

ALABAMA-WEST FLORIDA
UNITED METHODIST DEVELOPMENT FUND, INC.
MORTGAGE/LOAN APPLICATION INSTRUCTIONS

1. Complete the application as thoroughly as possible.
2. All forms should be signed by the appropriate people, to include the District Superintendent and the District Board of Church Location and Building.
3. Use the “**Borrower’s Checklist**” (attached) to assist in completing the application process.
4. Address all correspondence to:

Mrs. Terri H. Turner, Executive Director
Alabama-West Florida United Methodist Development Fund, Inc.
P. O. Box 8066
Dothan, Alabama 36304
foundation@alwfumf.org
334-793-6820 Tel
334-794-6480 Fax

ALABAMA-WEST FLORIDA
UNITED METHODIST DEVELOPMENT FUND, INC.,
BORROWER'S CHECKLIST

DATE COMPLETED

1. Complete *application* and submit to our office at the address shown. _____
2. Provide *names of Officers* authorized by Board of Trustees to sign mortgage and promissory note. _____
3. Provide *legal description* of the property to be mortgaged. _____
4. Provide *Title Insurance policy* (if applicable) in the name of:
Alabama-West Florida United Methodist Development Fund, Inc. _____
5. Obtain *Builder's Payment and Performance bond* (if applicable). _____
6. Obtain authorized signatures on Mortgage and Promissory Note. _____
7. Take original Mortgage to courthouse for recording. _____
8. Return the **original** recorded mortgage and promissory note to our office. _____
9. Have Mortgagee added to your Property Insurance policy as follows:
Alabama-West Florida United Methodist Development Fund, Inc.,
PO Box 8066, Dothan, AL 36304. _____

ALABAMA-WEST FLORIDA
UNITED METHODIST DEVELOPMENT FUND, INC.
LENDING GUIDELINES

- 1) It is generally not appropriate for loans to be requested solely for the purpose of obtaining a lower interest rate than that charged by other loan sources. It is our policy that all loan applicants with the exception of new churches constructing their first unit are to explore several funding options. Diligent efforts are to be made by the church to accomplish this.
- 2) Before a loan is approved, a financial canvass by the borrowing congregation must be conducted and bona fide pledges, payable over two or three years, must be secured in an amount equal to the total of at least 2 or 3 years of the amortization schedule. A church receiving a loan must have a minimum of 10% of the total cost of the proposed project on hand in a separate building fund account at the time the loan is approved. Before a loan is disbursed, the church receiving the loan must have cash in hand equivalent to twenty-five percent (25%) of the total proposed project.
- 3) The following priorities shall be followed by the board:
 - a. New congregations financing the first unit or parsonage.
 - b. Congregations meeting one of the following requirements:
 - congregations less than seven (7) years of age
 - congregations being relocated
 - ethnic minority local churches
 - congregations experiencing redevelopment
 - congregations experiencing rapid growth
- 4) All loan applications must be approved by the District Board of Church Location and Building as well as recommended by that Board to the Alabama-West Florida United Methodist Development Fund's Board of Directors.
- 5) When the amount of the loan exceeds the amount suggested in the guidelines of the Alabama-West Florida United Methodist Development Fund, Inc., the District Board of Church Location and Building (or its equivalent) must guarantee the loan. This means that if the local church defaults (i.e. is 90 days delinquent in payment), the District Board must assume payment of the guaranteed loan.
- 6) The Development Fund Board will defer formal consideration of loan requests until the official application has been completed and submitted to its Executive Officer. Completed application including all signatures must be submitted to the Executive Director by June 1 or December 1 prior to the Board's semi-annual meeting, unless otherwise approved.
- 7) If a church with an existing loan with the Annual Conference requests additional loan funds, the existing loan must be incorporated into the new loan at the current interest rates and terms.
- 8) Before the Board can approve a loan there shall be a visit to the project by an authorized representative of the Board or the Board must receive a copy of the architectural plans for the project.
- 9) The recommended period for any loan shall be 10 years or less and the maximum period shall not exceed 15 years.

- 10) Unless otherwise approved by the Development Fund Board at the time the loan is granted, all loans must be secured by a first mortgage. At the time of closing, in addition to the note and mortgage, the borrowing church shall furnish an acceptable mortgagee's title policy or clear title opinion indicating that the Board's loan is a valid lien on the property. If the loan proceeds are to be disbursed as a construction loan, a Builder's Payment and Performance Bond shall be furnished.
- 11) The Committee shall not consider a loan if more than 30% of the total income of the church will be required to meet the amortization schedule. Preferably the debt ratio should be less than 25%. This requirement may not apply to new churches constructing their first unit.
- 12) Borrowing churches shall submit updated financial information to the Committee if the formal loan application was completed more than 90 days before the date of its consideration.
- 13) When the funding of a project includes the use of Conference, National, District donations and/or other funds in addition to the proceeds of the loan granted, loan proceeds will be advanced after all other funds have been applied.
- 14) Unless there are extenuating circumstances, a loan shall be utilized within six (6) months of the date of its granting and a letter of commitment sent to the Board's Executive Officer stating the date drawing of the loan is desired.
- 15) The initial rate of the loan will be set at the time of closing based on the current rate established by the fund's Board of Directors. The interest rate will then adjust annually (on the anniversary date of the loan) to the current rate offered to new loans by said Board.
- 16) Updated financials are required to be submitted annually for the entire duration of the loan within 90 days of the borrower's fiscal year end. If loan amount exceeds \$500,000, updates will be required quarterly. Failure to provide this information may result in default .
- 17) If applicable, a Phase I Environmental Study must be completed prior to the commencement of the project, and if any problems are identified, a Phase II Study will also be required.