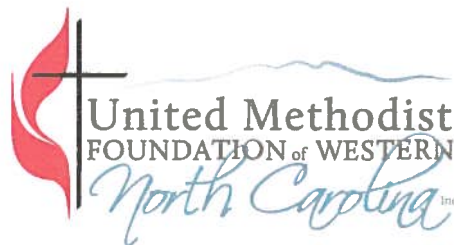


## DEVELOPMENT FUND LOAN APPLICATION

### BUILDING THE CHURCH FOR GENERATIONS TO COME

THE MINISTRY OF THE UNITED  
METHODIST FOUNDATION  
OF WESTERN NORTH CAROLINA, INC.



THE UNITED METHODIST FOUNDATION OF  
WESTERN NORTH CAROLINA, INC. IS A  
MINISTRY OF THE CHURCH FOR THE CHURCH  
WHOSE MISSION IS TO BUILD THE CHURCH  
FOR GENERATIONS TO COME. WE FULFILL  
THIS MISSION BY INVESTING IN PEOPLE,  
CHURCHES AND RELATED INSTITUTIONS, AND  
INNOVATION. WE ENVISION A CHURCH  
WHERE PEOPLE LIVE OUT THEIR DISCIPLESHIP  
THROUGH THE FAITHFUL STEWARDSHIP OF  
THEIR GOD-GIVEN RESOURCES.

UNITED METHODIST FOUNDATION OF WESTERN NORTH CAROLINA, INC.  
13816 PROFESSIONAL CENTER DRIVE, STE. 100  
HUNTERSVILLE, NORTH CAROLINA 28078  
888.450.1956 (TOLL FREE), 704.817.3990 (LOCAL), 980.422.0390 (FAX)  
[WWW.UMFWNC.ORG](http://WWW.UMFWNC.ORG)

Application Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

GCFA Number (if applicable)

Institution Corporate Name

Institution Name

County

Address

Pastor/President/CEO

City, State Zip Code

Contact for Loan Purposes

Phone

Contact Phone Number

District

Contact Email

**Please provide the following names:**

Chairman, Board of Trustees

Secretary, Board of Trustees

Chairman, Finance Committee

Financial Secretary/Business Administrator

Treasurer

Is your institution new; i.e., new church start? \_\_\_\_\_ Yes \_\_\_\_\_ No

Are you working with the WNCC Office of Congregational Development? \_\_\_\_\_ Yes \_\_\_\_\_ No

Is your institution chartered? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If "Yes", year chartered: \_\_\_\_\_

Is your institution incorporated? \_\_\_\_\_ Yes \_\_\_\_\_ No

Is your institution invested in The Development Fund of the United Methodist Foundation of Western North Carolina, Inc.? \_\_\_\_\_ Yes \_\_\_\_\_ No

Please tell us about your connectional commitment by providing us with your institution's apportionment history (if applicable) over the last five years. If less than 100% for the past five years, please submit an explanation on a separate sheet with the loan application:

	Year	Percentage Paid	Amount Paid
Current Year			
1 <sup>st</sup> Previous Year			
2 <sup>nd</sup> Previous Year			
3 <sup>rd</sup> Previous Year			
4 <sup>th</sup> Previous Year			

Are there any outstanding property insurance premiums?  Yes  No  
 If so, how much? \$ \_\_\_\_\_

Are there any outstanding health insurance premiums?  Yes  No  
 If so, how much? \$ \_\_\_\_\_

Are there any outstanding clergy pension contributions?  Yes  No  
 If so, how much? \$ \_\_\_\_\_

Are there any other outstanding unpaid accrued bills?  Yes  No  
 If so, how much? \$ \_\_\_\_\_

**Please Tell us about you scheduled services/attendance and financial stewardship:**

Membership Information	2014	2013	2012	2011
Present Membership				
Total Number of Families in Membership				
Average Worship Attendance				
Church School Enrollment				
Church School Attendance				
Average Weekly Offering	\$	\$	\$	\$
Average Number of Giving Units				

