

**INTERNAL BORROWING PROGRAM
UNIVERSITY OF MISSOURI**

POLICY: Loans will be made under the following terms provided funds are available:

- A. Amount equal to the cost of the equipment.
Minimum Loan for Campus: \$1,000
Minimum Loan for System: \$5,000
- B. Period of time will not exceed the useful life of the asset being acquired and will depend on the amount borrowed.
- C. Amounts over \$50,000 or financed longer than three years, must have special justification. Additional procedures are required.
- D. Interest will be charged at a rate determined annually, based upon market conditions. A rate will be established prior to the beginning of each fiscal year.
- E. Loans over \$500,000 will require the Chancellor's approval. Such borrowings may require review by the Board of Curators. The interest rate will be set based on current market conditions and, if eventually financed externally, will bear the actual interest rate of the external financing.
- F. All loans must be payable from Unrestricted Current Funds, PeopleSoft Fund Code range 0XXX (e.g., Operations, Auxiliaries, Service Operations).

PROCEDURES

- A. The department is encouraged to make an initial contact to Gloria Leonard, 516-5362, of the intent for a loan to determine the availability of funds. Information on loan terms and payment will be available.
- B. Upon completion of the bid process (if necessary) and issuance of a purchase order, a loan application form (copy attached) should be completed by the department and sent to Gloria Leonard, 209 Woods Hall or faxed to 516-5356 along with a copy of the purchase order.
- C. The approved loan application form and an amortization schedule will be returned to the department.
- D. Funds will be transferred to the ChartField string equivalent of the MoCode listed on the loan application form when the final payment has been processed to the vendor to purchase the asset.
- E. Level monthly payments will be charged to the ChartField string equivalent of the MoCode listed on the loan application.