



## CHURCH INVESTORS FUND

9401 E Stockton Blvd, Suite 240

Elk Grove, CA 95624

www.ChurchInvestorsFund.org

# LOAN PROCEDURES AND APPLICATION

## THE PURPOSE OF CHURCH INVESTORS FUND (CeIF):

**MISSION:** Our mission is to assist churches with facilities development - helping them respond to God's call to make disciples.

**VISION:** Church Investors Fund envisions funds for loans will continue to grow at a rate that will enable the NAB to expand their facilities and ministries while maintaining financial integrity.

### **KEY RESULT AREA: LOANS TO NAB MINISTRIES**

We envision NAB ministries receiving the loans they need in a timely manner, relative to our ability to fund them.

### **KEY RESULT AREA: INVESTMENTS**

We envision providing opportunities to participate financially in NAB Ministries' disciple-making.

## THE PURPOSE OF THIS DOCUMENT:

The purpose of this document, "Church Investors Fund Loan Procedures", is threefold:

- 1) Inform interested people of Church Investors Fund's loan policies and procedures;
- 2) Assist loan applicants in meeting Church Investors Fund's requirements; and
- 3) Provide a framework for consistent communication of loan policies and procedures.

## TERMS AND CONDITIONS:

Church Investors Fund (CeIF) loans will normally be made only to member churches of the North American Baptist Conference (NABC) or affiliated organizations who have been **legally incorporated**.

Title to the property offered as security must be in the name of such corporation. Church Investors Fund loans are made on a **mortgage basis**. Generally, they are first mortgages.

An **environmental assessment or affidavit** for the property may also be required.

The **maximum loan amount** will be the lesser of (1) 70% (percent) of the improvement or construction costs; or (2) 100 percent of the borrower's repayment potential as determined by Church Investors Fund.

The first term of all loans is (3) **three** or (5) **five** years and amortized over a maximum period of twenty-five years. These terms have two purposes:

1. Provide a regular review of the interest rate to keep them synchronized with the rate paid by Church Investors Fund to its investors.
2. Review the repayment potential of the church. If desired by the church, the loan can be amortized over a shorter period of time.

The Church Investors Fund Loan Committee will determine the **interest rate** at the time the loan is approved. During the construction phase of a project the accrued interest will be due monthly, calculated from the outstanding balance.

Draw downs/advances are to be completed within one year of the initiation of the loan, with extensions to this period available.

Each loan will be subject to a **loan processing fee withheld from the first disbursement** intended to help defray the expenses incurred by Church Investors Fund in connection with the processing and administration of that loan. The loan fee is computed as follows:

For long-term loans:

- \$200 minimum
- 1/2% (one-half of one percent) on amount borrowed

For short-term loans:

- 1/2% (one-half of one percent) with the \$100 minimum

The loan commitment will expire 90 days from the date of Church Investors Fund's written loan commitment. If disbursements have not yet commenced after 90 days, a fee of one-half of one percent (.5%) per month will be required to extend the commitment. **All funds must be disbursed within 12 months after first distribution, unless prior agreement is reached.**

Any prepayment of this loan with funds obtained by Borrower **from a third party lender** or any prepayment or early refinance of this loan with funds borrowed from Church Investors Fund shall be subject to a prepayment charge of two percent (2%) of amount paid. In the event that the property which collateralizes this loan facility is sold before the end of the Loan Term resulting in the loan facility being paid in full and closed, the amount of the payoff shall be subject to a two percent (2.0%) prepayment penalty. Borrower may prepay principal, in whole or in part, at any time without penalty from contributions made to it by its members or friends. The loans will be subject to acceleration in the event of default or in the event the borrower's affiliation with NABC terminates. Should the loan go into default status the interest rate may increase to a maximum of 17%.

Interest is calculated daily on the amount of funds disbursed. Payment of interest commences and is due on the first day of the month following the first disbursement. A monthly interest notice will be sent to the church indicating the payment due and thereafter until all loan funds have been advanced. At that time, Church Investors Fund recommends that the church authorize a monthly draft on its account in the amount of the monthly (P & I) payment. Note: As of 2017 all Loan Statements/Notices will only be available through our Online Access portal.

The need for a loan should be anticipated well in advance, as experience has proven that implementation **and the preparation of documents require up to six weeks**. A church should not assume approval of their loan request, neither sign contracts nor commence construction prior to formal loan approval from Church Investors Fund. Typically, it will be two months from application to approval of construction.

