

Business **Process** **Redesign**

Accounts Payable Processing Functions

*A Collaborative Approach to
Processing Short Term Loans and
Collections*

University of Missouri-Kansas City



UNIVERSITY OF MISSOURI – KANSAS CITY

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Background

Short term loans at the University of Missouri-Kansas City (UMKC) provide a method of distributing immediate funds to students that can be used to cover normal and/or unexpected expenses that arise during their attendance at UMKC. Short term loans may be issued for cash up to \$500. If the short term loan is for more than \$500, a check is issued in place of cash which takes a minimum of one week to generate.

The short term loan process has remained basically unchanged since its inception except for the addition of short term loans for books. The addition of the UMKC Bookstore to the short term loan process has increased the paper flow dramatically across campus. The ever increasing flow of paperwork between campus offices has generated numerous accounting discrepancies in both the Cashiers Office (CO) and the Student Loan Office (SLO). The current short term loan process does not adequately address process efficiency for students and staff. In addition, accurate reconciliation of loan funds is jeopardized.

Approach

UMKC's Financial Aid and Scholarships Office (FASO), Cashier's Office (CO), and Student Loan Office (SLO) recognize that the current short term loan process does not efficiently and effectively service the needs of UMKC's students and staff.

In order to meet the needs of our customers (students), the process of applying for and obtaining short term loans should be analyzed from the perspective of UMKC's vision and institutional strategy. A thorough examination of the short term loan process is required in order to maximize customer service to students and reduce internal costs associated with the process. To improve customer satisfaction, a cross-functional work team should be formed to analyze the current process and recommend a solution. It is imperative that this process be re-designed to provide the most value for the most people.

Project Team Members

The Short Term Loan Processing Business Review team consisted of the following members:

Executive Sponsor: Nancy Zielke, Assistant Vice Chancellor – Finance

Project Leaders: Nancy Bahner, Manager of Cashiers
Paul Schwartz, Deputy Director of Financial Aid

Members: David Osborne, Manager of Student Loan and Collections
John Morrissey, Associate Budget Analyst

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Methodology and Approach Used

Step 1. Analyze Existing Process

- a. Create Current Process Baseline/Current Process Flowchart (page 16)
 - i. Value Versus Non-Value Analysis
 - ii. Current Short Term Loan Process
- b. Obtain Customer Input—Identify customer expectations
 - i. Focus Group will be held April 16th--University Center--6:00pm
- c. Analyze current process performance with customer expectation
 - i. (this cannot be completed until Focus Group has been conducted)
- d. Current Process Analysis
 - i. Measure turn-around time of current process
 - ii. Quantify the number of short term loans issued
 - iii. Quantify the dollar value of short term loans issued
 - iv. Determine the average dollar value of short term loans issued
 - v. Quantify the dollar value of short term loans by type of loan
 - vi. Engineer—Process redesign recommendation

Step 2: Re-Engineering (Detailed Process Design) Phase

- e. New process flowchart (page 16)
- f. Design performance measurement system

Step 3: Identify Technology Needs

Step 4: Implementation Deployment Plan

- g. Implementation Plan
- h. Benchmarks/Performance Measures for Success
- i. Plan for Sustainability

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Value Versus Non-Value Analysis

Focus:

- Customer Service/Process Efficiency and Effectiveness-the new proposal must be best for the customer and the processor/payer/collector.
- Optimum Proposed Process Flowchart: Initiator (student/customer) to processor to payer to collector in the most efficient/effective number of steps possible.

Value Versus Non-Value:

After the current process flowchart was created, the short term loan team evaluated the current flowchart steps by identifying the core requirements of the process. In other words, what has to take place? In the short term loan process, the following had to take place:

- The student must submit an application.
- The student's application must be processed.
- The student must receive the funds.
- The student must be billed for the funds received.
- The student must repay the funds received.

Due to the fact that the core requirements centered on the student (customer) the short term loan team focused on examining each step of the process and asking the following questions:

- Why is the step done? Why is it done this way?
- What is the benefit/outcome of the step?
- If there is a benefit/outcome, who benefits?
- Is this benefit/outcome duplicated in another step?
- What would happen if the step was eliminated?
- Can this step be merged with another step?
- Could this step originate/conclude in another office?

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Keep in mind that just because a step may have no value (as determined by the group) it may have a purpose and/or a reason.

Once the questions mentioned above were answered for each step, a value was assigned to the step. There could be full value, partial value (which would indicate a change of some sort is needed), and no value (which indicates that the step should be eliminated and or combined into another step). Shaded areas on the current process flowchart (page 14) indicate that *no* value is added to the short term loan process. In addition, any steps that led in different directions in the current flowchart but ended up in the same place were automatically assigned a partial value.

