

Published on [www.pdc.wa.gov](http://www.pdc.wa.gov) (<https://www.pdc.wa.gov>)

[Home](#) > Campaign Loans & Loan Agreements

## Campaign Loans & Loan Agreements

Candidates and political committees may accept campaign loans. To qualify for repayment, a monetary or in-kind loan must be:

- Recorded in a written loan agreement executed when the loan is made, and
- Timely and accurately reported as a loan on the recipient's PDC reports.

### Loans and Limits

**A candidate may be repaid up to \$6,000 per election for a personal loan to his or her campaign.**

A commercial loan to a candidate's committee is presumed to be guaranteed by the candidate, absent clear, cogent and convincing evidence proving otherwise.

Contribution limits apply to loans other lenders made to candidates, political parties, and caucus committees. See the PDC's contribution limits chart for current limits. A candidate's spouse must abide by contribution limits, so a candidate should take care that his or her share of joint assets are used for any personal loan. The Commission has defined "personal funds" of a candidate as:

- Half of a jointly -owned assets, such as a bank account, absent a legally specified division,
- Employment income, and
- Investment dividends/proceeds.

A timing provision in state law that prevents legislative, judicial (other than the Supreme Court) and local candidates as well as political committees from accepting more than \$5,000 from a single source during the last 3 weeks before the general election. This provision applies to loans that are made during that three-week period.

The limits of the mini reporting option trump any other limit, if the loan recipient has registered under mini reporting.

### Loan Terms

Terms, such as interest rate, payment intervals and amounts, and due date, are up to the lender and candidate or political committee officers. Terms may be renegotiated during the life of the loan, upon the mutual consent of the parties.

The due date may be a date certain or a flexible date, such as "when funds are available."

All terms agreed to, including any changes in terms agreed to by the parties, must be set out in a written loan agreement or a written amendment to the agreement.

### Loan Agreement

A written loan agreement signed the lender and campaign treasurer is required for each monetary loan. The PDC recommends this format:

<b>SAMPLE LOAN AGREEMENT</b>	
I, <i>[name of lender]</i> , hereby loan the sum of \$_____ to <i>[name of campaign]</i> .	
<i>[Name of campaign]</i> agrees to repay <i>[name of lender]</i> the principal amount of \$_____ together with <i>[simple or compound]</i> interest at the rate of ____%.	
<i>[Describe payment intervals, if part of the repayment terms.]</i>	Payments in the amount of \$____ are due <i>[describe payment intervals (example: on the 15th day of each month beginning on MM/15/YY and continuing thereafter on the 15th day of each month until paid in full)]</i> .
OR	
<i>[Describe repayment due date if payment intervals are not part of the terms.]</i>	<i>[Name of campaign]</i> agrees to repay the principal amount (and interest), in full, on or before MM/DD/YY.
Signature of Lender Date signed: _____	Signature of campaign treasurer Date signed: _____

A receipt for out-of-pocket expenditures will suffice as the loan agreement for an in-kind loan, provided it contains the date the expenditure was made, the amount to be repaid, and is signed by both the campaign treasurer and spender.

Loan agreements are part of the campaign records and should be included with the books of account when making them available for inspection.

## Repaying Loans

Timely and accurately report expenditures made to repay loans. Also report when a lender forgives any portion of a loan.

If a third person repays any portion of a campaign loan, that person has made an in-kind campaign contribution subject to applicable contribution limits. The loan payment-in-kind contribution must be timely and accurately reported.

A candidate or single-year campaign is allowed to carry unpaid loans forward to a future campaign. The carry forward is shown on the current committee's final C-4 report as well as the new committee's first C-4 report. Carrying a loan forward does not impact the lender's contribution limit for the new campaign.

Ideally, candidates and political committee report loans perfectly when they are received and repayments are correctly disclosed as well. The Commission understands, however, that innocent mistakes are made and a loan might be reported as a contribution - especially a loan from the candidate. The Commission has decided that a loan may be repaid if it was mistakenly reported as a

contribution, provided the campaign executed a written loan agreement when the money was received.

## Loan Transactions in the ORCA Software

Enter the loan when it is **received**:

The screenshot shows the ORCA software interface. The 'Loans' menu is open, showing options for 'Cash Loan' and 'In-Kind Loan'. Below the menu is a form for entering loan details. The form includes fields for Lender Name (BEST CANDIDATE), Loan Amount (\$5,500.00), Date Received (10/01/2014), Election (Primary), Interest Rate, Due Date (12/31/2015), and Check No. (optional). There is also a section for Repayment Schedule (As funds become available) and a checkbox for Carry Forward Loans. A table for Payments is visible, with columns for Amount, Date, and Account. The form has OK and Cancel buttons at the bottom.

Make the deposit and file the C-3 report, which will include a Schedule L. Once a loan is entered, each C-4 report filed through the end of the campaign will include a Schedule L.

Return to the Loan screen to record **payments** or when the loan is **for-given**.

The screenshot shows the 'Payments' tab in the ORCA software interface. A table with columns for Amount, Date, and Account is displayed. A callout box with an orange border and a red arrow points to the table, containing the text 'Click to enter activity.' The table has several empty rows for data entry. There are also buttons for 'Payments', 'Forgiven', and 'Endorsers' at the top of the window.

The screenshot shows the 'Bank Account' form in the ORCA software interface. The form includes a dropdown menu for Bank Accounts (1000 - Bank Accounts), Principal Paid (\$500.00), Date Paid (10/31/2014), and Check No. (optional). There is also a section for Interest Paid and a Memo (optional) field. The form has OK and Cancel buttons at the bottom.

Enter the payment date and amount.

Payments will appear on the C-4, Schedules A and L.

## Resources

PDC Interpretation 14-01, Campaign Loans

## [PDC Interpretation 12-01 In-Kind Loans, Pledges, and Disclosure of Contributions on 21- and 7-Day Pre-Election Reports](#)

---

The information contained in online instructions has been distilled from the requirements set out in RCW 42.17A and Title 390 WAC, as well as the Public Disclosure Commission's declaratory orders and interpretations. Care has been taken to make the instructions accurate and concise. Nevertheless, the instructions cannot be substituted for the applicable laws and rules.

**Source URL:** <https://www.pdc.wa.gov/learn/publications/campaign-loans-and-loan-agreements>