

ORDINANCE NO. 5845

**AN ORDINANCE TO CHANGE THE TERMS AND CRITERIA  
OF THE LIFE SAFETY LOAN PROGRAM BY AMENDING  
CHAPTER 3.28.020 OF THE RAPID CITY MUNICIPAL CODE**

WHEREAS, the City of Rapid City has established by ordinance a Life Safety Loan Program, which program is detailed in Chapter 3.28 of the Rapid City Municipal Code; and

WHEREAS, participation in the Life Safety Loan Program has been less than expected; and

WHEREAS, the Common Council is committed to the purpose of the program, which is designed to assist property owners in protecting lives and property with low interest loans for fire suppression systems; and

WHEREAS, the Common Council feels the interest rate in addition to the costs of obtaining security for the loans often outweigh the value of the loan to individual property owners; and

WHEREAS, the Common Council desires to make the Life Safety Loan Program more economical to property owners to encourage participation in the program.

NOW THEREFORE, BE IT ORDAINED by the City of Rapid City, that Section 3.28.020 of the Rapid City Municipal Code be amended to read in its entirety as follows:

**3.28.020 Loan criteria.**

A. The Finance Officer shall prepare a standard form Life Safety Loan Program application. The application shall require the applicant to provide sufficient information to allow the review committee and Council to make a determination as to the applicant's ability to repay the loan.

B. No loan shall be recommended by the committee nor approved by the Council for more than 80% of the actual cost of installing the fire suppression system.

C. All loans must be secured by ~~either a mortgage, bond~~ or letter of credit in a form acceptable to the City Attorney. The Council must specifically approve any mortgage which is not first in priority.

D. The interest rate for the loan shall be ~~4%~~ 2%.

E. The term of the loan shall not exceed 5 ~~7~~ years and the payments shall be required at least semi-annually, or more often if required by the Council. The Finance Officer shall create an amortization schedule based on the interest rate, term and installments which shall become part of the loan agreement.

F. Yearly credit available.

1. A yearly credit shall be available to borrowers who make all payments in a timely manner and who have secured the loan with a bond or letter of credit.
2. The credit may only be applied against interest, and may not be applied against principal.
3. The credit shall not be available during the first year of repayment.
4. The credit shall be calculated for eligible borrowers following the end of each year of the loan's term. The credit for the second year of the loan term shall be the amount of the premium and/or fees paid by the borrower for a bond or letter of credit used to secure the loan for the second year, or in case of a multi-year instrument, that portion of the fee attributable to the second year. The credit shall not exceed the total interest payable for the second year. Subsequent year's credits shall be calculated in the same manner with the same restrictions.
5. Each year's credit shall be applied by the Finance Officer to reduce that year's payments. The total credit for any year shall be divided among all the payments payable for that year.

CITY OF RAPID CITY

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Finance Officer

(seal)