Once all steps had been evaluated and assigned a value, those steps with no value were eliminated from the flowchart. The team focused on how to accomplish the core requirements using the partial value and full value steps. Development of the proposed flow chart was *not* dependent on the status quo. The team asked itself, “Does this step have to be handled by the office currently responsible for the step?”

It was important to keep the following in mind when evaluating the current process and creating a proposed process:

- Avoid all turf protection. Keep an open mind.
- Don't be afraid to ask why.
- Make sure you have addressed all current issues in the proposed process.
- Develop a new process that addresses future computer program enhancements.
- If a team member is not contributing a positive attitude and is hindering the team's goal, dismiss the member.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Current Short Term Loan Process

Cost Analysis:

Annual Volume:	\$869,312 for 2002-2003 to date
Number of Loans:	1827
Average Loan Amount:	\$475.81

Total by Type of Loan

Book Loan:	\$173,862 (365)
Cash Loan:	\$669,050 (1456)
Check Loan:	\$26,400 (6)

Start to Finish Processing Time:

FASO	20 minutes/book loan	15 minutes/cash loan
	15 minutes/check loan	
CO	0 minutes/book loan	16 hours/cash loan
	0 minutes/check loan	
Bookstore	up to one week/book loan	
SLO	16 hours/book loan	16 hours cash loan
	up to one week/check loan	

There is currently no performance measurement/monitoring process in place.

Current Services Available:

UMKC makes available a number of short-term loan funds to assist students with emergency expenses and books. These institutional loans are repaid by the student in installments and must be repaid in full by the end of each semester. Application is simple, just stop in the Financial Aid and Scholarships Office and complete a short application form. Applicants are seen by the staff and loans are processed immediately during the hours of 8:00 a.m. to 4:00 p.m. The interest rate is 8% per annum. Two types of Short Term Loans are available at UMKC:

Book Loans: Short-term loans for books are not cash loans, but a “credit line” that the student then takes to the bookstore to purchase textbooks and supplies. Book loans are available beginning the week prior to the start of classes for each regular semester.

Cash Loans: Loans for small amounts of cash are made to help with normal and/or unexpected expenses. Short-term loans are not approved to be used to meet a student’s minimum payment on the university’s fee payment plan. Cash loans are available beginning with the first day of class each regular semester.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Current Eligibility Requirements:

- Student must be approved for admission to a UMKC degree program for at least three (3) credit hours for the term for which a fee loan is being requested.
- No existing delinquencies or defaults on short-term or long-term educational loans.
- Generally, students must have verifiable employment (other than self-employment) or a co-signer with employment (other than self-employment) which is sufficient to enable repayment of the loan requested. Employment held for less than one month will not be accepted as a means of repayment for short-term loans. Other students do not qualify as co-signers unless they are employed full-time.
- No loans will be approved against anticipated aid unless adequate eligibility documents have been submitted to the Financial Aid and Scholarship Office. Additionally, loans will only be approved against anticipated aid which will be received during the current term.
- No loans will be approved for books or living expenses if the student has received long-term financial aid sufficient to cover those costs for the semester.

The policy on short-term loans is to allow only one outstanding loan at a given time.

Current Process:

Student comes into the Financial Aid and Scholarships Office and completes an application/promissory note on-line at our front desk. The student must enter their social security number (student id) and birth date.

Once they have entered this, a check is made with SIS to verify the student's information and pre-populates verified items such as hours enrolled, etc. If verification with SIS fails (and this happens when students are admitted on the same day that they apply for a short-term loan) the student is prompted to enter all required values. The short-term loan application is sent to a staff member directing them to verify all information provided since a match was unsuccessful.

Once the student has completed the application/promissory note, the student submits the application electronically, and is instructed to inform FASO front desk that they have completed their application.

The FASO front desk staff then sends an e-mail informing paraprofessional staff that a short-term loan has been sent to their attention and is ready to be completed.

Depending on what type of short-term loan the student is requesting (book or cash/check) the Financial Aid staff member completes the application and promissory note following the appropriate procedure below:

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Current Process - Continued:

Book Loans

The FASO staff member processing the loan must clearly indicate “Book Loan” on the comment line on the “Loan Type Box.” Indicate whether repayment will be paid by student aid or by earnings.

The FASO staff member processing the loan must stamp the form with the "UMKC Book Loan" stamp and must indicate the maximum dollar value the note can be made for. (i.e. "Not to exceed \$300"). The rule for the maximum amount is the standard book budget and supply amount for the number of hours in which the student is enrolled.

Undergraduates/graduate	\$30.29 per hour book allowance
Law	\$56.07 per hour book allowance

All of the information should be filled out except the actual dollar amount (value) of the loan. If a cosigner is required, the co-signer can sign the note either at the FASO or at the Bookstore (providing identification).

A copy of the note is made for the student and marked “COPY” before the student leaves. The Bookstore will send the original back to the Accounting and Student Loan Office.