Church Investors Fund requires that churches receiving a loan make their best effort to encourage the purchase of Church Investors Fund investments of **one year or longer** to be received for a percentage of the loan request. That percentage is set at the time the loan application is approved based upon the current availability of funds. To assist in attaining this goal, Church Investors Fund recommends the church appoint a Representative. Presently, approval of a loan application is not based upon church investments or a Church Investors Fund Representative being appointed.

Each **Church Investors Fund investment** is processed and handled in a confidential manner. No individual in the church should feel that they must reveal to anyone else the amount that they have invested. Church Investors Fund will keep the local church informed as to the total amount of investments received. Also, if it is necessary to request redemption, only the Church Investors Fund office needs notification.

## **STEPS OF IMPLEMENTATION:**

The following is an outline of the steps involved when applying for a Church Investors Fund construction loan. If you have any questions or comments, please contact Les Collins at 9401 E Stockton Boulevard, Suite 240, Elk Grove, CA 95624 or call 1-800-543-2343.

### 1. Complete Facility Planning and Schematic Design

The first and most important step in a church building program is a survey of the needs of the congregation, community and future ministries that the church wants to provide.

For projects with a total cost over \$1,000,000, the church, at its own expense, **must provide Church Investors Fund with an appraisal** that is no more than **three** years old.

The next logical step is to hire an architect to design facilities that will meet these needs and ministries.

**As a condition for a Church Investors Fund loan, no contracts can be entered into until step 2 below is completed and a Church Investors Fund loan commitment has been issued.**

All loans are collateralized by a first lien position on the church property unless specifically stated in the Commitment Letter that they are not.

### 2. Feasibility Study and Planning Weekend

#### a. **Establish estimated cost of building**

It is important that after the schematic drawings have been completed and accepted by the congregation that the architect give his opinion of the estimated cost of building. Sometimes it is helpful to have one of the general contractors who might bid on the building work with the architect in establishing the cost.

When calculating the total project cost, please do not forget to include the cost for a Builder's Risk Policy, interest payable during construction, Church Investors Fund loan fee, legal fees, etc.

#### b. **Gather background information and complete loan application**

It is important for the church to provide Church Investors Fund with an operational and financial plan, which will prove sufficient resources to support its loan application.

#### c. **Planning Weekend** (*optional*)

Based on the information gathered as to the cost of building, operational plans and financial needs, the church can contact Church Investors Fund to set a date for when Church Investors Fund can meet with the church for a Planning Weekend.

Prior to this Weekend, the application should be completed. This consultation visit with the local church is an important step. The purpose of this consultation is:

- (1) Accurately communicate to the church Church Investors Fund's procedures in financing the project, and to provide two-way communication of the process;
- (2) Gather sufficient data from the local church to present the application to the Church Investors Fund Loan Committee;

- (3) Provide a common base of understanding of the information upon which the Loan Committee will make its decision;
- (4) Plan the solicitation of the necessary investments.

d. **Raise capital funds**

As a part of the commitment or prior to the issuance of a commitment by Church Investors Fund, the church **should conduct a capital funds campaign**. The response to the capital funds campaign will have a major impact on the decision of the Loan Committee. Normally, it is required that 25-30% of project costs are available in cash or pledges.

e. **Issue loan commitment**

Based on the application and information, the Church Investors Fund Loan Committee will issue a **Loan Commitment Letter** for a stated amount and interest rate. The Commitment Letter is contingent upon receiving final bids indicating that the sources of funds are equal to the final cost of construction.

In their review and analysis of a loan, the Loan Committee may from time to time attach additional contingencies to a particular loan, i.e. raising capital funds, payment guarantees, etc.

Church Investors Fund will normally require a minimum of 3-months of payments be kept on deposit with Church Investors Fund for the duration of the loan.

3. For New Construction - Bidding the Project

Church Investors Fund strongly recommends that the church bid the job to a general contractor on a fixed cost for the completed project. When the process is bid to a general contractor on a fixed cost basis, it will be just a short period after the bidding that Church Investors Fund will authorize the church to proceed with construction.

The document soliciting the bids should include the payout procedures outlined further in step 4. It should include:

- a) Architectural supervision
- b) Disbursements through a title company
- c) Hold backs of ten percent until substantial completion.

**Church Investors Fund does not recommend construction management or self contracting.** Our experiences with construction management or self contracting has often shown large cost overruns. Larger churches and commercial organizations may have sufficient financial strength to absorb these possible overruns.

