

**VULCAN COUNTY POLICY NO. 12-2211**

Effective: January 18, 2006  
Last Revised: March 9, 2022

**Cross Reference:**

MTN. 2006-01-54    MTN. 2006-06-25  
MTN. 2011-07-53    CC 2018-04-18-31  
CC 2019-06-19-16    CC 2022-03-09-07

**LOANS POLICY**

Approved by County Council

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## **Loans Policy**

### **PURPOSE**

This Policy governs the loaning of County funds to ensure compliance with the Municipal Government Act and to set the rate of return on the funds loaned.

### **GUIDELINES**

1. Vulcan County will consider loan requests only from the legal entities outlined in the Municipal Government Act whose activities for which the loan is being requested directly benefit the County. Legal entities include registered non-profit organizations, County controlled corporations, and other specified entities as outlined in the Municipal Government Act.
2. Vulcan County may loan funds and retains the right to agree or decline any request for a loan.
3. In considering a request for a loan, the County may require any or all of the following information to be submitted:
  - a) recent financial statements showing revenue, expenses, savings and investments
  - b) a description of the service(s), program(s), or activities offered by the entity
  - c) a statement explaining the purpose of the funds being requested
  - d) an outline of the repayment plan and time period
  - e) an explanation of the financial controls of the organization
  - f) articles of incorporation
  - g) evidence the governing body / membership supports the loan request
  - h) any other information requested by Council to support the request.
4. All loan approvals shall be in accordance with the Municipal Government Act.
5. Should a loan be granted, the receiving entity shall be required to enter into a repayment agreement with the County.

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6. Loans to County fire cooperatives / associations shall be interest free for the life of the loan.
7. Loans to County fire cooperatives / associations shall be limited to one (1) loan at any one time.
8. Loans to County fire cooperatives / associations shall have a maximum term of 15 years.
9. Loans to any other Municipal Government Act qualifying entity shall be charged a rate of interest for the life of the loan and such interest rate shall be equal to the prime lending rate of the County's bank.
10. Loans to any other Municipal Government Act qualifying entity shall have a maximum term of 10 years.
11. Entities that receive loans may repay the loan prior to the expiry date of the loan with no penalty.
12. Vulcan County retains the right to seek repayment on any defaulted loan through whatever legal means Council considers appropriate.
13. Vulcan County is not in favour of providing loan guarantees to Municipal Government Act qualifying entities.
14. Vulcan County shall not consider any request for a loan that is less than \$25,000 or more than \$350,000, for other Municipal Government Act qualifying entities.
15. Vulcan County shall not consider any request for a loan that is less than \$25,000 or more than \$365,000 for fire cooperatives/associations.
16. Payment of loans from fire cooperatives/associations will be requisitioned through the fire district's fire levy on an annual basis and applied internally against the loan.

**REFERENCES**

- Municipal Government Act, Sections 264-268