Short term loans (non-book loans)

Review student’s application for completeness: Check the loan application for the student's city, state, zip, division, class level, reference information, and method of repayment (to be repaid with). If the method of repayment is from earnings, student must complete all of the employment information.

Single loan policy: The general policy on short-term loans is to allow a student only one outstanding loan at a given time. If a student persists in wanting a loan in addition to an already outstanding loan, check with a Coordinator.

Check Student Aid Management (SAM) Packaging Screen for Aid: Check for other aid for the term for which the loan is being requested. If student will or did receive adequate aid to cover term expenses the short-term loan should not be approved. If receipt of approved aid has been delayed, refer to a Coordinator for balance due or short-term loan exception.

Check the Loan Management System for Delinquencies: Refer to the LMS screens.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Current Process - Continued:

Methods of repayment

General Statement: Emphasize the student's responsibility to make each monthly payment on time. Every payment is as important as the final payment.

Employment or Spouse's Employment: Check employment information to see if the employment is sufficient to repay the Short-Term loan.

Co-Signer Income: Co-signer must be present. Complete the "spouse" portion of the employment information. Make sure the co-signer signs the printed loan note.

Schedule repayments in whole dollars: If the amount will not split evenly for two payments, make the first payment the largest by one dollar.

Exceptions

Student Advisors must obtain a Coordinator's approval for the following exceptions:

Cash loan in addition to another outstanding loan for cash (requires two separate loan funds). Exceptions to the repayment schedule (such as one lump payment later in the semester) require the approval of a Coordinator.

Completion and distribution of forms

Print two copies of the short term loan application, have the student sign and date, co-signer sign and date if applicable, and you sign and date the form. Stamp the second copy 'duplicate', or 'copy' and DO NOT sign the form.

Once the form is complete, two copies are printed off and the student signs one and the other is marked "COPY"

The student is then informed to either go to the bookstore, to the CO, or to the SLO depending on what type of short-term loan has been approved.

- If the student is directed to the CO, see the procedure below titled "CO Process."
- If the student is directed to the Bookstore, see the procedure below titled "Bookstore Process."
- If the student is directed to the SLO, see the procedure below titled "SLO Process."

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Current Process - Continued:

CO Process

- Student presents approved loan application to CO with a picture id.
- Cashier verifies student is enrolled for term.
- Cashier has student endorse the bottom of loan application that cash was received.
- Cashier gives the student cash.
- Chief Clerk processes voucher to CO petty cash custodian vendor.
- Chief Clerk attaches the completed loan application to a copy of the printed voucher.
- Chief Clerk places copy of voucher in Petty Cash binder for balancing purposes.
- Chief Clerk delivers the completed voucher with loans attached to the SLO for processing.

Bookstore Process

- The amount of the loan, the amount of the payments and the interest will be computed and filled in by the Bookstore once the student has selected their books.
- If a cosigner is required, the co-signer can sign the note either at the FASO or at the Bookstore (providing identification).
- The Bookstore will send the original back to the SLO.

SLO Process

- Senior clerk enters loan information into LMS and sends voucher to accounting for processing while maintaining original copy in SLO files.
- Senior clerk prepares voucher to issue a check to the student or to reimburse CO or the Bookstore.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Findings and Conclusions

The team utilized process flowcharts and customer feedback to determine where to focus BPR efforts. The major findings and conclusions of the analysis follow.

Through process analysis the team found that there was a significant gap between customer expectations of the Short Term Student Loan process and the current performance of the process. In addition, inherent in the existing process are several issues of concern to university staff.

Critical Issues for Students

- Repayment of the loan through excess aid does not always happen and student still owes short term loan at the end of the semester and has no funds to repay it since aid was already disbursed.
- Student receives invoices from SLO for loans and from the CO for fees, neither showing all monies due.
- Student must visit several offices to complete the process.
- Students often need to have several book loans approved since books are sometimes not available in at the bookstore.

Critical Issues for Staff

- Student complaints regarding the cumbersome process
- Instances of forged promissory notes
- Time between receipt of cash and data entry on billing system unacceptable and inefficient
- Lost paperwork between the bookstore and SLO

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Findings and Conclusions – Continued:

Impact of Non-value added steps of current process-Increased cost

- SLO spends 250 hours performing data entry of completed loan applications.
Cost=\$2162.50/yr
- SLO spends 200 hours performing collection activities per year.
Cost=\$1730.00/yr
- SLO spends approximately 213 hours per year completing vouchers for short term loans. Cost=\$1842.45/yr
- FASO spends an additional five minutes per book loan transaction which costs an additional fifty cents over the cost of cash short term loans.
Cost=\$182.50/yr