**10 Largest Givers Profile:** (please list the total \$ given by each of the 10 largest givers in previous year)

- 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_ 4) \_\_\_\_\_ 5) \_\_\_\_\_  
 6) \_\_\_\_\_ 7) \_\_\_\_\_ 8) \_\_\_\_\_ 9) \_\_\_\_\_ 10) \_\_\_\_\_

How many worship services are held each Sunday? \_\_\_\_\_

When was the last time your membership roll was purged? \_\_\_\_\_

*Please indicate % of total membership represented by each category*

Profile of Age Groups	2014	2013	2012	2011
Under 18 years	%	%	%	%
Ages 18 – 29 years	%	%	%	%
Ages 30 – 44 years	%	%	%	%
Ages 45 – 59 years	%	%	%	%
Ages 60 -74 years	%	%	%	%
Ages 75+ years	%	%	%	%

**Please tell us about your financing needs/request:**

What is the amount of the loan that you are requesting? \_\_\_\_\_

What is the amortization period you are requesting? \_\_\_\_\_

**\*PLEASE NOTE: ALL LOAN CLOSING COSTS WILL BE THE SOLE RESPONSIBILITY OF THE BORROWER AND DUE AT THE TIME OF LOAN CLOSING.**

**Please tell us about your project:**

Total Cost of Project (including architectural and other associated fees)

\$ \_\_\_\_\_ Total actual / estimated (circle one)

\$ \_\_\_\_\_ Estimated cost per square foot

*Please check the appropriate boxes below and attach a separate sheet with detailed description of the project.*

\_\_\_\_\_ (A) **New Construction at present or new location**

(1) Estimated construction period: \_\_\_\_\_

(2) Has construction/remodeling begun? \_\_\_\_\_

(3) Has a Notice of Commencement been recorded? \_\_\_\_\_

(4) Is this a "Fixed Price" contract? \_\_\_\_\_

(5) Is there any affiliation between the institution and/or its constituents with any building contractor or supplier who has an interest in or may receive any of the loan proceeds? \_\_\_\_\_

(6) The type of construction contract will be (check one):

\_\_\_\_\_ Stipulated Sum Basis with 100% Performance Bond and 100% Labor and Material Bond. (See Loan Policies for Conditions)

\_\_\_\_\_ Construction Management Basis without Performance Bond and Labor and Material Bond on the General Contractor. (See Loan Policies for Conditions of Acceptability)

\_\_\_\_\_ (B) **Purchase**  
 \_\_\_\_\_ Purchase land only  
 \_\_\_\_\_ Purchase land and existing facilities  
 \_\_\_\_\_ Other

\_\_\_\_\_ (C) **Refinance**  
 \_\_\_\_\_ Unsecured loan  
 \_\_\_\_\_ Mortgage loan  
 \_\_\_\_\_ Other

\_\_\_\_\_ (D) **Other (*Please describe*)**

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**Tell us about your resources for the project:**

What is the collateral? \_\_\_\_\_

When do you think you will need the money? \_\_\_\_\_

How do you intend to repay the money? \_\_\_\_\_

Cash on hand\*, as of \_\_\_\_\_: \$ \_\_\_\_\_

Donations from District or Conference (anticipated): \$ \_\_\_\_\_

Congregational Development Grants (anticipated): \$ \_\_\_\_\_

Duke Endowment Funds (anticipated): \$ \_\_\_\_\_

Amount already paid on project: \$ \_\_\_\_\_

Other (list on a separate sheet): \$ \_\_\_\_\_

Total Capital Campaign Pledges/Receipts \$ \_\_\_\_\_

Total anticipated resources: \$ \_\_\_\_\_

---

\* Dedicated to the project

**Tell us about your Capital Campaign:**

A Capital Campaign was/will be (*circle one*) conducted on \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_ and pledges were/will be (*circle one*) secured for a total of \$\_\_\_\_\_, payable during the period \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_ through \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_.

(The amount of pledges should equal the total of at least two years of the loan amortization.)

As of \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_, the total amount received on these pledges was \$\_\_\_\_\_. Another Capital Campaign will be held on \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_ to secure additional pledges for debt retirement. It is anticipated that the Capital Campaign will be conducted by \_\_\_\_\_.

