**SA 10  Student Loans**

Classification: Student Affairs  
Responsible Authority: Registrar  
Executive Sponsor: Vice President, Student Services  
Approval Authority: President’s Council  
Date First Approved: 1995-01-01  
Date Last Reviewed: 2015-06-10  
Mandatory Review Date: 2020-06-10

**PURPOSE**
To provide short term financial assistance to students for educational or living expenses.

**SCOPE**
Students who are registered full-time or part-time are eligible for consideration.

**DEFINITIONS**

<table>
<thead>
<tr>
<th>Word/Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Financial Encumbrance</td>
<td>A student status related to a student account used to deny further registration, and withhold all transcripts, certificates and diplomas until financial obligations have been met.</td>
</tr>
<tr>
<td>Government Approved Aid Program</td>
<td>Ministry approved financial aid programs such as Ontario Student Assistance Program (OSAP).</td>
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<tr>
<td>Promissory Note</td>
<td>A document that defines repayment terms for an unsecured or secured loan.</td>
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<tr>
<td>Secured Loan</td>
<td>Short term interest-free loan based on approved funding from a government financial aid program or a sponsor.</td>
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<tr>
<td>Short term</td>
<td>A period of 90 days or less.</td>
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<tr>
<td>Sponsor</td>
<td>An individual or group that selects their own recipients and funds their education in part or in full.</td>
</tr>
<tr>
<td>Unsecured Loan</td>
<td>Short term interest-free loan based on the likelihood of receiving funds in the near future (such as a paystub, letter of confirmation of employment, letter from a family member guaranteeing the funds, etc.)</td>
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</tbody>
</table>
1. The College, through Financial Aid and Student Awards (FASA) Office, will administer both secured and unsecured loans. There are maximum amounts of funds that the College can provide students. In some cases, the student’s needs are in excess of the maximum which can be approved.

2. The student is responsible to the College for the repayment of the approved secured or unsecured loan.

3. **Unsecured Loan**

   3.1 The College through the FASA Office will provide a short-term interest-free unsecured loan to students who are not financially encumbered, based on the likelihood of receiving funds in the near future (such as a paystub, letter of confirmation of employment, letter from a family member guaranteeing the funds etc.). Each case is considered on its own merit.

   3.2 Students are expected to pursue other normal channels of assistance, such as family, friends, employment, or banking institutions before applying for unsecured loans. A loan of up to $500.00 can be approved and is designed to help students who are faced with unforeseen short term cash flow issues.

4. **Secured Loan**

   4.1 The College through the FASA Office will provide a loan of money on a short term interest-free basis to students who are not financially encumbered, based on their approved funding from government financial aid program or from a sponsor. Each case is considered on its own merits.

   4.2 In addition to the total amount of government funding to be received by the student, all outstanding fees and monies owed to the College will be considered during the application and approval process.

   4.3 Students are expected to pursue other normal channels of assistance, such as family, friends, employment or banking institutions before applying for secured loans. A loan of up to $1500.00 can be approved and is designed to help students who are faced with unforeseen short term cash flow issues.

   4.4 This loan will be deducted from the government approved funding upon receipt in the FASA Office.

5. **Non-Payment of Student Loans**

   5.1 Students who fail to repay their loans, as agreed in the College’s Promissory Note, and who have not made alternative arrangements with the Finance Office will be considered in default.

   5.2 The Finance Office will send a letter to the student containing the details of the outstanding debt, stating that unless payment is made immediately, the student’s file will be encumbered.
## PROCEDURE

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
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</thead>
<tbody>
<tr>
<td>1. Loans</td>
<td></td>
</tr>
<tr>
<td>1.1 Apply for an unsecured/secured loan at the Financial Aid and Student Awards Office.</td>
<td>Student</td>
</tr>
<tr>
<td>1.2 Interview student applying for an unsecured/secured loan to determine his or her financial needs and resources.</td>
<td>FASA staff member</td>
</tr>
<tr>
<td>1.3 If warranted, approve an unsecured loan up to a total amount of $500.00 or a secured loan up to a total amount of $1500.00.</td>
<td>FASA staff member</td>
</tr>
<tr>
<td>1.4 Sign a promissory note.</td>
<td>Student</td>
</tr>
<tr>
<td>1.5 Process loan and release the funds to the student within two to four (2-4) working days.</td>
<td>FASA staff member</td>
</tr>
<tr>
<td>2. Non-Payment of Unsecured/ Secured Loans</td>
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<tr>
<td>2.1 Send a letter to the student with the details of the outstanding debt and requesting immediate payment.</td>
<td>Finance Office</td>
</tr>
<tr>
<td>2.2 Encumber student’s record until financial obligation is met.</td>
<td>Finance Office</td>
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</table>

## SUPPORTING DOCUMENTATION

Appendix 1 – Sample of Promissory Note

## RELATED POLICIES

SA 05 Scholarships, Awards and Bursaries

## RELATED MATERIALS

None
PROMISSORY NOTE FOR FASA STUDENT LOANS

Name: ___________________________________ Student Number: _______________________

Academic year: __________________________ Term: ☐ Fall ☐ Winter ☐ Spring

Amount: $___________________ Repayment date: ________________________________

Type of loan: ☐ Unsecured (up to $500) ☐ Secured (up to $1500)

Funding expected from: ☐ Gov’t funding ☐ Sponsor ☐ Employer ☐ Family/friend

FAMILY/FRIEND

Name: ___________________________________ Date of Birth: _______________________

Signature: __________________________________ Date: ____________________________

Supporting documentation required:
• Funding Assessment from government agency (not required for OSAP) OR
• Letter from sponsor OR
• Letter of confirmation of employment OR
• Letter from friend or family member guaranteeing the funds

STUDENT DECLARATION:
• I understand that if I fail to repay this loan in full by the repayment date above, I will become encumbered until such payment is made. ___________________ Initial

• I agree that I am indebted to Algonquin College for the sum noted above and that I will pay this amount within the date specified on this agreement and in accordance with the following terms:
  o Should re-payment not be made as outlined above without notice and approved reasonable cause, Algonquin College may, without any further notice cancel this agreement and send the account to a Collection Agency to recover the amount outstanding.
  o I agree to notify Algonquin College immediately if I change my address, telephone number or email address from what is currently found in my student account. ___________________ Initial

• If my loan is secured through OSAP or a sponsor, I acknowledge the loan amount will be deducted from my OSAP allotment or sponsor payment to repay this loan. ___________________ Initial

• I acknowledge that any payment made on my student account may be used as repayment on this loan. ___________________ Initial
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- I authorize OSAP to redirect my funding to Algonquin College to pay my tuition fees. __________

  Initial

Signature of Student: __________________________________________ Date: _____________
Signature of FAO: ____________________________________________ Date: _____________

  White copy: Student       Yellow copy: FASA