



Employee Personal Loan Process and Agreement

1. What is an Employee Personal Loan?

It is an interest-free loan to support eligible staff facing short-term financial difficulties, where it has not been possible to find funding from other recognised reputable sources such as a bank or building society loan. It is intended that the loan can help individuals manage a short-term cash flow problem. It is not designed to help staff facing long-term financial problems.

The Employee Personal Loan is available to employees on permanent/open-ended or fixed term contracts of at least 12 months and that are paid monthly via College payroll and subject to income tax and national insurance (NIC). An Employee Personal Loan will be repayable via deductions from payroll in equal instalments over 12 months or less as agreed.

Employee Personal Loans are normally available to a maximum amount of one month's net salary.

2. What kind of need would qualify as a short-term financial problem?

The financial need must arise from an unexpected situation.

3. Who is eligible to apply for a loan?

All current employees, who have been employed for a minimum of three months prior to application, have an ongoing contract of work of at least 12 months and who are paid monthly through the College's payroll.

To qualify an applicant must:

- confirm that the loan is required to cover a shortfall for essential costs and that they are not able to reasonably access alternative resources by signing a declaration on the application form
- be paid via College payroll and subject to income tax and/or national insurance contributions (NIC) on their usual salary
- have a payroll number and a bank account set up for the payment of their College salary/pay
- complete and sign an application form and submit it to the HR Department

4. How will it be paid?

The College will use reasonable endeavours to pay the Loan in accordance with the following timescales: Once the application has been received and approved by the HR Department, and the loan agreement returned by the applicant, the loan will generally be paid within 5 working days.

5. Will the employee be taxed on the loan?

Where the loan is repaid, no taxable benefit should arise, provided all loans to the individual from the College are less than £10,000 in aggregate.

8. Application process and Loan Agreement

Complete an application form and submit to the HR Department. If the application is approved in principle, HR will ask the employee to sign a loan agreement signed. The loan agreement will come into effect once the employee has signed the loan agreement.

9. What happens if the employee leaves before the loan is repaid?

An employee will be expected to repay any outstanding balance before they leave. If they leave before the end of the loan repayment period, any outstanding balance will be deducted from their remaining salary. If their remaining salary is insufficient to cover the outstanding balance, the College expects you to make arrangements to repay any shortfall on or before their last day of employment. Any loan amount still outstanding after the last day of employment would remain payable to the College.

Document change history		
Date	Summary of Changes	Date of next review
January 2021	New guidelines/process outlining the process and agreement for an employee personal loan.	January 2023

Employee Personal Loan Application

Please complete the Loan Application form and forward to the HR Department

Application Date	
Applicant First Name	
Applicant Surname	
Department	
Payroll Number	
Applicant Contact Phone Number	
Applicant email address	
Employment start date	
Expected contract end date	
Loan Amount Requested	
Payback period (in months)	
Do you have an existing or outstanding personal loan with the College, if yes, please provide details?	

I confirm that:

- to the best of my knowledge the details in the application form are true;
- I have read and understood the terms and conditions in the Loan Agreement template below, and that a binding Loan Agreement will only be entered into with me when my application is approved and the Loan Agreement is signed by both parties;
- I have been employed by the College for a minimum of three months prior this application, have an ongoing contract of work of at least 12 months from this date and that I am paid monthly through the College's payroll; and
- the personal loan is required to cover a shortfall for essential costs and that I am not able to reasonably access alternative resources.

Full Name:

Signature:

Date:

To be completed by HR Manager:

I confirm that the details in the application form have been checked and I herewith approve a loan amount of £xx to be paid back over xx months.

Full Name:

Signature:

Date:

Employee Personal Loan Agreement Template

PARTIES

(1) [INSERT NAME] of [INSERT ADDRESS] (Borrower)

(2) THE PRINCIPAL, FELLOWS AND SCHOLARS OF HOMERTON COLLEGE IN THE UNIVERSITY OF CAMBRIDGE of Hills Road, Cambridge CB2 8PH (Lender)

AGREED TERMS

1. DEFINITIONS

The following definitions apply in this agreement.

Loan: the sum of £[INSERT AMOUNT] lent or to be lent by the Lender to the Borrower or (as the context requires) the total amount outstanding of that sum.

HR Department: the person or team of persons appointed by the Lender to administer this agreement and the Loan from time to time.

