



BORROWER'S CHECKLIST & GUIDELINES

Checklist:

1. Completed *application*, to include all signatures and requested attachments.
2. *Names and titles of all Officers* to sign mortgage and promissory note.
3. *Legal description* of the property to be mortgaged.
4. *Title insurance commitment /policy* (if applicable) in the name of: Alabama-West Florida United Methodist Development Fund, Inc.

General borrowing guidelines:

- 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.
- 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 minimum of 10% of the total cost of the proposed project should be secured in a separate building fund account and cash in hand equivalent to twenty-five percent (25%) of the total proposed project prior to the disbursement of funds.
- 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
- 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.

- If the amount of the loan requested 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* by signature on page 4 of the application. This means that if the local church defaults (i.e. is 90 days delinquent in payment), the District Board assumes payment of the guaranteed loan.
- 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.
- 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.
- 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.
- The recommended period for any loan shall be 10 years or less and the maximum period shall not exceed 15 years.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

- Upon approval of the loan by the UM Development Fund Board, the following loan documentation must be provided before loan documents can be completed:
 - A copy of the builder's payment and performance bond
 - A copy of the legal description of the property
 - Lender's clear title policy
 - Listing of authorized signers for the note and mortgage
 - Certificate of Occupancy from the architect (when applicable)
- Once all documents have been executed, the mortgage should then be recorded at the local courthouse and the original recorded copy returned to the UM Development Fund.
- The Alabama-West Florida UM Development Fund should be added as mortgagee on the property insurance policy, and Evidence of Coverage should be provided. Copies of renewed insurance policies are to be provided annually.
- Updated financials are required annually for the entire duration of the loan to be submitted 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.