Quality of Service Issues

- SLO often does not remove the short term loan hold that it places on a student's account when the loan is repaid which wastes both student and staff time in resolving the hold issue.
- Double processing occurs by the CO and SLO.
- Paperwork is often lost, especially on book loans which waste staff time in trying to resolve the issue.
- Student's refunds are delayed by at least one day under the current short term loan process due to the hold that is placed on the student's account.
- Unnecessary journal entries (JE) are created.
- Communication of how a short term loan can be repaid (aid, etc.) is often incorrect under the current process.
- Existence of poor customer service

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Recommendations

After reviewing the current process, the team proposes a streamlined process that will eliminate student fraud, initiate daily fund balancing, reduce student complaints, and allow students to complete the short term loan process at the CO. With the elimination of the SLO function and Bookstore segment in the current process, this proposal will simplify the student process, achieve a higher repayment of short term loans from financial aid, and create an overall more efficient and effective short term loan system. The proposal below creates a clean process of application, approval, receipt of funds, and repayment of short term loan proceeds.

- Student applies for a Short term loan on-line in the (FASO).
- The application is reviewed and the student is counseled by the FASO paraprofessional and/or coordinator.
- Upon approval the loan is assigned to a loan fund and completed by the approving staff in FASO. The promissory note is then printed to a printer in the CO.
- The student is instructed to then go to the CO with their picture ID.
- This is for all loans we will no longer issue Book loans just Cash.
- If the short term loan is in excess of \$1000.00, the Student will be required to have these funds ACH'd into a designated checking/savings account. This transaction will be entered and processed nightly through the CO's refund program.
- The CO will then pull the printed note (2 copies, one for the student and one for the CO) and verify the note information by picture id and enrollment for the term. During peak time the FASO will have a work study student housed in the CO to help with the cash disbursements.
- Student will then sign the note, the Cashier will initial the note, and the student will sign the note again upon receipt of loan funds.
- The Cashier will then place a charge on the students account in the amount of the loan note. In addition to the amount of the loan, a \$5.00 flat service charge will be added to the amount the student owes. This service charge will take the place of the .66% interest that is currently charged. This \$5.00 charge will be indicated on the promissory note and will be explained by the FASO staff. Note: This fee can be waived internally if the cause of the loan was necessitated by institutional error.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Recommendations - Continued

- There will be transaction codes made for each loan fund, with the loan name in the description. The general ledger (GL) chart field string will be a new string that will be used as a clearing account for usage within the CO.
- The CO will then create a daily non-purchase order (NPO) voucher against the notes taken for that day. This voucher will replenish the petty cash box in the CO.
- The NPO voucher and supporting documents are scanned by the document imager onto disk and stored in the CO; this will be back up for balancing as well as student discrepancies.
- The CO will daily balance the Student Loan cost center with the Daily reports (KSISDA35) against the NPO voucher that is created. The daily report will print the daily transaction by student number, student name, transaction code and amount. A copy of the daily report will also be forwarded to the FASO office as well.
- The student's account will be credited by the semester aid to pay off the short term loan cost center. If the aid does not pay, the student will receive a billing monthly from the CO with 1% finance charge assessed on any balance previously billed. This 1% new revenue will be given to the CO while FASO will keep the service charge amount. The service charge amount will be credited back to the appropriate loan fund and will replace interest that was previously generated on the short-term loan under the status quo. The service charge is partially funding institutional scholarships offered by FASO.
- If there is a balance owed to the University due to the short term loan and the student is no longer a continuously enrolled student, the delinquent loan will be referred to an outsourced collection agency. A hold is placed for short term loan on the student's account, preventing future registration and no release of transcripts and or diploma. Students are responsible for all collection and reasonable attorney costs.
- If a loan proves uncollectible and is returned to the University, the loan will be written off to the loan fund it was originally charged against. Hard holds will be placed on the student account preventing enrollment, transcript release, and receipt of diploma.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Recommendations - Continued

Projected Cost/Time Savings

<u>Function</u>	<u>Current Costs/Time</u>	<u>Proposed Costs/Time</u>	<u>Cost Change</u>	<u>Time Change</u>
Processing of STL in FASO	\$6552.00 / 655.2 hrs	\$6552.00 / 624.2 hrs	\$0	-31
Processing of STL in SLO	\$2162.50 / 250 hrs	\$0 / 0 hrs	(\$2,162.50)	-250
Processing of STL in CO	\$1086.00 / 122 hrs	\$1358.00 / 153 hrs	\$272.00	31
Processing of STL in BS	\$2190.00 / 182.5 hrs	\$0 / 0 hrs	(\$2,190.00)	-182.5
Collections of STL by SLO	\$1730.00 / 200 hrs	\$0 / 0 hrs	(\$1,730.00)	-200
Collections of STL by CO	\$0 / 0 hrs	\$100.00 / 10 hrs	\$100.00	10
Voucher Completion by SLO	\$1842.45 / 213 hrs	\$0 / 0 hrs	(\$1,842.45)	-213
Voucher Completion by CO	\$635.00 / 52 hrs	\$2195.00 / 182 hrs	\$1,560.00	130
Totals	\$14,281.95 / 1522.2 hrs	\$10,205.00 / 969.2 hrs	(\$5,992.95)	-705.5

FASO=Financial Aid and Scholarships Office
SLO=Student Loan Office
CO=Cashiers Office
BS=Bookstore
STL=Short Term Loan

NOTE: Current CO collection procedure out sources to CBE Group, Inc. at 23% first placement.
There are no additional costs incurred in CO by utilizing the same collection outsource procedure.