**If self contracting or construction management is used, the church will have to completely bid and contract with subs and suppliers before Church Investors Fund will authorize construction.** This method may be very time consuming. This requirement is based on our experiences with self contracted and/or construction management projects.

**NO CONTRACTS FOR SITE WORK, MATERIALS OR CONSTRUCTION CAN BE SIGNED WITHOUT PRIOR AND SPECIFIC APPROVAL FROM CHURCH INVESTORS FUND.**

4. a.) Legal Documentation and Payout Procedures - United States

Church Investors Fund will prepare most of the loan documents in order to save the church extensive legal fees. If available, we suggest the church have their attorney review these documents. A survey and title policy will normally be required. Expenses for these are additional to the documentation fee. All legal work and documentation must be completed before construction can commence. This includes a copy of your Builder's Risk Policy, in addition to normal insurance the church has in place.

Church Investors Fund strongly recommends that the church have architectural supervision during construction. Disbursements to the contractor will be made through Chicago Title Company (where feasible). Church Investors Fund has established a national agreement with Chicago Title. Where allowed under law, a discount will be granted.

A three-way escrow agreement will be opened between Chicago Title, the church and Church Investors Fund. The purpose of this escrow is to safeguard the church and Church Investors Fund against liens during the construction period. The arrangements for such an escrow agreement can be made after the approval of the loan.

On a monthly basis, the contractor should submit to the architect a Contractor's Application covering the work completed on the project during the prior month. **The request for payment should provide for a minimum of ten percent hold back.** Attached to this form should be completed waivers of lien for all work completed to date.

The architect should then sign the certificate for payment confirming that the work has been inspected and approved.

Each request for payment should then be reviewed and initialized by two authorized members of the building committee who have reviewed the construction with the architect and are convinced that the work has been completed for the requested payment. Although these individuals should rely on the professionals involved, (architect and contractor), they should satisfy themselves to the best of their understanding and knowledge that the work has been completed.

b.) Legal Documentation and Payout Procedures - Canada

It is important for you to secure the services of a solicitor who is competent to handle mortgage loan transactions. Submit all documents to Mr. Les Collins, 9401 E Stockton Boulevard, Suite 240, Elk Grove, CA 95624. All documents are to be made in favor of Church Extension Investors Fund, Ltd., an Alberta company with official offices in Calgary, Alberta and a mailing address of 9401 E Stockton Boulevard, Suite 240, Elk Grove, CA 95624. All legal work and documentation must be completed before construction can commence. This includes a copy of your Builder's Risk Policy.

Church Investors Fund strongly recommends that the church have architectural supervision during construction.

In addition, Church Investors Fund requires that the disbursement of the loan be handled by your solicitor, under the applicable lien laws of the Province, guaranteeing the title to be free of liens after each payout. Please have your solicitor outline in writing to Church Investors Fund the procedures to be followed in making payouts.

Each request for payment should then be reviewed and initialized by two authorized members of the building committee who have reviewed the construction with the architect and are convinced that the work has been completed for the requested payment. Although these individuals should rely on the professionals involved, (architect and contractor), they should satisfy themselves to the best of their understanding and knowledge that the work has been completed.

## 5. Construction Authorized

Based on the cost of construction and the available funds, Church Investors Fund will provide authorization to proceed with construction.

**NO CONTRACTS FOR SITE WORK, MATERIALS OR CONSTRUCTION CAN BE SIGNED WITHOUT PRIOR AND SPECIFIC APPROVAL FROM CHURCH INVESTORS FUND.**

Church Investors Fund will make payments for completed construction as it progresses. The church will be charged the stated rate of interest on each disbursement from the date of disbursement and will be billed on a monthly basis on the first of the month following the first payout.

It is strongly recommended that a separate bank account be used for construction.

## 6. Monthly Payments

Although the interest on the disbursements toward the end of the construction period will closely approximate the monthly payment, the stated payment on the Mortgage will commence on the first of the month after substantial completion of construction of the building.

For ease in processing, Church Investors Fund requests that each church authorize Church Investors Fund to draft their account each month for the amount of the payment. Payments are due and payable on the first day of each month unless otherwise agreed upon. Each payment is applied first to unpaid collection costs, then to any late charges, then to any accrued interest and lastly to principal. If sufficient funds are not available in the church's account, the church may use the Church Investors Fund Toll Free Customer Service line (1-800-543-2343) or e-mail [CEIF@ceif.org](mailto:CEIF@ceif.org) to advise us.

