

UNIVERSITY LOANS

Request for Loans

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Date Revised: Sepember 29, 2006



DALHOUSIE UNIVERSITY
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<i>FINANCIAL POLICY AND PROCEDURES</i>		<i>Instruction Number:</i>
<i>Subject:</i> UNIVERSITY LOANS		<i>Date Issued:</i> March 26, 1987
<i>Title:</i> REQUEST FOR LOANS		<i>Date Revised:</i> September 29, 2006
<i>Issued by:</i> Assistant Vice-President, Financial Services	<i>Approved by:</i> Vice-President, Finance & Administration	

Purpose:

Capital assets (e.g. equipment, buildings, major alterations to property) normally will be funded by sources including donor contributions, government grants for alterations and renovations or non-space equipment, facilities renewal allocations, research grants and other capital contributions. Where an immediate funding source is not available, a capital asset may be financed by a loan . The purpose of this policy is to outline the responsibilities and requirements for financing capital assets by means of external or internal loans.

Definition:

- The term “Loan” shall refer to all external financing contracts including but not limited to straight leases, demand or term loans, mortgages, interest rate SWAPS, etc. or an advance from the University’s internal cash reserves.
- Budget units shall include all Faculties, administrative departments and ancillary operations of the University.

Policy:

1. UNIVERSITY LOANS WILL BE AUTHORIZED ON THE BASIS OF A SOUND BUSINESS CASE PRESENTED BY A BUDGET UNIT.
2. UNIVERSITY LOANS MAY BE AUTHORIZED ONLY BY THE PRESIDENT AND/OR THE VICE-PRESIDENT, FINANCE & ADMINISTRATION.
3. FUTURE ALLOCATIONS FROM GOVERNMENT GRANTS FOR ALTERATIONS AND RENOVATIONS OR NON-SPACE EQUIPMENT SHALL NOT BE AN ALLOWABLE SOURCE OF FUNDING FOR LOAN REPAYMENT.

Procedures:

1. Where loan financing is required, a formal written proposal for financing shall be submitted to the Vice-President, Finance and Administration, setting out in detail the nature of the request, a cost estimate, a proposed schedule of cash advance requirements (i.e. draws), and repayment of the loan. The proposed project must indicate the source of funding for loan repayment and must include the prior written approval of the Dean or Administrative Director (or equivalent).
2. Faculties and other departments or responsibility centres are expected to provide reasonable lead time to ensure that the most advantageous financing is acquired.
3. The Vice-President, Finance and Administration in consultation with the Assistant Vice-President, Financial Services, and others as deemed appropriate, will decide whether the request will be approved.
4. If the request is approved, the decision to finance the project externally or internally will be based on factors including but not limited to the dollar value of the request, availability of credit and expectation of interest trends.
5. Where external financing is selected, Financial Services will arrange on a best efforts basis the most advantageous terms available.
6. Where internal financing is selected, the repayment schedule shall not normally exceed three years and interest on the loan will be levied at a competitive rate.
7. Financial Services will provide to the budget unit the terms of the financing arrangement (i.e. the term sheet).
8. The individual responsible for the budget unit must provide written confirmation of agreement with the term sheet prior to finalization of the financing arrangement by Financial Services.
9. Failure to meet payment terms as specified in the term sheet will become a first charge on the future budget of the defaulting budget unit.