Performance Measurement System

- Tracking of short term loans referred to collections for proposal using current system data as measurement with emphasis on default management.
- Development of bi-yearly customer satisfaction survey.
- Periodic measuring of employee time spent processing short term loans.
- Bi-yearly review of short term loan service fee dollars and finance charge.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Recommendations - Continued

Technology Needs

The only technology needs are in regards to the updating of the short term loan template in the Short Term Loan Data Base in FASO. This template will need to be updated by the FASO Micro-computer Specialist. In addition, the print routing path location will need to be changed to KCASH1 located in the CO.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Implementation and Deployment Plan

Implementation Schedule

Complete implementation will be completed by June 1, 2003. The schedule is listed below.

Date	Action	Result
04/17/03	Present new short term loan proposal to Assistant Vice Chancellor and Vice Chancellor of Student Affairs	Completed 04/17/03
04/21/03	Cost review of current process and identify costs of new proposal	Completed 04/21/03
04/22/03	Short Term Loan Proposal finalized and presented to the Vice Chancellor of Administration and Finance	Completed 4/22/03
04/23/03	Short Term Loan Promissory Note revised – Appendix A	Completed 05/01/03
04/23/03	Short Term Loan Promissory Note sent to legal for approval – Appendix B	Completed 05/07/03
04/29/03	New short term loan policy introduced to the University community	Completed 05/22/03
05/05/03	All University publications/web sites updated to include new short term loan process (FASO web site, UMKC Catalog, Quick Guide, Orientation Cost Guide)	Completed 05/05/03
05/07/03	Short term loan processing fee determined	Completed 05/07/03
05/07/03	Creation of new chart field strings for FASO processing fee and CO clearing account	Completed 05/07/03
05/09/03	All short term loan fund terms changed and approved by Legal – Appendix C	Pending
05/12/03	Meet with Mel Tyler to discuss the elimination of PACE short term fees loans – Appendix D	Completed 05/12/03
05/12/03	CO has built loan transaction codes and processing fee transaction codes into CSAR tables	Completed 05/12/03
05/16/03	Have new short term loan policy including new processing fee written – Appendix E	Completed 05/23/03
05/19/03	Procedure written regarding uncollectible/write off short term loans	Completed 09/11/03
05/21/03	Cross Training occurs with CO and FASO	Completed 05/21/03
06/01/03	New short term loan process begins	Completed 06/01/03

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Implementation and Deployment Plan

Measurement

- July 7, 2003—Meet to evaluate implementation/discuss success/failure indicators
- July 31, 2003—Implement corrective measures if required

It was determined the following changes/modifications were necessary to improve the Short Term Loan process:

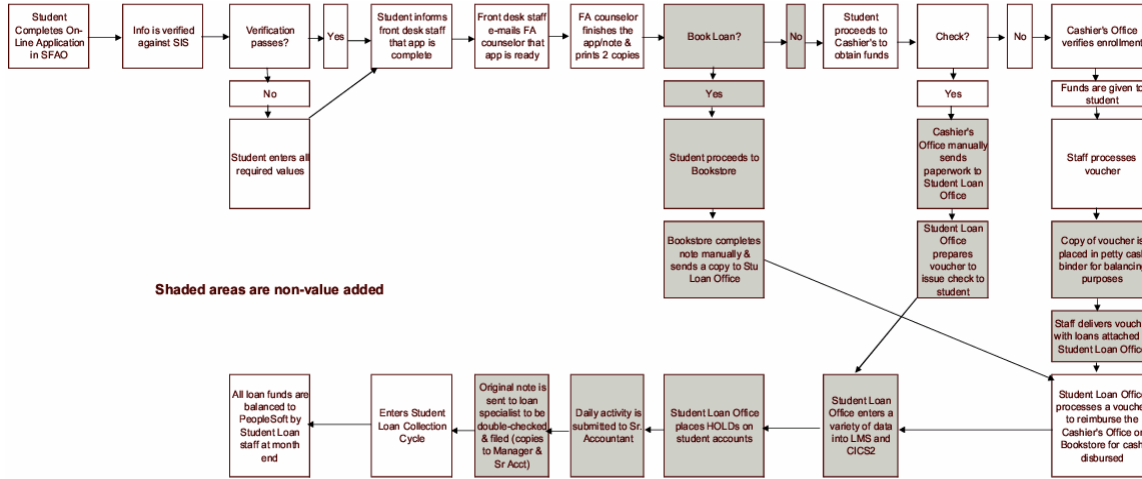
- The print queue should be controlled by the CO instead of the FASO to avoid the FASO from printing Non-Short Term Loan documents to the CO and to eliminate disorganization that resulted from the piling up of printed notes before the student presented themselves at the CO.
- Creation of a “Miscellaneous” fund to be used for special circumstances that could not be accommodated through the use of existing Short Term Loan Funds.
- Increase the cash available in the CO to accommodate funds needed during the start of the semester.

