

Karuk Community Loan Fund, Inc.  
Emergency Loan Program (ELP)

**Basic guidelines of the program:**

- 1) Borrower must be employed by their current employer for a minimum of one year continuously to be eligible. Those on seasonal work may only borrow based on their ability to repay during the seasonal guaranteed work period.
- 2) Application is required along with the two most recent paycheck stubs.
- 3) Borrower's employer will be contacted to verify continuous employment, date of hire and whether the employer is willing to make payroll withdrawals from the employee's paycheck for repayment of the loan.
- 4) Payroll deduction is required. The Payroll department will be provided a copy of the payroll deduction agreement. Borrower cannot make changes to the payroll deduction agreement. Borrower also acknowledges that the repayment is the borrower's responsibility, not the payroll departments. In the event of layoff the borrower must make the required payments to pay off the loan.
- 5) Initial Loan maximum is \$500. This may be increased to \$1,000 maximum after four months on-time payments, based on credit and other payment obligations. If borrower has other loans requiring employer payroll deductions, maximum may be limited based on available take-home pay.
- 6) Credit report will be obtained. Credit is not the only deciding factor on the loan, but excessive obligations, collections or judgments may lower the maximum loan amount or preclude the borrower from program eligibility.
- 7) The credit report will help the borrower and KCLF with any issues on the report that can be addressed to help the borrower with future credit. Borrower will be counseled on use of credit, credit scoring and the amount of paycheck withdrawal and purposes for borrowing money. KCLF may require debts to be paid off with the loan.
- 8) Initial setup fee is \$40. Interest rate is 15%. The fee includes the cost of the credit report and will be deducted from the proceeds to the borrower. Future advances will include a \$40 fee for each advance. Weekly or Biweekly repayment amount (corresponding to borrower's payday) will be structured to pay the loan off in 6 months or less, rounded up to the next \$5.
- 9) If the borrower pays the loan off within four months, KCLF will reimburse the borrower by opening up a savings account at U.S. Bank with a \$20 refund. KCLF will encourage the borrower to continue the payroll deductions and have those funds deposited into borrower's own savings account.

Disbursement of loan is contingent upon Borrower's **Employer** returning "Verification of Employment" form and the agreement for payroll deduction from Borrower.

This is not a "revolving loan" type of arrangement with the borrower. Future loans will incur additional charges including the \$40 administration fee.

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