**Tell us about your church property:**

Building/Facility	Yes/No	Age	Seating Capacity	Square Footage	Property FMV	Exterior*
Auditorium/Sanctuary						
Education Building						
Fellowship Hall						
Day Care						
Parsonage(s)						
Other						

\* Type of Exterior; i.e., wood, brick, metal, stone, etc.



**Tell us about your existing mortgage loans:**

Name of Lender \_\_\_\_\_ Loan Officer \_\_\_\_\_

Address \_\_\_\_\_  
Street City State Zip

Account or Loan Number \_\_\_\_\_ Loan Origination Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Interest Rate \_\_\_\_\_%

Original Loan Amount \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_ Payment \$ \_\_\_\_\_

Amortization Period \_\_\_\_\_

Property Legal Description \_\_\_\_\_

Property Physical Address \_\_\_\_\_

Name of Lender \_\_\_\_\_ Loan Officer \_\_\_\_\_

Address \_\_\_\_\_  
Street City State Zip

Account or Loan Number \_\_\_\_\_ Loan Origination Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Interest Rate \_\_\_\_\_%

Original Loan Amount \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_ Payment \$ \_\_\_\_\_

Amortization Period \_\_\_\_\_

Property Legal Description \_\_\_\_\_

Property Physical Address \_\_\_\_\_

**Does your institution have any additional debt (e.g., mortgage loans, credit lines, unsecured notes, etc.)? \_\_\_\_\_ Yes\* \_\_\_\_\_ No**

*\*If so, please attach on a separate sheet.*

## Authorizing Resolution

This certifies that the Charge Conference (or Church Conference) of the \_\_\_\_\_ United Methodist Church of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, adopted the following RESOLUTION:

BE IT RESOLVED that the Trustees, or proper officials of The \_\_\_\_\_ United Methodist Church of \_\_\_\_\_ are hereby authorized to borrow money from the United Methodist Foundation of Western North Carolina, Inc., not to exceed the amount of \$ \_\_\_\_\_, and an amortization period not to exceed \_\_\_\_\_.

Date: \_\_\_\_\_ Signed \_\_\_\_\_  
Charge/Church Conference Secretary  
\_\_\_\_\_  
Type or Print Name

## Recommendation of the District Board or if not applicable, the signature of the District Superintendent

At a meeting of the District Board of the \_\_\_\_\_ District held on \_\_\_\_\_, 20\_\_\_\_, it was recommended that a loan of \$ \_\_\_\_\_ be granted.

Date: \_\_\_\_\_ Signed \_\_\_\_\_  
President of District Board  
\_\_\_\_\_  
Type or Print Name

Date: \_\_\_\_\_ Signed \_\_\_\_\_  
Secretary of District Board  
\_\_\_\_\_  
Type or Print Name

\*The Recommendation of the District Board is not applicable.

Signed \_\_\_\_\_  
District Superintendent

## Consent of the District Superintendent and Pastor

The undersigned individuals, as District Superintendent of the Western North Carolina Annual Conference District in which \_\_\_\_\_ United Methodist Church of \_\_\_\_\_ is located and as Pastor appointed to said church, certify that we have examined the forgoing application and, pursuant to Paragraphs 2540 and 2541 of the Discipline (2012) of The United Methodist Church and consent and recommend that a loan of \$\_\_\_\_\_ with an amortization period of no more than \_\_\_\_\_ be granted.

Date: \_\_\_\_\_

Signed

\_\_\_\_\_  
District Superintendent

\_\_\_\_\_  
Type or Print Name

Date: \_\_\_\_\_

Signed

\_\_\_\_\_  
Pastor

\_\_\_\_\_  
Type or Print Name

## Attorney who will be representing the church

\_\_\_\_\_  
Name of Attorney (print or type)

\_\_\_\_\_  
Address

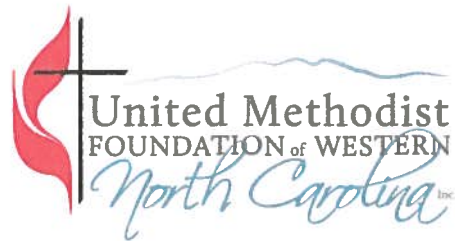
Phone Number: (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Fax Number: (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

