

LOAN GUIDELINES
Presbytery of Beaver-Butler
Provisional Working Guidelines – 2000

I. GUIDELINE PURPOSE

The Loan guidelines described below are intended to provide:

- A. parameters within which congregations may seek to borrow funds;
- B. feedback to the Trustees of Beaver-Butler Presbytery as to the progress towards the pay-off of loans;

II. LOAN GUIDELINES FOR CHURCHES THAT USE PLEDGING

Loans for projects such as improvements to church-owned buildings, new construction, renovation, or purchase of existing structures for congregations of this Presbytery where pledging is used to support such projects shall meet the following criteria:

- A. The church shall have 1/3 of the total project as Cash-In-Hand **or** Three-Year-Pledges; and

If Cash-In-Hand meets requirement A, two-thirds of **that** amount shall also be secured as Three-Year-Pledges; **or**

If Three-Year-Pledges meet requirement A, two-thirds of **that** amount shall also be secured as Cash-In-Hand.

Example: Project cost = \$100,000. According to this formula, a church may have:

- 1. \$33,000 as Cash-In-Hand and \$22,000 in Three-Year-pledges for a total of \$55,000 towards the \$100,000 project; or
 - 2. \$33,000 in Three-Year-pledges and \$22,000 as Cash-In-Hand for the same total towards the \$100,000 project.
- B. After Presbytery approval, the church shall negotiate a loan no more than the balance of the project after Cash-In-Hand. The loan (mortgage) shall not be for more than 20 years.
 - C. The Presbytery may write loan notes. The interest rate on such loans shall be 1/2 of the New York Prime Rate at the time the loan is reviewed by the committee, but no lower than 4%. Presbytery sources include the Capital Loan Fund and the Aliquippa Loan Fund.
 - D. The church shall make application for all types of loans by completing a **Loan Request Form**. The form may be secured from the Presbytery Center. Completed forms are due two weeks prior to regularly scheduled Coordinating Team meetings.
 - E. Presbyterian loan sources require evidence of current payments toward Per Capita and support of Presbyterian mission in the amount of 10% of session budget.

- F. The church shall provide a pay-off report to the Trustees by January 15th of each year. The report shall be a statement from the lending institution showing amount of note, principal paid, principal balance, interest balance, interest paid YTD, and payoff date as of the last day of December of the previous year.

III. LOAN GUIDELINES FOR CHURCHES THAT DO NOT USE PLEDGING

Loans for projects such as improvements to church-owned buildings, new construction, renovation, or purchase of existing structures for congregations of this Presbytery where a plan for pledging is not being administered shall meet the following criteria:

- A. The church shall have ½ of the total projected cost of the project as Cash-In-Hand.
- B. After Presbytery approval, the church shall negotiate a loan of no more than ½ of the total projected cost of the project. The loan (mortgage) shall not be for more than 20 years.
- C. The Presbytery may write loan notes. The interest rate on such loans shall be ½ of the New York Prime Rate at the time the loan is reviewed by the committee, but no lower than 4%. Presbytery sources include the Capital Loan Fund and the Aliquippa Loan Fund.
- D. The church shall make application for all types of loans by completing a **Loan Request Form**. The form may be secured from the Presbytery Center. Completed forms are due two weeks prior to regularly scheduled Coordinating Team meetings.
- E. Presbyterian loan sources require evidence of current payments toward Per Capita and support of Presbyterian mission in the amount of 10% of session budget.
- F. The church shall provide a pay-off report to the Trustees by January 15th of each year. The report shall be statement from the lending institution showing amount of note, principal paid, principal balance, interest balance, interest paid YTD, and payoff date as of the last day of December of the previous year

IV. EXCEPTIONS

These guidelines are intended to assist churches to secure funds in a manner that is fiscally responsible. Exceptions may be considered by the Trustees.

V. REQUESTS FOR SPECIAL TRUSTEE MEETINGS DURING MEETINGS OF PRESBYTERY

Please remember that a minority number of Trustee members are present at meetings of Presbytery. Attending members are to give themselves to the stated business, the worship, and the meal/fasting fellowship of the Presbytery. As a general rule, the Trustees will receive applications at meetings of Presbytery only to review them later at a regular committee meeting.