Sustain

- Periodic meetings to discuss/evaluate process

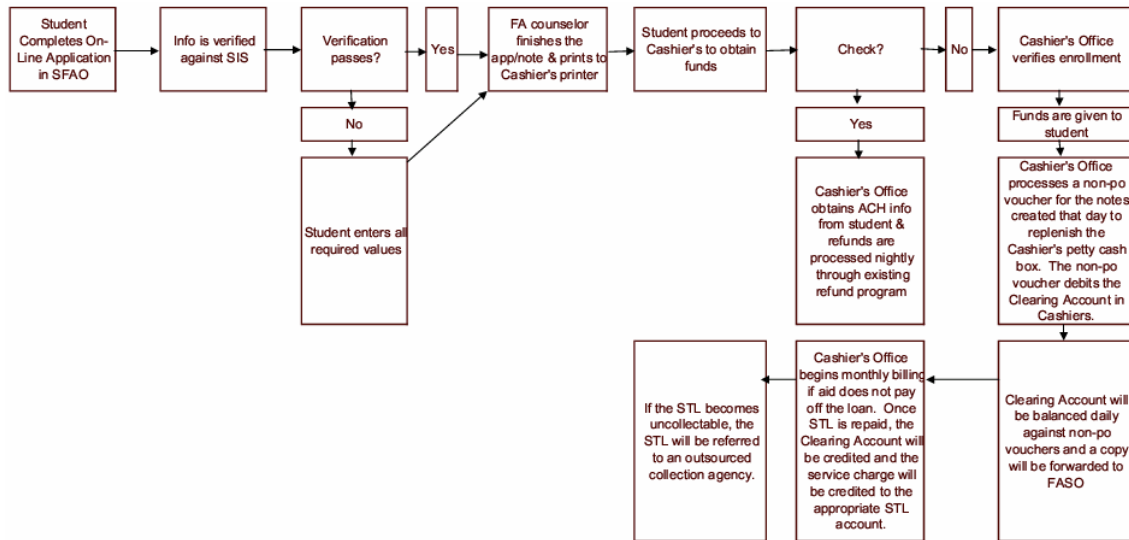
A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

SHORT TERM LOAN CURRENT PROCESS FLOWCHART



Shaded areas = Non Value Added Steps

SHORT TERM LOAN PROPOSED PROCESS FLOWCHART



A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix A

http://www.sfa.umkc.edu/stl/forms/Promnote2.cfm?record_id=9A1F59F9-B4BC-4493-B71BDC5CEDC80F95&F - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.sfa.umkc.edu/stl/forms/Promnote2.cfm?record_id=9A1F59F9%2DB... Links Best of the Web Channel Guide Google

THE CURATORS OF THE UNIVERSITY OF MISSOURI UNIVERSITY OF MISSOURI - KANSAS CITY APPLICATION AND NOTE STUDENT SHORT TERM LOAN

<p>Cashiers Office Administrative Center 112 5100 Rockhill Road Kansas City, MO 64110</p>	<p>Financial Aid and Scholarships Office Administrative Center 101 5100 Rockhill Road Kansas City, MO 64110</p>
---	---

<p>BIOGRAPHIC INFORMATION</p> <p>SOCIAL SECURITY NUMBER: 487764511 NAME: JOHN Q STUDENT DATE OF BIRTH: 12-10-1966 ADDRESS: PO BOX 12345 CITY: ANYTOWN STATE: MO ZIP: 64000 TELEPHONE: 8165551234 HOURS ENROLLED: 6.0 CLASSIFICATION: FRESHMAN ACADEMIC UNIT: COLLEGE OF ARTS AND SCIENCES</p>	<p>PARENT / OTHER - REFERENCE INFORMATION</p> <p>REFERENCE NAME: JOE REFERENCE REFERENCE ADDRESS: 5115 OAK STREET CITY: KANSAS CITY STATE: MO ZIP: 64110 TELEPHONE: 8165551212 SPOUSE'S NAME: NANCY REFERENCE</p>
--	--

<p>REPAYMENT INFORMATION</p> <p>SHORT TERM LOAN TYPE: Cash LOAN FUND: UMKC Short Term Loan LOAN AMOUNT: \$500 SEMESTER: Fall 2003 REPAY METHOD: Employment / Co-Signer REPAY DATE: 12/19/2003 APPLICATION / PROCESSING FEE: \$5 EMPLOYER: UMKC TELEPHONE: 8165558652 MONTHLY SALARY: \$1000</p>	
---	--

For value received, I promise to pay to the order of "The Curators of the University," a public corporation of the State of Missouri, trustees of the **UMKC Short Term Loan** fund the sum of **500** dollars on or before **12/19/2003**, payable at the Cashier's Office, University of Missouri-Kansas City.

