



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.



Alabama-West Florida United Methodist Development Fund

Mortgage/Loan Application

GENERAL INFORMATION

Church/Agency
Legal Name: _____ Date: _____

Address: _____
Street Address

City _____ *State* _____ *ZIP Code* _____

District _____ *County* _____

Pastor/President: _____ Phone: _____
Loan Contact: _____ Phone: _____
Email: _____

CHURCH/AGENCY INFORMATION

Chairperson, Board of Trustees: _____
Secretary, Board of Trustees: _____
Chairperson, Finance Committee: _____
Financial Secretary/Business Administrator/Treasurer: _____

- Is your church/agency:
- New/a new church start? YES NO
 - Working with your District Board of Church Location & Building? YES NO
 - Chartered? YES NO
 - Incorporated? YES NO
 - Invested in the Alabama-West Florida UM Foundation and/or Development Fund? YES NO

CONNECTION AND COMMITMENT

Please tell us about your connectional commitment by providing us with your church/agency's apportionment history, if applicable, during the past five years. If less than 100 percent, please provide an explanation on a separate sheet.

	Year	Percentage Paid	Amount Paid
Current Year			
First Previous Year			
Second Previous Year			
Third Previous Year			
Fourth Previous Year			

Are there any outstanding:

- Property insurance premiums? YES NO If yes, amount: _____
- Health insurance premiums? YES NO If yes, amount: _____
- Clergy pension contributions? YES NO If yes, amount: _____
- Unpaid accrued expenses or bills? YES NO If yes, amount: _____

Please tell us about your scheduled services/attendance and financial stewardship:

	Year	Present Membership	Average Worship Attendance	Sunday School Enrollment	Sunday School Attendance	Average Weekly Offering	Average Number of Giving Units
Current Year						\$	
First Previous Year						\$	
Second Previous Year						\$	
Third Previous Year						\$	
Fourth Previous Year						\$	

FINANCING NEEDS/PROJECT DESCRIPTION

Loan Amount Requested: _____ Amortization period requested (max 15 years): _____

Estimated Total Cost: _____ Anticipated Project Beginning Date: _____

- Purchase: Land Only Land and existing facilities Other: _____
- Refinance: Unsecured loan Mortgage loan Other: _____
- New construction at present or new location

1. Estimated construction period: _____
2. Has construction/remodeling begun? Yes No
3. Is there any affiliation between the church/agency and/or its constituents with any building contractor or supplier who has an interest in or may receive any of the loan proceeds? Yes No

PROJECT RESOURCES

1. What is the collateral? _____
 2. How do you intend to repay the loan? _____
 3. Cash on hand \$ _____ as of date: ____/____/____.
 4. Donations anticipated from district or conference: \$ _____
 5. Amount already paid on project: \$ _____
 6. Other (detail on separate sheet): \$ _____
 7. Total capital campaign pledges/receipts: \$ _____
- TOTAL ANTICIPATED RESOURCES: \$ _____

CAPITAL CAMPAIGN

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

1. A capital campaign: Was Will be conducted on: _____, 20__.
2. Pledges: Were Will be secured for a total of \$ _____.
3. Pledges are payable beginning on _____, 20__, through _____, 20__.
4. As of _____, 20__, the total amount of pledges received was \$ _____.
5. An additional capital campaign will be held on _____, 20__, to secure additional pledges for debt retirement. This campaign will end on _____, 20__.

CHURCH/AGENCY PROPERTY AND INDEBTEDNESS

FACILITY	Building Age	Square Footage	Property FMV	Indebtedness
Sanctuary				
Education				
Fellowship Hall				
Daycare				
Parsonage(s)				
Other				

CERTIFICATIONS AND ACTIONS

CHURCH CONFERENCE ACTION:

RESOLUTION: This certifies that the Church Council of the _____ United Methodist Church, located in the _____ District of the Alabama-West Florida United Methodist Annual Conference met on the ___ day of _____, 20___, adopted and included in its official minutes the following Resolution:

“BE IT HEREBY RESOLVED, the that Trustees or other proper officers of the _____ United Methodist Church be and are hereby authorized and empowered to secure a loan from the Alabama-West Florida United Methodist Development Fund, Inc., in an amount not to exceed \$ _____, for the purpose of _____, and to secure the repayment of the same by the execution of a note and a mortgage or deed of trust upon the property (if required), upon such terms and conditions as may be agreed upon between said trustees and/or officers and the Alabama-West Florida United Methodist Development Fund, Inc.”