Past due notices will be sent if your payments are more than 60 days delinquent. Your canceled draft will serve as your receipt for loan payments.

Larger payments than the minimum are accepted without penalty when the funds are raised from the offerings of the church.

We look forward to working with you and hope to make this process as painless as possible. If you have any questions or need clarification please give us a call. Together we can build the Kingdom.



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# LOAN APPLICATION

## 1) CONTACT INFORMATION:

Name of Church (use exact corporate name) \_\_\_\_\_ Today's Date \_\_\_\_\_

Address \_\_\_\_\_ Fed ID/Tax ID \_\_\_\_\_

City \_\_\_\_\_ State/Province \_\_\_\_\_

Zip/Postal Code \_\_\_\_\_ County/Municipality \_\_\_\_\_

Date Church was Established \_\_\_\_\_ Date Accepted as Church within Association \_\_\_\_\_ Date Incorporated (If not incorporated, then check No)  No

Senior Pastor \_\_\_\_\_ Beginning Service Date (year/month) \_\_\_\_\_ E-Mail \_\_\_\_\_

Assistant \_\_\_\_\_ Beginning Service Date (year/month) \_\_\_\_\_ E-Mail \_\_\_\_\_

Person to Contact Regarding Loan: \_\_\_\_\_ E-Mail \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State/Province \_\_\_\_\_ Zip/Postal Code \_\_\_\_\_ Phone \_\_\_\_\_

## 2) FINANCING REQUEST:

Construction to Permanent Loan    
  Draw Down Line of Credit for Renovation/Repairs    
  Straight Purchase    
  Revolving Draw Down Line of Credit    
  Bridge Loan    
  Refinance

Estimated Total Project Costs \_\_\_\_\_ Total Funding Requested \_\_\_\_\_ Date Needed \_\_\_\_\_

Purpose of Loan:

\_\_\_\_\_  
(Short Description)

ACRES	SQUARE FEET	SQUARE FEET	
Present/Proposed Property Size	Proposed Building/Addition	Present Building Size (if applicable)	Year Present Building Built

## 3) LEADERSHIP INFORMATION:

A separate statement from the ministry's leadership must accompany this application. Please include the following information::

- Outline the financing needs as reflected in this loan application -- what the funds will be used for, and why.
- Outline the methods and means of communication that you have used to inform the members of your congregation about this potential project.
- Goals of this ministry.
- The expected time line for this project.

**4) FINANCIAL INFORMATION:**

Church Investors Fund requires the submission of a total of 4 years of financial statements (complete statements for the previous 3 years, plus current year-to-date). These statements, at a minimum, must include the following information:

- All regular, non-designated offering income; capital campaign income; designated giving; any other income
- TOTAL year-to-date expenses; compensation expenses, including any benefits and housing allowances; total rent payments and/or debt service expenses; all capital expenditures; ministry expenses

All statements must be completed through the last day of the month.

Please provide current information on any of the following ministry accounts that are active.

	Name of Financial Institution	Current Balance
Unrestricted Operating Funds		
Building/Capital Campaign Funds		
Investments/Other		

**5) BANK INFORMATION:**

a) \_\_\_\_\_

Bank \_\_\_\_\_ Contact Name \_\_\_\_\_ Phone \_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State/Prov. \_\_\_\_\_ Zip/Postal Code \_\_\_\_\_

\_\_\_\_\_

Loan or Account Number \_\_\_\_\_ Current Outstanding Balance \_\_\_\_\_ Monthly Payment \_\_\_\_\_

\_\_\_\_\_

Loan Maturity Date \_\_\_\_\_ Checking Balance \_\_\_\_\_

b) How many family units give more than 3% of total church income each?  
\_\_\_\_\_

**6) INSURANCE INFORMATION:**

	Coverage	Amount
Insurance Carrier _____ Agent Name _____	Public Liability	\$ _____
Address _____ City _____	Property and Casualty	\$ _____
State/Prov. _____ Zip/Postal Code _____ Phone _____ Fax _____	Machinery and Equipment	\$ _____

Prior to funding, Church Investors Fund must be named as mortgagee/loss payee on your ministry's insurance coverage and we must receive a proof of insurance statement from your carrier within 10 days after closing the loan.

**7) MINISTRY INFORMATION:**

If the space provided is not adequate for your response, please attach a separate sheet of paper titled MINISTRY INFORMATION CONTINUED, and restate the question before supplying your answer. If the question does not apply, simply respond "N/A". Please answer all questions.

