



## **Member Loan Policy**

### Purpose

Loans from members may be used as a means to finance boat purchases in the event there is a need to maintain operating cash for other purposes. This policy is to define when a loan may be entered into and the commercial terms to apply.

### Scope

This policy applies to all loans from members to finance boat purchases. It does not apply to any other borrowing which may be contemplated by the club.

### Authority

The Treasurer plus one of either the President or the Captain are authorised to approve a new loan which is in compliance with this policy.

### Loan Details

**Borrowing Limit** – The total member loan liability of the club may not exceed \$40,000 unless an increase in this limit is approved by the committee.

**Loan Amount** - Loans should typically be in the region of \$10,000 to \$15,000 however an amount of up to \$20,000 is allowable subject to not exceeding the limit above. The amount financed may be a portion of, or the total cost of the boat exclusive of GST.

**Interest rate** – The rate to be paid to the member will be calculated from the RBA Cash Rate plus 275 basis points (2.75 percentage points). This is expected to give the members a return approximately 2.5 to 3 times greater than bank interest while the club can obtain financing at a lower rate than the RWA Equipment Loan scheme which typically costs 8%.

**Term** – The loan term should be determined with reference to likely cash requirements over the period but must not exceed three years.

### Expiry

This policy is valid for three years from the date approved by the committee. After that time, a further resolution of the committee is required.

### Approval

(ver 1.0 Jun20)

Approved by committee 11<sup>th</sup> July, 2020