

**SA10 Student Loans**

Classification:	Student Affairs
Responsible Authority:	Registrar
Executive Sponsor:	Vice President, Student Services Approval
Authority:	Algonquin College Executive Team
Date First Approved:	1995-01-01
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**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**

<b>Word/Term</b>	<b>Definition</b>
Financial Encumbrance	A student status related to a student account used to deny further registration, and with hold all transcripts, certificates and diplomas until financial obligations have been met.
Government Approved Aid Program	Ministry approved financial aid programs such as Ontario Student Assistance Program (OSAP).
Promissory Note	A document that defines repayment terms for an unsecured or secured loan.
Secured Loan	Short term interest-free loan based on approved funding from a government financial aid program or a sponsor.
Short term	A period of 30 days or less.
Sponsor	An individual or group that selects their own recipients and funds their education in part or in full.
Unsecured Loan	Short term interest-free loan based on the likelihood of receiving funds in the near future (such as a paystub or letter of confirmation of employment etc.)

## **POLICY**

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 or letter of confirmation of employment, 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 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

<u>Action</u>	<u>Responsibility</u>
<b>1. Loans</b>	
1.1 Apply for an unsecured/secured loan at the Financial Aid and Student Awards Office.	Student
1.2 Interview student applying for an unsecured/secured loan to determine his or her financial needs and resources.	FASA staff member
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.	FASA staff member
1.4 Sign a promissory note.	Student
1.5 Process loan and release the funds to the student within two to four (2-4) working days.	FASA staff member
<b>2. Non-Payment of Unsecured/ Secured Loans</b>	
2.1 Send a letter to the student with the details of the outstanding debt and requesting immediate payment.	Finance Office
2.2 Encumber student's record until financial obligation is met.	Finance Office

## SUPPORTING DOCUMENTATION

Appendix 1 – Sample of Promissory Note

## RELATED POLICIES

SA 05 Scholarships, Awards and Bursaries

## RELATED MATERIALS

None

