

Washington Parish Council
Ordinance No. 04-338

Introduced on January 26, 2004

Introduced by Councilman Darwin Sharp

Public hearing held on February 9, 2004

An ordinance establishing a revolving loan fund program by the Washington Parish Council for the purpose of Economic Development, designating the Washington Parish Government as the Governing Body of a Revolving Loan Fund, and establishing rules and regulations that govern the operation of the Loan Program and Fund

THE WASHINGTON PARISH COUNCIL DOES HEREBY ORDAIN:

SECTION A: Establishment of Revolving Loan Fund Program

1. There is hereby established a Revolving Loan Fund by the Washington Parish Council, hereinafter referred to as "the Parish" for the Washington Parish Government to administer funds from its grant application(s) with the Governor's Office of Rural Development, hereinafter referred to as ORD, by placing these funds allocated to the Parish in a revolving loan fund earmarked for economic development.
2. The Washington Parish Government is hereby designated as the governing body of the revolving loan fund and the Parish President shall provide suitable staff, with defined duties and have the power to control staff decisions, subject to ORD rules and regulations.
3. The Revolving Loan Fund shall operate in compliance with all Federal and State Laws, including equal access provisions and ethics laws, as well as all the laws and administrative procedures enumerated in Grant Applications Local Agency Assurances and the ORD letter commitment/agreement.

SECTION B: rules and regulations governing the operation of the Revolving Loan Fund Program and Revolving Fund.

1. Eligibility
 - a. Only businesses engaged in manufacturing and having a domicile or place of business in unincorporated areas of Washington Parish shall be eligible to participate.
 - b. The maximum interest rate shall be 5% per annum, however late fees of up to 5% may also be charged.

- c. The type of security acceptable under this program shall be either a first mortgage or security interest on the equipment, machinery or other items purchased with the funds loaned under this program, or either a first or second mortgage on real estate or other chattel of sufficient value owned by the loan applicant.

3. Disbursement

Disbursement shall not take place until after the Revolving Loan Fund Contract and promissory note have been executed, and any other conditions precedent to the disbursement of fund imposed by ORD have been fully satisfied.

4. Default

Upon the occurrence of any event of default, the Parish may declare all or any portion of the debt and interest created by the loan to be immediately due and payable and may proceed to enforce their rights under the Revolving Loan Fund Contract or any other instruments securing or relating to the loan, and in accordance with the laws and regulations applicable hereto.

The Parish obligates itself to enforce repayment in the event of a loan default.

Any of the following may be regarded as an "Event of Default" in the sole discretion of the Parish.

- a. Failure of the loan applicant to pay any installment of principal or interest on its promissory note when due.
- b. Failure, inability or unwillingness of the loan applicant to carry out or comply with the specific requirements in its loan application, or loan terms and condition, or any terms or conditions of the Revolving Loan Fund Contract.
- c. Loan applicants becoming insolvent or ceasing, being unable, or admitting in writing its inability to pay its debts as they mature, or making a general assignment for the benefit of, or entering into any composition or arrangement with creditors or the appointment of a receiver, trustee or liquidator of its assets.

5. Residual Funds and Foreclosed Assets

Should the Revolving Loan Fund Program become inactive for a continuous period of five years, and residual funds or foreclosed upon assets should be reported to the Governor's Office of Rural Development for proper allocation within the rules and regulations of that office.

6. Hazard Insurance

The loan applicant will be required to provide hazard insurance with a standard mortgage clause renaming the Parish as beneficiary in an amount that is at least the lesser of the depreciated replacement value of the property being insured or the amount of the loan. Hazard insurance includes fire, windstorm, lightening, hail,

business interruption, explosion, riot, civil commotion, vehicle, flood or mudslide, or any other hazard insurance, which may be required to protect the security. Loan applicant's interest in the insurance will be assigned to the Parish. Loan applicant is responsible for determining if the financed project is located in a flood zone and in the event that it is then flood insurance must be provided.

7. Letters of Appropriateness

Any Revolving Loan Fund Contract signed by the Parish and any loan applicant shall be preceded by the Parish attorney issuing a letter of appropriateness to the Parish, assuring the Parish of the Appropriateness of the Revolving Loan Fund Contract and the applicant's loan.

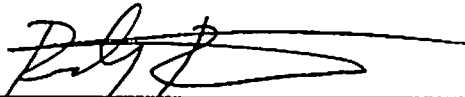
Having been submitted to a vote, the result thereon was as follows:

YEAS: 7 (Brown, Sumrall, Thomas, Sharp, Wheat, Miley and Nassauer)

NAYS: 0 (None)

ABSENT: 0 (None)

The ordinance was declared adopted on the 9th day of February, 2004.



Rodney Brown, Chairman
Washington Parish Council

Delivered to the Parish President on
2-13, 2004 at 11:45 P.M.

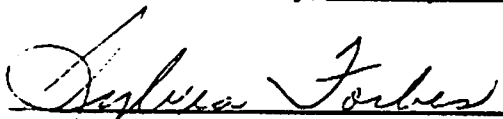
Returned to the Clerk of the Council on
2-17, 2004 at 8:55 A.M.



M. E. "Toye" Taylor, Parish President

Certification

I hereby certify that the above and foregoing is a true and correct copy of an ordinance adopted by the Washington Parish Council duly convened in regular session on Monday, February 9, 2004 in Franklinton, Louisiana.



Sylvia Forbes, Clerk of the Council