A **\$5** application and processing fee is charged for originating this short term loan. If the short term loan is not paid in full within 30 days of the date of maturity, interest will accrue on the unpaid balance at the rate of 12% annually until the short term loan is paid in full.

If the student Maker ceases to be regularly enrolled in the University of Missouri-Kansas City or repayment of the short term loan is not received by the end of the academic semester in which the short term loan was granted, the short term loan shall be considered to be in default and shall become due and payable at the option of the holder.

Makers, sureties, and endorsers severally waive demand, presentment, protest and notice, and consent that time of payment may be extended without notice thereof, and further severally agree to pay all costs of collection, including a reasonable attorney's fee.

Upon failure of the Maker to repay the amounts due under this agreement, the University reserves the right to withhold all academic credits, degrees, transcripts and privileges of the Maker until said repayment is made.

By signing this promissory note I am agreeing to the terms above, and give the University permission to repay any outstanding University loan or debt with any excess aid regardless of academic year.

<p>_____ Student Signature 09/12/2003</p>	<p>_____ Co-Signer (if applicable) 09/12/2003</p>	<p>Jill Staffer Ext: 1234 UMKC Representative 09/12/2003</p>
---	---	--

I received \$ _____ from the University of Missouri-Kansas City Cashier's Office on _____

<p>_____ Student Signature</p>	<p>_____ Cashiers Signature</p>
------------------------------------	-------------------------------------

Internet

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix B

May 7, 2003

Ms. Nancy D. Hawke
University of Missouri System
General Counsel Office
227 University Hall
Columbia, MO

RE: Short Term Loan Promissory Note

Dear Nancy,

As a result of a change in the short term loan business process, changes were required to the current short term loan promissory note used at the University of Missouri-Kansas City. The changes reflect the new terms including a minimal standardized application/processing fee, and a change in interest charged. Copies of the original promissory note and the proposed revised promissory note have been attached. Please review and approve the attached short term loan promissory note.

Feel free to contact either Paul Schwartz at 816-555-0000 or Nancy Bahner at 816-555-0001 if you have any questions regarding this. Thank you in advance for your time.

Sincerely,

Larry Gates
Vice-Chancellor Administration and Finance

Patricia N. Long, Ed.D.
Vice Chancellor Student Affairs
and Enrollment Management

cc: Mel Tyler, Assistant Vice-Chancellor Enrollment Management
Nancy Zielke, Assistant Vice-Chancellor Administration and Finance

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix C

May 7, 2003

Ms. Nancy D. Hawke
University of Missouri System
General Counsel Office
227 University Hall
Columbia, MO

RE: Change of terms on short term loan funds

Dear Nancy,

We request that effective June 1, 2003, the following short term loan fund terms be changed. The short term loan funds to be included are:

UMKC Faculty, Staff, and Friends	Small Emergency Loan Fund
General Student Loan	C.W. O'Dell
Roddy Osborn	2 nd Presbyterian Church
Raymond Shannon	Indian Student Loan Fund
Scott Duff Steward	Western Missouri Friends
William Jacques	Dr. G. Roth Loan Fund
St. Louis Friends Memorial	UMKC Alumni Emergency Loan Fund
Student Aid Loan Fund	

Current Short Term Loan Terms—8% simple accrued interest annually, monthly repayments.

Proposed Short Term Loan Term Changes—a minimal standardized application/processing fee, 30 day interest free loan then 1% accrued interest compounded monthly with loan due by end of academic term loan is disbursed.

Attached are copies of the Board Papers for the funds referenced above. All of these funds allow the terms to be changed at the University's discretion. Sections of the Board Papers that allow the University to change the terms of the funds have been highlighted. Please review and give your approval for the above proposed changes in fund terms. Feel free to contact either Paul Schwartz at 816-555-0000 or Nancy Bahner at 816-555-0001 if you have any questions. Thank you for your time.

