

City of Lebo Economic Development Loan Policy

Purpose

The City of Lebo recognizes the importance of supporting local business growth and community development. The purpose of this Economic Development Loan Program is to assist new and existing businesses within the City of Lebo by providing low-interest loans that stimulate job creation, encourage investment, and promote long-term economic stability.

Eligibility

Applicants must meet the following criteria:

1. Be located within the corporate limits of the City of Lebo or plan to locate within the city limits.
2. Be engaged in a lawful business enterprise that contributes to the local economy.
3. Demonstrate the financial ability to repay the loan.
4. Use loan funds for eligible business-related purposes such as:
 - Building purchase or renovation
 - Equipment purchase
 - Inventory or capital improvements
 - Other business expansion or startup costs as approved by the City Council

Loan Terms

- Interest Rate: 4% fixed interest rate.
- Loan Length: Typically 5 or 10 years, depending on project size and purpose.
- Repayment Schedule: Payments are due on the 1st of every month unless otherwise approved by the City Council.
- Collateral: The City will secure the loan by placing a mortgage or lien on the financed property or equipment.
- Prepayment: Loans may be prepaid at any time without penalty.

Application Process

Applicants must follow these steps:

1. Submit a written request to the City Clerk that includes project description, requested loan amount and term, business plan or financial statement demonstrating repayment ability, and description of collateral being offered.
2. Present the request in person at a regularly scheduled City Council meeting.
3. The City Council will review all applications, evaluate eligibility, and determine loan approval and terms.

4. Approval or denial of applications will be recorded in the official meeting minutes.

Loan Agreement and Disbursement

- Upon approval, the City Clerk will prepare a written Loan Agreement outlining all terms and conditions.
- The borrower must sign the agreement and any required mortgage or lien documents prior to the release of funds.
- Loan funds will be disbursed by check following execution of all documents.

Default and Remedies

- Failure to make timely payments or comply with loan terms will constitute default.
- In case of default, the City may foreclose on the property or equipment held as collateral or pursue legal action to recover outstanding balances.
- Any expenses incurred by the City in enforcing the loan agreement shall be added to the outstanding balance.

Program Administration

- The City Clerk shall maintain all loan records and payment schedules.
- Loan repayments will be deposited into the City's Economic Development Fund to support future projects.
- The City Council reserves the right to modify program guidelines as needed.