\_\_\_\_\_  
Email Address

## Please include the following information as attachments:

*\*Please note, failure to include the following information will result in your application being returned to you.*

1. \_\_\_\_\_ Financial Statements:
  - a. Income & Expense Statement (year to date)
  - b. Balance Sheet (year to date)
  - c. Year-end Financial statements for each of the previous two years (includes Balance Sheet and Income & Expense Statement )
2. \_\_\_\_\_ Detailed description of the project
3. \_\_\_\_\_ Cost breakdown of the project
4. \_\_\_\_\_ Legal description of the property to be mortgaged
5. \_\_\_\_\_ Physical address of the property to be mortgaged
6. \_\_\_\_\_ Signed Certification, located on the last page of the Foundation's loan policies.
7. \_\_\_\_\_ Information relative to any additional outstanding debt either secured or unsecured that your institution may have.
8. \_\_\_\_\_ If apportionment history is less than 100% for the past five years, please provide an explanation.
9. \_\_\_\_\_ Answer the following questions:
  - a. What community ministries does the church sponsor?
  - b. What community programs are housed in the church facility and whom do they serve?
  - c. What percentage of church income is spent on mission projects?



*"Building the Church for Generations to Come"*

## **Loan Guidelines and Procedures** (Loan Policy)

### **Purpose**

The United Methodist Foundation of Western North Carolina, Inc. (UMF) supports the mission of the United Methodist Church by providing loans to United Methodist Churches, Districts, Institutions or other church extension agencies (herein called "Applicants"). Loans are conveyed for purchase, construction, expansion, major improvements, or for refinancing existing mortgages. The Loan Committee of the UMF establishes maximum loan amounts, interest rates, and terms periodically. They are subject to change and Applicants are encouraged to check with staff and/or UMF website ([www.umfwnc.org](http://www.umfwnc.org)) for current loan limits and rates.

### **Projects for Which Loan Funds are Available**

- A. New congregation's first building/facility
- B. Expansion of facilities on an existing site
- C. Major improvement and/or replacement of existing facilities
- D. Site purchases
- E. Refinancing of existing loan with banks or other lenders

### **Projects for Which Loans Funds are NOT Available**

Projects for which loan funds are not available include ornamental or nonessential projects such as:

- A. Organs
- B. Bell towers
- C. Stained glass windows
- D. Facades
- E. Landscaping
- F. Interior decorating

Funding for these projects CAN be included in the requested loan amount so long as the minimum equity percentage (20%) is maintained.

## Loan Conditions

- A. The normal amortization period for any loan shall be 15 years. However, a 20-year amortization period may be approved on a case-by-case basis, and the UMF is authorized to establish amortization schedules, which may contain balloon provisions.
- B. The interest rate on loans shall be adjusted quarterly to 2% above the current rate paid by the UMF on its Participation Accounts.
- C. Because the UMF has finite funding resources and wishes to provide those resources to as many United Methodist Churches as reasonably possible, loans are made with the understanding that the borrower will draw these funds promptly as described below: It is not acceptable to the UMF for a borrower to only partially use a loan, or to attempt to use the loan as a line of credit. Accordingly, the UMF will charge a commitment fee equal to one percent (1%) of the amount of the loan ("Commitment Fee"). This Commitment Fee, upon the execution of the Commitment Letter, is fully earned and is due and owing to the UMF. The Commitment Fee will be due upon ten (10) days written notice from the UMF to borrower and may be drawn by the UMF at its option against any of the loan account not yet disbursed to the borrower. Notwithstanding the foregoing, if the loan is fully and completely disbursed to the borrower within ninety (90) days of the date of the Commitment Letter, or, if a construction loan, is fully and completely disbursed to the borrower on or before the end of the construction period described in the loan documents (collectively, the "Time Requirements"), the UMF may waive and not require the payment of the Commitment Fee. Additionally, if borrower fails to comply with the foregoing Time Requirements, any remaining balance not drawn by the borrower shall then be advanced to the borrower and the borrower shall begin thirty-days (30) thereafter making its payments of principal and interest.
- D. Loans are considered on a first come, first serve basis, as evidenced by a date stamped on the application by the UMF staff.
- E. Loans SHALL NOT BE MADE that will have the effect of establishing a line of credit for any Western North Carolina Conference United Methodist church, agency or institution. When a future advance is made on a loan or when the current balance is being re-amortized, the amortization period cannot extend beyond the existing amortization period.
- F. Loans will not be approved for structures that are inherently portable or relocatable in nature. Any structure that in a construction appraisal would not be considered as a permanent asset and add value to the property shall not be funded through the UMF. This would include, but is not limited to, portable or relocatable structures, fabric or membrane structures, tents, air-supported structures, tensioned structures or other similar structures.

