

**POLICY NO: F/FM/1**

**FORMER POLICY NO:**

**SELF SUPPORTING LOANS**

<b>DIVISION</b>	<b>BUSINESS UNIT</b>	<b>RESPONSIBILITY AREA</b>
Corporate Services	Finance	Financial Management

**OBJECTIVE:**

To assist clubs and organisations in improving community based facilities.

**POLICY:**

1. Eligible Organisations

1.1 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.

1.2 Organisations are to provide:

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

2. Funding Details

2.1 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).

2.2 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 years. Loan repayments will be amortised and will generally be six monthly unless the applicant organisation requests otherwise. An additional Government Guarantee Fee will be payable six monthly at rates that may vary during the term of the loan.

3. Approval Process

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

- a) Demonstrated ability to repay.
  - b) Maximum loan amount 50% project cost or 50% of value of completed structure (not to include land content).
  - c) Stability, sound management, membership base, community accessibility and longevity of applicant organisation.
  - d) Funds being used for capital improvements.
  - e) Debenture security over assets (including lease) of organisation if considered appropriate.
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3.2 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.

3.3 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.

4. Other

- 4.1 Funds will only be released after documentary proof of significant expenditure (or committed expenditure) is submitted.
- 4.2 The Council will seek any remedy available to it under law in terms of the recovery of delinquent instalments of loans.
- 4.3 The Council will consider the objectives of Policy No. F/FM/6 – Borrowing Program and Asset Financing in determining applications for self supporting loans.

**ADOPTED: 14 MAY 2002**

**LAST REVIEWED: 21 MAY 2019**

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