

Gwydir Shire Council

# Loan Guarantor Policy

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<b>Department</b>	Corporate Services
<b>Responsible Manager</b>	CFO
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## Revision record

Date	Version	Revision details	Officer	Next Review
14/03/2025	1.1	initial document	GJC	March 2028

## Objectives

The objective of this policy is to enhance economic growth and community stability within Gwydir Shire by providing financial support to residents and businesses who meet eligibility criteria. By acting as a guarantor, the Council aims to reduce financial barriers to home ownership and business investment, fostering long-term prosperity for the local community.

### 1. Purpose

This policy establishes the framework under which Gwydir Shire Council (the Council) may act as a loan guarantor for eligible residents and businesses within the Gwydir Shire Council area. The aim is to support home ownership and business development by facilitating access to financing through the Regional Australia Bank (RAB).

### 2. Scope

This policy applies to:

- Residents applying for a home loan through RAB who require assistance with a deposit.
- Businesses within Gwydir Shire Council seeking financial support through a business loan.

### 3. Loan Guarantor For Residential Properties

- 3.1. Eligible residents may apply for Council to act as a guarantor for a separate loan to cover the deposit required for purchasing a residential property within the Gwydir Shire Council area. Council has an agreement outlined with the Regional Australia Bank to provide this service.
- 3.2. The resident must first apply for a home loan through RAB and undergo their standard application process, including risk assessment and evaluation of the applicant's financial viability.
- 3.3. The deposit loan will be separate from the home loan and must be repaid first before the primary mortgage.
- 3.4. The application must be submitted to the General Manager for final approval before the guarantee is granted.
- 3.5. The Council reserves the right to decline applications based on financial risk or other relevant factors.

## **4. Loan Guarantor For Business Loans**

- 4.1. Businesses seeking financial assistance within the Gwydir Shire Council area may apply for Council to act as a guarantor for a business loan.
- 4.2. Each business loan application will be assessed on an individual basis.
- 4.3. RAB will determine the loan amount requiring a Council guarantee and conduct a financial viability assessment of the business and the client's ability to repay the loan.
- 4.4. The Council's decision to act as a guarantor will depend on RAB's assessment and the approval of the General Manager.
- 4.5. Council reserves the right to impose conditions on the guarantee, including repayment terms and risk mitigation measures.

## **5. Application Process**

- 5.1. Interested residents and businesses must submit a formal application, including all necessary financial documents, to RAB for initial assessment.
- 5.2. Once RAB has completed its risk assessment and determined the applicant's viability, the application will be forwarded to the Council for consideration.
- 5.3. The General Manager will review applications and make a final determination based on financial risk and benefit to the community.
- 5.4. Approved guarantees will be documented with formal agreements outlining repayment terms and conditions.

## **6. Conditions And Limitations**

- 6.1. Council will only act as a guarantor within its financial capacity and in accordance with regulatory requirements.
- 6.2. Guarantees will not be provided where there is a high risk of default, as determined by RAB's assessment.
- 6.3. The Council reserves the right to review and revoke guarantees if financial circumstances change significantly.
- 6.4. Applicants must provide evidence of their ability to meet repayment obligations.
- 6.5. Council will monitor repayments and ensure compliance with agreed terms.

## 7. Responsibilities

- 7.1. The General Manager is responsible for assessing and approving applications.
- 7.2. The Finance Department will monitor loan repayments and compliance with the agreed terms.
- 7.3. *Council will liaise with RAB to ensure a structured and risk-managed approach to loan guarantees.*

## 8. Policy Review

- 8.1. This policy will be reviewed periodically to ensure its effectiveness and alignment with Council's financial capacity and strategic objectives.
- 8.2. Amendments to this policy will be subject to approval by the Council.

## Related Documents

*Local Government Act 1993*

*Regional Australia Bank Agreement*