

**THE DIOCESE OF CENTRAL FLORIDA  
DIOCESAN LOAN POLICY AND  
GUIDELINES FOR SEEKING DIOCESAN APPROVAL OF LOAN TRANSACTIONS**

**I. POLICY**

Diocesan policy regarding real estate loans is documented in Canon XXI of the Constitution and Canons of the Diocese of Central Florida, Incorporated, which reads as follows:

<b>Canon XXI Concerning Real Estate</b>
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<i>It shall not be lawful for any Parish or Mission or the corporate officers or Congregation thereof to encumber, sell, alienate, transfer, or convey any real property, the title to which is held by and for use of the Parish or Mission without the consent of the Diocesan Board. Provided further, that should the transaction involve any consecrated church or chapel, or any church or chapel which has been used solely for divine service, the prior written consent of the Bishop, acting with the advice and consent of the Standing Committee of the Diocese must also be obtained. In the event a Parish or Mission dissolves, real property owned by such Parish or Mission shall be transferred to the Diocese unless otherwise determined by the Ecclesiastical Authority and the Board.</i>
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Regardless of the funding source (i.e., commercial sources or Diocesan funds), all loan applications are to be submitted to the Finance Commission for review. The Finance Commission will pass the application on to the Board with its recommended action for the Board.

**II. LOANS FROM DIOCESAN FUNDS**

The Diocese has two funds from which loans can be made:

**Church Expansion Fund:** Built through contributions to the Venture in Mission and the Mission and Ministry Campaigns conducted by the Diocese in the 1980's. Its purpose is to allow the diocese and its churches to acquire and develop new or existing church properties.

**The Slemaker Fund:** Established by a major bequest to the Diocese. Its purpose is to serve as a revolving loan fund to enable the planting and growth of mission congregations. Note that loans from this fund are restricted to missions only.

Conditions for loans made from Diocesan funds are as follows:

1.     **AVAILABILITY:** Loans are subject to availability of funds to loan. Loans are made on a first come, first served basis. Note that an incomplete or inadequate loan application that is returned to the applying congregation for revision will NOT “hold” or “reserve” funds.
2.     **AMOUNT:** The maximum amount that may be borrowed is \$300,000.

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**II. LOANS FROM DIOCESAN FUNDS (Continued)**

3.      **TERMS:**

**Period:** The maximum length for a loan is seventy-two (72) months. At the end of the 72nd month from inception, all loans balloon with full payment due.

After six (6) years under these favorable terms, it is expected that congregations needing to carry the debt for more time would use commercial/alternate sources. The Diocesan loan funds need to be replenished so that other congregations can borrow from the funds. Early repayment is appreciated and has no penalty..

**Interest Rate:** The interest Rate shall be three percent (3%) for thirty-six (36) months; at which time the interest rate will increase to six percent (6%) for the subsequent thirty-six (36) months. In addition, the payments shall be amortized based on a 25-year loan period.

Note: payments are due on the 1<sup>st</sup> day of each month. While there is no late payment penalty charge, if payments are received at the Diocesan office after the 15<sup>th</sup> day of the month, an additional month of interest will accrue on the loan.

Unpaid Loans after 72 Months: If the loan has not been repaid by the 72<sup>nd</sup> month, the Finance Commission shall re-evaluate the loan. The Finance Commission will consider the current circumstances of the parish or mission. In its sole discretion, the Finance Commission may recommend the following to the Diocesan Board: changing the interest rate and/or the period used for the amortization schedule, or leaving the terms unchanged. As encouragement for prompt loan repayment, the interest rate may increase and the payments may be amortized for a shorter loan period, such as 15 years.

4.      **DISBURSMENT:** Upon approval by the Diocesan Board, funds will be available to a congregation for up to six (6) months. At the end of six (6) months, the approval expires and a new loan application must be made through the Finance Commission. Note that distribution of funds will not occur until construction begins.
5.      **FACTORS CONSIDERED:** Factors considered in granting loans will include demonstrated ability to repay the loan as well as timely submission of annual parochial reports, audit reports, and pledge cards.

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**III. FINANCE COMMISSION CONSIDERATION**

The first step in securing Diocesan approval is to have the proposed transaction reviewed by the Finance Commission. The Finance Commission normally meets on either the second or third Monday of each month and considers only written proposals addressing all of the questions included in the attached TRANSACTION QUESTIONNAIRE. This material must be submitted no later than the end of the month prior to the Finance Commission meeting.

