

**WVU TREASURY OPERATIONS
GUIDELINES FOR INTERNAL LOANS
Revised 2/5/13**

I. PURPOSE

The purpose of this document is to establish procedures for obtaining internal loans from University cash balances for certain purchases of equipment, construction, and major renovation projects. Internal loans will be utilized to provide a short to medium term financing alternative for departments seeking financing.

II. OBJECTIVES

- To provide an alternate source of funding other than external financing.
- To ensure that internal loans will not be authorized without the borrowing unit submitting a fiscally responsible and achievable business plan in support of a timely repayment plan.

III. POLICY

1. Internal loans will generally be limited to a maximum amortization period of five (5) years subject to upward adjustment by Associate Vice President of Planning and Treasury Operations.
2. Internal loans shall be limited to a maximum of \$5 million subject to upward adjustment by Associate Vice President of Planning and Treasury Operations.
3. The interest rate shall be a negotiated rate based on the Federal Funds Rate at the time the loan agreement is signed. Any request for early repayment must be approved by Associate Vice President of Planning and Treasury Operations. Interest will be charged up to the date of payment.
4. The total outstanding internal loans shall be limited in amount as determined by the Associate Vice President of Planning and Treasury Operations.
5. To request an internal loan, an Internal Loan Program Agreement form must be submitted to WVU Treasury Operations.
6. The amortization scheduled will be calculated based on a level payment based on 365 days/year. Interest will be charged based on the actual number of days in the payment period.
7. Payments can be scheduled to be made monthly, quarterly, semi-annually, or annually. Based on the Internal Loan Program Agreement, Treasury Operations will automatically process the payment.

IV. ROLES AND RESPONSIBILITIES

WVU Treasury Operations is responsible for recording the loan and loan payments in the University's accounting system.

Approved by:

Elizabeth P Reynolds
Associate Vice President Planning and Treasury Operations

2/13/13
Date