Given under my hand this the ___ day of _____, 20___.

Signed: _____
Secretary, Board of Trustees

Signed: _____
Secretary, Church Council

CERTIFICATION BY PASTOR AND DISTRICT SUPERINTENDENT

The undersigned individuals hereby certify that they have examined the statements given in this application and that to the best of their knowledge, they are factual and correct. As a representative of the _____ District of the Alabama-West Florida Annual Conference in which _____ United Methodist Church is located, and as pastor appointed to said church, we give consent to the building project, purchase proposal, remodeling project, or refinancing as described in this application. This church/agency paid _____% of its apportionments last year.

Pastor Signature, Date

District Superintendent Signature, Date

Printed Name: _____

Printed Name: _____

CERTIFICATION BY DISTRICT BOARD OF CHURCH LOCATION AND BUILDING

After reviewing the financial and construction plans for the project, the Board of Church Location and Building of the _____ District authorizes and recommends the Board of Trustees of _____ United Methodist Church proceed with the loan application process.

President, District Board

Secretary, District Board

The Board of the Alabama-West Florida United Methodist Development Fund determined that the amount of the loan exceeds its guidelines for normal church indebtedness; therefore the District Board took further action to guarantee repayment of the loan.

President, District Board

Secretary, District Board

ADDITIONAL REQUIRED INFORMATION AND ATTACHMENTS

Please include the following information as attachments (*failure to include this information may result in your application being returned for completion*).

1. Financial statements, attested to and signed by provider of such information, to include:
 - a. Income and expense statement (year to date)
 - b. Balance sheet (year to date)
 - c. Year-end financial statements for each of the previous two years (including balance sheet and income and expense statement)
2. Detailed description of the project
3. Cost breakdown of the project
4. Legal description of property to be mortgaged
5. Physical address of property to be mortgaged
6. All pertinent certifications **signed** on page 4 of this application
7. Information relative to outstanding secured or unsecured debt not otherwise listed on this application
8. If apportionment history is less than 100% for any of the previous 5 years, please attach an explanation

CHURCH/AGENCY CERTIFICATION

We certify that we have read and understand the loan policies of the Alabama-West Florida United Methodist Development Fund and agree to be governed by the same in the administration of a loan.

Chairperson, Board of Trustees

Chairperson, Finance Committee

Treasurer

Chairperson, Building Committee

Pastor

SUBMISSION

Please return the completed application along with all required documents to:

Terri Turner, Executive Director
Alabama-West Florida United Methodist Development Fund
P.O. Box 8066
Dothan, AL 36303

CERTIFICATION OF ACTION BY LOAN COMMITTEE

****to be completed by Alabama-West Florida UM Development Fund office****

Acting on behalf of the Board of Directors of the Alabama-West Florida United Methodist Development Fund, Inc., the undersigned do certify that the Loan Committee of the same hereby grants a loan to the _____ United Methodist Church not to exceed the amount of \$ _____, according to the following terms:

Initial Interest Rate: _____% Number of Years (not to exceed 15): _____

Monthly principal and interest payments in the amount of \$ _____

First principal and interest payment due on: _____, 20__

Additional terms, if any: _____

President, UM Development Fund Board

Executive Director, UM Development Fund

Date

Date

ATTORNEY FOR CHURCH/AGENCY, if any

If an attorney will be representing the church/agency, please provide the following information:

Name: _____

Address: _____

City: _____ State _____ Zip _____

Email address: _____ Phone Number: _____

LOAN PAYMENTS AND CORRESPONDENCE

Please provide the following information regarding the party responsible for remitting monthly payments:

Name: _____

Address: _____

City: _____ State _____ Zip _____

Email address: _____ Phone Number: _____