In addition to the written proposal, it is expected that a representative of the congregation requesting the loan attends the meeting in order to respond to any questions the Finance Commission may have regarding the proposal.

**IV. DIOCESAN BOARD APPROVAL**

Once the Finance Commission has reviewed an application for a loan, the application and their recommendation is taken to the next meeting of the Diocesan Board for approval. There is usually a Diocesan Board meeting within three weeks of each Finance Commission meeting. A written package is submitted to the Board and the Chairman of the Finance Commission presents the Committee's recommendation. While it is not necessary, a representative of the Congregation seeking approval is welcome to attend to answer any questions that might arise from members of the Board.

**V. SUMMARY OF TIMETABLE FOR LOAN APPLICATION (subject to change)**

<b>Last day of each month:</b>	Deadline for submission of application to be considered at the next Finance Commission meeting.
<b>Generally the second or third Monday of each month:</b>	Finance Commission meets and considers application.
<b>Generally the third Thursday of each month:</b>	Diocesan Board meets for final consideration of the loan application.

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**TRANSACTION QUESTIONNAIRE (please type your responses on a separate sheet of paper)**

1. Please attach a one page summary of the project that informs the reader of what you plan to do, how you plan to do it, and how you plan to pay for it.
2. What is the purpose of the loan, and how will the loan proceeds be used?
3. How will this project impact the Mission and Ministry of the Congregation?
4. What is the amount of the loan?
5. When will construction begin and when will loan funds be needed?
6. What institution will make the loan and what are the terms, including interest rate, points, duration and any special provisions?
7. Will any consecrated property be pledged to collateralize the loan?
8. What is the source of repayment for this loan (e.g. capital funds drive, regular budget activity, etc.)?
9. What steps are you taking to ensure that this transaction has a positive impact on stewardship in your congregation?
10. Who should be contacted for additional information about this transaction? What is the phone number and when is the best time to call?
11. Please attach the budget for your building/improvement program.
12. Please complete the attached budget worksheet.

Note: Please use the attached form and transfer your information to it. The layout of this form facilitates efficient and effect analysis by the Finance Commission. Please do not simply print out several year's income statements from your accounting system and attach them to your loan application. Doing so will result in your application being sent back for re-submission.

13. Please complete the attached comparative balance sheet and make sure it balances.

Note: Please use the attached form and transfer your information to it. The layout of this form facilitates efficient and effect analysis by the Finance Commission. Please do not simply print out several year's balance sheets from your accounting system and attach them to your loan application. Doing so will result in your application being sent back for re-submission.

14. Please attach copies of the following: prior year's annual parochial report, prior year's audit report, and the current year's diocesan pledge card.

# Diocese of Central Florida

## Loan Application: Balance Sheet Worksheet

	3 YEARS AGO ACTUAL	2 YEARS AGO ACTUAL	1 YEAR AGO ACTUAL	CURRENT YEAR BUDGET	NEXT YEAR ESTIMATE *
ASSETS					
Cash and Equivalents					
Receivables					
Investments					
Other					
Fixed Assets					
TOTAL ASSETS					
LIABILITIES AND FUND BALANCE					
Accounts Payable					
Accrued Interest Payable					
Notes Payable					
Mortgages Payable					
Designated Funds					
Fund Balance					
TOTAL LIABILITIES AND FUND BALANCE					
Total Assets - Total Liab & Fund Bal (Should Be 0)					

\* Estimate should assume that your application is approved. I.E. You should show a Notes Payable for the amount of the loan, increased fixed assets, etc.

# Diocese of Central Florida

## Loan Application: Income Statement Worksheet

		3 YEARS AGO ACTUAL	2 YEARS AGO ACTUAL	1 YEAR AGO ACTUAL	CURRENT YEAR BUDGET	NEXT YEAR ESTIMATE *
INCOME						
	Plate					
	Pledge					
	Special/this project					
	Investment					
	Other					
	TOTAL INCOME					
EXPENSES						
	Diocesan Support					
	Other Outreach					
	Personnel					
	Plant/Operations					
	Office/Admin					
	Worship/Program					
	Other					
	Debt Service					
	TOTAL EXPENSES					
	NET INCOME (LOSS)					
	Baptized Members					
	Avg Sunday Attendance					
	Pledging Units					

\* Estimate should assume that your application is approved. I.E. You should show a debt service expense for the amount of loan payments, etc.