Sincerely,

Larry Gates
Vice-Chancellor Administration and Finance

Patricia N. Long, Ed.D.
Vice Chancellor Student Affairs
and Enrollment Management

cc: Shannon Stone, UMKC Development Director
Mel Tyler, Assistant Vice-Chancellor Enrollment Management
Nancy Zielke, Assistant Vice-Chancellor Administration and Finance

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix D

PACE MEMO:

Students that will be reimbursed by their employer for educational fees after the semester has ended may take the following steps listed below provided they have eligibility for federal financial aid. These steps, if followed, allow the student to pay their educational fees in full while incurring no interest/finance charges. These actions are only required for students who are unable to pay their educational fees in full or make the required minimum payments (as defined by the UMKC Cashier's Office) for the semester enrolled.

1. Complete the appropriate year Free Application For Federal Student Aid (FAFSA) for the semester enrolled by going to www.fafsa.ed.gov. For Fall 2003, Winter 2004, and Summer 2004, complete the 2003-2004 FAFSA. Students may use the computers available in the Financial Aid and Scholarships Office to complete the FAFSA.
2. After completing the FAFSA, notify the UMKC Financial Aid and Scholarships Office, and after on-line verification of FAFSA completion, the student's educational fees will be deferred for 45 days.
3. Within two to three weeks after the student has completed the FAFSA, the student will receive:
 - A. Either a request for additional information or an award notice. If the student receives a request for additional information, they must submit the required documents within two weeks of the request. An award notice should be sent within two weeks after the submission of any required documents.
 - B. Once an award notice is received, the student must accept at least the minimum amount that would be required to cover the current semester charges that are due. This acceptance may include loans and/or grants and/or scholarships. If the student accepts more in loans than the amount of the current semester charges that are due, they will incur interest charges on all loans they accept that are not repaid by their employer reimbursement. The award notice must be returned within two weeks to the UMKC Financial Aid and Scholarships Office.
4. Once the student returns the award notice, they will receive a promissory note(s) for any loans that the student has accepted if they have not previously completed one. The student must return the completed promissory note(s) to the UMKC Financial Aid and Scholarships Office. Once the promissory note(s) are returned, if applicable, the loans and/or any grants or scholarships the student is receiving will pay the student's educational fees.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix D (continued)

5. At the end of the semester, when the student receives the employer reimbursement check, they should submit a cashier's check for the amount of their educational fees that they want to repay that were paid by any loans the student received. All loan(s) the student received to pay their current semester educational fees will be repaid up to the amount of the submitted cashier's check and no interest and/or finance charges will be charged for the amount repaid. If the student received loans and/or grants and/or scholarships to pay for educational fees, the student only needs to repay the loan portion that was paid for educational fees in order to avoid interest and/or finance charges.

6. The end result is that students can use Federal Aid to cover educational fees and any Federal Loans the student received to cover these fees can be repaid by the student at the end of the semester while incurring no interest, origination, and/or finance charges. Any loan repayments must occur within 180 days of the beginning of the semester in which they were disbursed in order to avoid origination, interest, and finance charges.

A COLLABORATIVE APPROACH TO PROCESSING SHORT TERM LOANS

Appendix E

http://www.sfa.umkc.edu/st/intro.cfm - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites Media Print

Address http://www.sfa.umkc.edu/st/intro.cfm Links Best of the Web Channel Guide Google

SHORT TERM LOAN - TERMS AND CONDITIONS

I understand that the Short Term Loan I am applying for may not be approved if I have picked up a financial aid check and/or have had financial aid funds deposited into my savings/checking account for the current semester. I also understand that:

1. I must be admitted to a UMKC degree program taking at least three (3) credit hours for the term in which I am applying for this Short Term Loan.
2. No Short Term Loans will be approved for the payment of educational fees.
3. I must have no existing delinquencies or defaults on Short Term or Long Term Educational Loans.
4. If approved, this Short Term Loan is due at the end of the current semester in which this loan is approved.
5. If approved, there is a \$5.00 application/processing fee charged for this Short Term Loan. This fee is added to the principle amount loaned and is due by the end of the current semester. Interest is 1% per month after the first 30 days. This Short Term Loan will be billed by the UMKC Cashiers Office.
6. No Short Term Loans will be approved against anticipated financial aid unless adequate eligibility documents have been submitted to the UMKC Financial Aid and Scholarships Office. In addition, Short Term Loans will only be approved against anticipated financial aid which will be received during the current semester.
7. If I am not expecting financial aid or have not applied for financial aid, I must have verifiable employment (other than self-employment) or a co-signer with employment (other than self-employment) which is sufficient to enable repayment of the requested Short Term Loan. I must have either paid my fees in full or made the minimum required payment to the Cashiers Office for the current term in which I am requesting a Short Term Loan. Co-signers must be physically present during the student's Short Term Loan application process. Employment held for less than one month will not be accepted as a means of repayment for Short Term Loans. Other students do not qualify as co-signers unless they are employed full-time.
8. I am only eligible to have one outstanding Short Term Loan at any given time.

By clicking the "Proceed" button below I acknowledge that I have read, understand, and agree with these statements.

Proceed

Done Internet