- G. The borrower shall provide at least 20% of the cost of the project.
- H. If the loan is to be used for the purchase of property, the borrower shall provide a down payment equal to 20% of the purchase price.

### **Loan Application Requirements**

- A. The Loan Application form and supporting materials shall be completed and submitted to the UMF before formal consideration of a loan request will be made. This includes:
  - a. Project description and purpose
  - b. The consent of required authorities
  - c. A financial statement
  - d. When required, the results of a capital funds drive, showing the receipt of pledges in an amount equal to 100% of the mortgage payments for the first two years
  - e. A statement documenting that the total debt service of the institution will not exceed 35% of the total annual income of the institution (including building fund receipts)
- B. If the cost of the project exceeds \$50,000, an authorized representative of the UMF who has visited the project and met with appropriate project officials to discuss the feasibility of the project and the ability of the institution to repay the full loan amount shall submit a report to the UMF's Loan Committee.
- C. The borrowing institution shall submit updated financial information if the formal loan application was completed more than 90 days prior to the date of its consideration.

### **Closing Conditions**

- A. All loans shall be secured by a first mortgage on the appropriate property.
- B. Documents to be submitted are:
  - a. A Promissory Note
  - b. A recorded Mortgage that includes language prohibiting the assumption of additional debt by the borrower without the written consent of the UMF directors
  - c. An acceptable Mortgagee's Title Policy, showing the UMF as the holder of the first lien on the encumbered property
  - d. Evidence of inclusion in the policy of insurance covering the church property,
  - e. A recorded Notice of Commencement recorded after the Promissory Note and the Mortgage
  - f. If the loan is being used to purchase land, the results of an environmental impact study conducted by a firm acceptable to the UMF
  - g. Other such documents as shall be deemed necessary by the counsel for the UMF.

- C. Documentation that a minimum of 10% of the cost of the project is on hand or has been expended on the project. In a land purchase situation, the 10% shall represent a portion of the down payment.
- D. Closing costs are the mortgagor's responsibility.

### **Loan Disbursement Conditions**

- A. If the loan proceeds are to be disbursed as a construction loan, the institution, with the approval of the UMF, shall enter into a Construction Loan Agreement that shall meet the following contractual arrangement:

Stipulated Sum Basis with 100% Performance Bond and 100% Labor and Material Payment Bond. The institution shall have an agreement with a General Contractor to construct the facility and to provide a bond in the amount of the contract with the General Contractor. The form of Agreement between the Institution and the Contractor shall be one that is of an acceptable nature to the institution and the UMF. Bonds shall be provided by sureties licensed in the State of North Carolina having a minimum rating B + VI, as rated by Best's Key Rating Guide, current edition. Said bonds shall contain a Dual Obligee Rider naming the UMF as an obligee, and said bonds and rider shall be in such form, as the UMF shall require.

