future if funds are not currently available. If the loan is

approved, both parties will execute a memorandum of understanding outlining the distribution and repayment terms of the loan.

All internal loans must be approved prior to the start of an initiative or purchase of equipment.

Standard Terms:

1. **Loan Amount:**
 - Minimum \$100,000
 - Maximum ?

2. **Loan Term:** Generally the loan term is expected to be no longer than 3 years unless warranted by extraordinary circumstances and approved by the Office of Budget, Planning, and Administration.

3. **Interest Rate:** A fixed, annual interest rate of 2% will be applied for the life of the loan. This rate is based on the average effective rate the university earns on deposits at the State Treasury. If however, a longer loan repayment term is requested and approved, the division reserves the right to apply a higher interest rate.

4. **Debt Service Payment:**
 - a. Frequency: Quarterly
 - b. Amount: Fixed principal and interest
 - c. Start Date: No later than the end of the quarter after the initial distribution of funds unless otherwise approved.

5. **Consequence of Default:** Should a unit be unable to repay the loan under the agreed upon terms, then the provost or his/her designee will negotiate an alternate method of repayment which could include, but not be limited to, withholding of future funding distributions and/or a reallocation of existing non-recurring resources.