

## Diocese of San Diego

### POLICY ON EMERGENCY LOANS TO EMPLOYEES AND PARISHIONERS

**Purpose:** Parishes and schools may not loan money to employees or parishioners under any circumstances, including pay advances to employees. The reasons for not making loans include:

- a. Loans of Parish or School funds may be inconsistent with the donor intent of some of the individual donors of the funds.
- b. Even a single loan to an employee might support a claim of employment discrimination by another employee who is denied his/her request for a loan from the Parish.
- c. Loans to employees may not be repaid via payroll deductions, thereby exposing the Parish or School to a risk the loan may not be repaid in full.

**Default:** If an employee fails to fulfill their obligations under the promissory note or separates from employment, the full amount will become due and payable and the employer will attempt to collect the unpaid balance.

**IMPORTANT:** Repayment of a past employee loan **may not** be made via deductions from the Borrower's employment compensation, either during the term of employment or at the end. This prohibition applies whether or not the employee consents to, or even requests, payroll deduction as a method of payment.

**Effective Date:** February 15, 2016