Equipment Loan Program Policies

The equipment loan program is an in-house loan program for the purposes of assisting campuses with the purchase of real property, either tangible or intangible that is eligible to be capitalized as plant property or equipment.

Notable updates to the program for FY23:
- Interest rates will now be charged at 5.25% to align with state expectations (subject to change based on market situation), effective 11/1/2022 and subject to change as market conditions evolve.
- Due to current market volatility, we will be reviewing the interest rate on a more regular basis to ensure that we are consistent with state rates; new loans will be issued at the updated rate. In the event rates increase drastically, there is a chance that loans will be recast; conversely, we will also reimplement the budget stabilization process should rates decrease notably.

All other Equipment Loan Program Policies have remained the same and are outlined below:

Use of Proceeds

1. Loans will be made to acquire tangible or intangible personal property which, under generally accepted accounting principles, is eligible to be capitalized as plant, property or equipment of the System.

2. If a loan of $500,000 or greater is expected to be drawn for either a single piece of equipment or multiple pieces of equipment for a single project, the institution is required to contact USMO for approval at least 30 days in advance of the loan.

3. Loan requests of above $1,000,000 require additional levels of approval so require more time for processing.

Purchase of Equipment

1. Each Institution must comply with COMAR and other USM and State regulations and rules governing equipment acquisitions.

2. Invoices must be paid through institution procurement, rather than through a bond trustee, and funds are then transferred back to the institution from the System Office.

3. When an equipment loan request is made the following documents are required:
   a. Signed Equipment Loan Application (this must be signed by an authorized signer, as noted in the Authorized Signer Form on file with the System Office)
   b. Scanned copies of the invoices and proof of payment made by the Institution.

All other procedures are outlined in the Equipment Loan Program Overview.

Please contact Samantha Norris with any questions at snorris@usmd.edu.