

## LOANS POLICY

## **MOTORCYCLING NSW CLUB LOANS POLICY**

**Title:** Club Loans Policy

**Creation Date:** March 2025

**Next Review Date:** March 2026

**Responsible Persons:** Motorcycling NSW Board

**Authority:** This document is a policy made pursuant to the Motorcycling NSW Constitution. MNSW may unilaterally introduce, vary, remove, or replace this policy at any time.

# MOTORCYCLING NSW LOANS POLICY

## 1. Introduction

### Purpose:

This policy outlines the guidelines, conditions, and procedures under which Motorcycling NSW (MNSW) may provide short-term loans to affiliated clubs for strategic initiatives. The policy aims to support the growth, development, and sustainability of motorcycling in New South Wales by providing financial assistance to clubs undertaking projects that align with MNSW's strategic objectives.

### Scope:

This policy applies to all MNSW-affiliated clubs seeking financial assistance in the form of a loan from MNSW.

## 2. Objectives

The objectives of this policy are to:

- 1.1.** Provide financial support to affiliated clubs for strategic initiatives that enhance motorcycling participation and club capacity.
- 1.2.** Encourage clubs to undertake projects that promote growth, safety, infrastructure improvement, and innovation.
- 1.3.** Ensure a transparent and consistent approach to the provision and management of loans.
- 1.4.** Maintain financial stability and manage risk for MNSW through appropriate lending practices.

## 3. Loan Eligibility

- 1.1.** Loans are available exclusively to MNSW-affiliated clubs in good standing.
- 1.2.** Loans will be considered for strategic initiatives that align with MNSW's objectives, such as:
  - 1.2.1. Facility upgrades and infrastructure improvements.
  - 1.2.2. Equipment purchases to enhance club capacity or improve safety.
  - 1.2.3. Development or expansion of events and programs.
  - 1.2.4. Projects that increase membership or participation.
- 1.3.** Routine operational expenses, debt repayments, or projects unrelated to the strategic growth of the club will not be eligible for loan funding.
- 1.4.** Clubs will need to demonstrate they have exhausted all available avenues for funding, including applying for relevant grants from local, state, and federal funding bodies, prior to seeking a loan from MNSW.

#### 4. Loan Amount and Term

- 1.1. Loan amounts will not exceed \$30,000 per application.
- 1.2. Clubs will only be eligible for one loan at any given time.
- 1.3. Loans must be repaid in full within a maximum term of 12 months from the date of disbursement.
- 1.4. The total value of outstanding loans under the MNSW loan register will not exceed \$400,000 at any given time.

#### 4. Interest Rate

- 1.1. All loans will be charged at an annual fixed interest rate of 5%, this rate may and will change for future loans but will remain fixed for loans once opened.
- 1.2. Interest will be calculated on the outstanding balance of the loan and applied monthly.
- 1.3. Interest charges will be detailed in the loan agreement provided to successful applicants.

#### 5. Application Process

- 5.1. Clubs must submit a formal loan application using the prescribed form, including:
  - 5.1.1. A detailed description of the strategic initiative, including objectives and expected outcomes.
  - 5.1.2. A comprehensive project budget and cost estimates, with supporting documentation and at least two comparative quotes where relevant
  - 5.1.3. A proposed repayment plan, demonstrating the club's capacity to meet loan obligations.
  - 5.1.4. Evidence of the club's current financial stability, including recent financial statements and any other relevant documentation.
  - 5.1.5. Evidence of attempting to secure relevant grant funding prior to the loan application.
- 5.2. Applications will be assessed by the MNSW Board or a designated subcommittee based on:
  - 5.2.1. The strategic value and potential impact of the proposed initiative.
  - 5.2.2. The club's financial health and repayment capacity.
  - 5.2.3. The level of risk associated with the project and loan.
- 5.3. MNSW reserves the right to request additional information from the applicant during the assessment process.
- 5.4. Approval of loans is at the sole discretion of MNSW, and all decisions are final.

## 6. Loan Conditions

- 6.1. Successful applicants will be required to enter into a formal loan agreement with MNSW, which will outline:
  - 6.1.1. The approved loan amount.
  - 6.1.2. The repayment schedule and terms.
  - 6.1.3. The applicable interest rate and method of calculation.
  - 6.1.4. Security for the loan, including personal guarantees from club officials or members, or other forms of security as deemed appropriate by MNSW.
  - 6.1.5. Any other specific conditions or obligations associated with the loan.
- 6.2. Loans are to be repaid in monthly instalments over the agreed 12-month term.
- 6.3. Early repayment of the loan is encouraged and may be made without penalty.
- 6.4. Clubs that default on their repayment obligations may be subject to the following actions:
  - 6.4.1. Suspension of eligibility for future funding, grants, or loans from MNSW.
  - 6.4.2. Recovery proceedings, including legal action to recover outstanding amounts.
  - 6.4.3. Suspension or termination of the club's MNSW affiliation.

## 7. Monitoring and Reporting

- 7.1. Clubs receiving loans must provide quarterly progress reports detailing:
  - 7.1.1. The status and progress of the funded initiative.
  - 7.1.2. Financial updates on loan repayments and any challenges faced.
- 7.2. MNSW reserves the right to audit the club's financial records and inspect the funded project at any time.
- 7.3. Clubs must maintain accurate and up-to-date financial records for the duration of the loan period.

## 8. Risk Management

- 8.1. MNSW will monitor the total value of outstanding loans to ensure the loan register does not exceed \$400,000.
- 8.2. The Board will periodically review the loan register and assess the overall risk exposure.
- 8.3. Additional risk management measures may be introduced if deemed necessary to safeguard MNSW's financial stability.



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