1) Does your ministry have any para-church income, such as pre-school or other class, renting the facilities on a regular basis?  Yes  No  
If yes, please explain.

2) Does your ministry have investment income? If yes, please explain.  Yes  No

3) Have there been any unusual nonrecurring income or expense items in the past 2 years? If yes, please explain.  Yes  No



**8) FUND-RAISING PROGRAM:**

Is there, or will there be, a fund-raising program in conjunction with this project?  
If yes, please complete the following.

Yes  No

Beginning Date \_\_\_\_\_ Ending Date \_\_\_\_\_ \$ TOTAL Commitment Received \_\_\_\_\_ \$ Pledge Dollars Actually Received to Date \_\_\_\_\_

**9) ATTENDANCE AND MEMBERSHIP:**

Provide previous 4-year average a.m. quarterly attendance and yearly membership.

	YEAR: _____	YEAR: _____	YEAR: _____	YEAR: _____	CURRENT YEAR
Quarter 1					
Quarter 2					
Quarter 3					
Quarter 4					
MEMBERSHIP					

**10) ACKNOWLEDGEMENTS:**

If any of the representations made in this application and the attached financial statements prove to be untrue, that cause material change in financial condition as given in said documents, then all of the obligations made by Church Investors Fund may immediately become due and payable without demand or notice. We hereby certify that all statements are true and correct and provide an accurate representation of the complete financial status of the ministry to the best of our knowledge.

This application must be signed by a minimum of 2 persons authorized to sign legal documents.

Printed Name \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ E-Mail Address \_\_\_\_\_

Title \_\_\_\_\_ E-Mail Address \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State/Prov. \_\_\_\_\_ Zip/Postal Code \_\_\_\_\_

City \_\_\_\_\_ State/Prov. \_\_\_\_\_ Zip/Postal Code \_\_\_\_\_

Daytime Phone \_\_\_\_\_ Evening Phone \_\_\_\_\_

Daytime Phone \_\_\_\_\_ Evening Phone \_\_\_\_\_

**X** \_\_\_\_\_  
Signature

**X** \_\_\_\_\_  
Signature

Authorized Signor for the Ministry?  Yes  No

Authorized Signor for the Ministry?  Yes  No

**11) PROPERTY INFORMATION:**

Which public utilities are connect to the property?  Electricity  Water  Gas  Telephone  Sanitary/Storm Sewer  None

Does the zoning permit the intended use?  Yes  No

Is a conditional use permit required?  Yes  No

Has the church voted on this project?  Yes  No

**Please complete either Section 12, 13, 14 or 15, based upon the type of loan(s) you are requesting.**

**12) CONSTRUCTION:** (complete Section 12 if applying for a Construction Loan or a Line of Credit for renovations or repairs)

Note: Construction loans start as a Draw Down Line of Credit and then convert to Principle and Interest (P&I) upon completion of construction.

Total Cost of Project \_\_\_\_\_ Cash on Hand \_\_\_\_\_ Capital Campaign Commitment \_\_\_\_\_ Original Cost of Property \_\_\_\_\_

Current Outstanding Loans \_\_\_\_\_

Architectural Firm

Address City State/Prov. Zip/Postal Code
Daytime Phone Fax Mobile Phone E-Mail

General Contractor/Design Building Firm

Address City State/Prov. Zip/Postal Code
Daytime Phone Fax Mobile Phone E-Mail

Building Chairman Phone Mobile Phone E-Mail

What type of facility do you currently anticipate building? (Check all that apply)

- Worship Auditorium Education Facility Multi-Purpose Facility
Offices Parsonage Other (specify)

Please enclose a construction budget or best estimate of costs.
Please include plot plan with application if available.

13) PURCHASE: (complete Section 13 if applying for a loan to purchase property)

Real Estate Agent Phone E-Mail

Property Address City State/Prov. Zip/Postal Code

Property Description

Asking Price Price Offered Date of Offering

Duplicate this sheet and attach to this application if more than one property is being purchased.

14) REFINANCE: (complete Section 14 if you are looking to refinance a loan from another financial institution)

Name of Financial Institution Loan Currently Resides Phone

Date Acquired Original Loan Amount Current Loan Balance Date of Last Appraisal Appraised Value

15) REVOLVING LINE OF CREDIT: (complete Section 15 if you are looking to obtain a Revolving Line of Credit for operational needs)

Current Outstanding Loans

Total Balance of Outstanding Loans Cash on Hand Date of Last Appraisal Appraised Value