

POLICY NO:F/FM/1

FORMER POLICY NO:

SELF SUPPORTING LOANS

DIVISION	BUSINESS UNIT	RESPONSIBILITY AREA
Corporate Services	Finance	Financial Management

OBJECTIVE:

To assist clubs and organisations in improving community based facilities.

POLICY:

Eligible Organisations

Loans will only be considered for applicants that are incorporated bodies occupying land either owned by, or vested in the care, control and management of a community organisation.

Organisations are to provide:

- Three (3) years audited financial statements.
- A business plan for the proposed term of the loan that clearly demonstrates an ability to repay.
- Their constitution.
- Minute agreeing to borrow funds.
- Whatever security or guarantees that the Council considers appropriate to ensure that the loan is repaid.
- Any other information that the Council requires.

Funding Details

Funds will only be provided for capital works on the subject land when ownership of all infrastructure ultimately vests in the community (notwithstanding established leasehold arrangements).

Loans will be provided at the State Treasury interest rate when drawing the loan and will be fixed for the duration of the loan. The term of the loan is not to exceed ten (10) years. Loan repayments will be amortised and will generally be six (6) monthly unless the applicant organisation requests otherwise.

Approval Process

The Council will consider the approval of the loan on the following basis:

1. Demonstrated ability to repay.

2. Maximum loan amount 50% project cost or 50% of value of completed structure (not to include land content).
3. Stability, sound management, membership base, community accessibility and longevity of applicant organisation.
4. Funds being used for capital improvements.
5. Debenture security over assets (including lease) of organisation if considered appropriate.

Organisations will be required to:

- A. Enter into a Deed of Agreement for the period of the loan repayments.
- B. Pay all costs associated with the preparation of documents concerning the raising of the loan.
- C. Insure and keep insured premises where the premises are security over repayment of a loan.

Any proposal to lend to a community organisation that has not been included in the Council's annual budget must be advertised for one month in accordance with Section 6.20 (2) of the Local Government Act 1995.

Other

Funds will only be released after documentary proof of significant expenditure (or committed expenditure) is submitted.

The Council will seek any remedy available to it under law in terms of the recovery of delinquent instalments of loans.

ADOPTED: 14 May 2002

LAST REVIEWED: 28 October 2008