The UMF shall disburse the loan proceeds after effectuation of the following:

1. The institution has submitted documentation that all funds on hand for the project have been applied by the institution, except for those funds representing a 5%-10% contingency reserve,
  2. Upon receipt of a copy of the 100% Performance Bond and the 100% Labor and Material Payment Bond,
  3. Upon the appropriate request for funds by the proper institutional official, the architect and the contractor,
  4. Upon receipt of evidence that a copy of the Payment and Performance Bonds were recorded with the Notice of Commencement, and
  5. Upon receipt of waivers of liens for all previous payments.
- B. If the loan proceeds are to be disbursed in a lump sum as payment, such as for the purchase of a building and property, the proceeds will be disbursed in a manner agreed upon by the institution and the UMF.



## Loan Repayment Conditions

- A. At the discretion of the UMF, during the first 12 months of a loan other than a Construction loan, interest only shall be due monthly, on the first of each month. During this 12-month period, the borrower is also encouraged to make principal payments, in addition to the interest payments. At the end of this 12-month period, the monthly loan payment amount (consisting of interest and principal) shall be established. This regular monthly payment shall be based on the principal balance at the end of this 12-month period, the interest rate that will be in effect on the 1<sup>st</sup> day of the month after the end of this 12-month period and the remaining amortization period. The first regular principal and interest payment will be due on the first day of the first month after the end of this 12-month period.
- B. On Construction loans, interest only shall be due monthly, on the first of each month, on funds received to date. During the 12 months beginning on the first day of the month after the month in which the final draw on the loan proceeds occurs, interest only shall be due monthly, on the first of each month. During this 12-month period, the borrower is also encouraged to make principal payments, in addition to the interest payments. At the end of this 12-month period the monthly loan payment amount (consisting of interest and principal) shall be established. This regular monthly payment shall be based on the principal balance at the end of this 12-month period, the interest rate that will be in effect on the 1<sup>st</sup> day of the month after the end of this 12-month period and the remaining amortization period. The first regular principal and interest payment will be due on the first day of the first month after the end of this 12-month period.
- C. No prepayment penalties shall be applied; however, additional payments on principal shall be made only at the time of the regular monthly payment.
- D. A late fee of 5% of the monthly payment will be charged on loan payments received after the 10<sup>th</sup> of the month.
  - a. Upon a loan becoming 30 days in arrears following the grace period, the loan shall be considered in default. The President of the UMF shall contact the appropriate institutional official directly to discuss ways to make the loan current.
  - b. If 30 days following the date of default, the loan has not been made current, the President of the UMF shall contact the appropriate institutional official and other appropriate institution, district or conference officers to discuss ways to make the loan current.
  - c. If 60 days following the date of default the loan has not been made current, the President of the UMF shall meet with the appropriate institutional official and other appropriate institution, district or conference officers to determine what steps, if any, can be taken to avoid foreclosure.
  - d. Foreclosure shall occur only upon the recommendation of the President of the UMF and the concurrence of the directors of the UMF.

## **Insurance Settlements**

If an insurance settlement on mortgaged property is for \$25,000 or less, the UMF shall release the proceeds of the settlement to the institution; if in excess of \$25,000, the following shall apply:

- A. The proceeds of the settlement shall be placed in a participation account in the UMF,
- B. The institution shall submit to the UMF a proposal detailing the plan and cost of repair, and
- C. Once the proposal has been approved by the UMF, the proceeds of the insurance settlement shall be disbursed as follows:
  - a. If the facility was totally destroyed, the UMF would retain that portion of the insurance settlement proceeds which represents the full value of the outstanding principal balance of the mortgage loan and release to the institution the remaining portion of the proceeds,
  - b. If the property is abandoned, the UMF would retain that portion of the insurance settlement proceeds which represents the full value of the outstanding principal balance of the mortgage loan, or
  - c. If the facility is to be repaired, the insurance settlement proceeds shall be disbursed in the same manner as a construction loan.

## **Certification**

We certify that we have read and understood the attached policies. We agree to be governed by them in the administration of a loan.

Chairperson, Board of Trustees \_\_\_\_\_

Chairperson, Finance Committee \_\_\_\_\_

Treasurer \_\_\_\_\_

Chairperson, Building Committee \_\_\_\_\_

Pastor \_\_\_\_\_

Name of Church \_\_\_\_\_

Area Code & Telephone Number \_\_\_\_\_

Fax Number \_\_\_\_\_