2. TERM

- 2.1. This agreement commences on the date on which the Borrower signs this agreement (by any means, including without limitation by email or other form of electronic signature) and ends on the date that the Loan is fully repaid unless terminated earlier in accordance with this agreement.
- 2.2. The Borrower will notify the HR Department via email at HR@homerton.cam.ac.uk when the Borrower has signed this agreement. If within 14 calendar days of the date of receipt of this agreement from the Lender, the Borrower has failed to notify the Lender in accordance with this clause or has failed to sign this agreement, this agreement shall automatically terminate or be withdrawn (as applicable) without notice and the Lender shall be under no obligation to provide the Loan. In such circumstances the Borrower will be required to make a new loan application if they continue to want to access the Employee Personal Loan scheme.

3. LOAN

- 3.1. The Lender will provide the Loan to the Borrower by BACS transfer to the Borrower's account, subject to the terms of this agreement. The Lender will only pay the Loan to the account in which the Borrower usually receives his or her salary.
- 3.2. The Lender will use reasonable endeavours to pay the Loan in accordance with the following timescales: Where a signed copy of this agreement is received by the Lender, the Lender will make payment of the Loan within 5 working days. Where payment falls due on a bank holiday, payment shall be delayed until the next working day.

4. INTEREST

No interest is applied to the Loan and no fees or charges are levied on the Loan. However, in the event of a default resulting in litigation the Lender shall be entitled, under and subject to applicable laws, to claim interest on any outstanding sums the Borrower owes to the Lender.

5. REPAYMENT

- 5.1. Subject to the provisions of this agreement requiring earlier repayment, the Borrower will repay to the Lender the Loan in full through 12 equal consecutive monthly instalments of £[INSERT AMOUNT]. The first instalment will be taken from the Borrower's salary on their pay day in the first month following the month in which the loan is paid by the Lender to the Borrower and the 11 subsequent instalments will be taken from the Borrower's salary on subsequent pay days.
- 5.2. If the Borrower embarks on a period of unpaid leave during the term of the Loan they agree to inform the HR Department via email at HR@homerton.cam.ac.uk before the period of unpaid leave starts, or where this is not possible, as soon as reasonably possible, to discuss changes to the repayment schedule.
- 5.3. If the Borrower hands in their notice to stop working at Homerton College or otherwise is no longer employed by Homerton College before the Loan has been repaid in full, the Loan will immediately fall due in full and be repayable on demand and the Borrower agrees that Homerton College may deduct the outstanding balance of the Loan from any remaining salary payments due to the Borrower. If the amount of the remaining salary payments is insufficient to cover the full outstanding balance of the Loan, then the Borrower agrees to make arrangements to repay any shortfall before the Borrower's last day of employment at Homerton College. For the avoidance of doubt, any sums the Borrower fails to pay before the last day of their employment will remain due and the Lender may take steps to recover the same by way of civil debt recovery.
- 5.4. The Borrower may repay to the Lender the Loan early in full or in part at any time and without penalty, but must first give notice to the HR Department via email at HR@homerton.cam.ac.uk specifying the amount of the repayment, who will then provide details as to how to make such early repayment. If the Loan is repaid early in part, any subsequent instalments of the Loan will be reduced pro rata.
- 5.5. If any repayment is not made in full and on time the Lender shall be entitled to terminate this agreement and seek immediate repayment of all outstanding sums.
- 5.6. The Lender shall also be entitled to terminate this agreement and seek immediate repayment of all outstanding sums if any material information the Borrower has supplied in

support of its application for the Loan proves to be untrue. For the purposes of this clause, “material information” shall include without limitation information relating to eligibility or qualification for the Loan.

6. COSTS

The Borrower will pay to, or reimburse, the Lender on demand, on a standard basis, all costs and liabilities incurred by the Lender, in relation to suing for, or recovering, the Loan.

7. ASSIGNMENT AND TRANSFER

The Borrower may not assign or transfer any of their rights or obligations under this agreement.

8. GOVERNING LAW

This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation will be governed by and construed in accordance with the law of England and Wales.

9. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

Signed by [INSERT NAME OF BORROWER]

Signature of Borrower

Date:

Signed by [NAME of authorised signatory, on behalf of the Lender]

Signature of authorised signatory, on behalf of the Lender

Date: