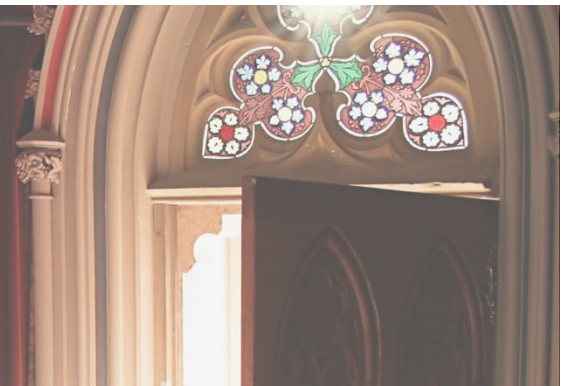


## Loan Resources With the Foundation

The Georgia United Methodist Foundation Loan Program delivers advanced faith-based lending solutions that elevate the mission and ministry of your church or nonprofit.



### Who We Are

- Leading financial partner to Georgia-based Methodist churches, nonprofits, individuals, and families
- 501(c)(3) not-for-profit agency
- Our mission is to provide faith-based financial solutions for investing, lending, training, and planned giving
- Total assets entrusted to our care: \$236 million<sup>1</sup>
- Fifth largest United Methodist foundation in the U.S.
- Dedicated team of eight professionals

### Solutions Offered

- Institutional Investments
- Loans for Churches and Nonprofits
- Certificate Investments
- Endowments and Legacy Ministry Programs
- Wills Clinics
- Cemetery Associations
- Financial Literacy Academy
- Scholarships

### What Types of Loans Does the Foundation Offer?



**New Construction:** The Foundation can help Methodists build for ministry by providing financing for the construction of new church facilities and buildings.



**Expansions:** The Foundation can provide loans to expand facilities and ministries, such as a preschool, to serve the local community better.



**Land and Property Acquisitions:** The Foundation offers loans to purchase land, a parsonage, or an existing building or to expand a church's ministry.



**Remodeling and Renovations:** The Foundation can provide financing to renovate church-related buildings, replace the roof, pave and expand parking, and update HVAC, sound, lighting, and security.



**Refinance:** The Foundation can refinance existing debt from other financial institutions' loans.

<sup>1</sup>As of December 31, 2022.

# Why Choose the Foundation as Your Loan Partner?

Whether you wish to refinance debt, build, expand, or renovate facilities to sustain ministry, there are many advantages to partnering with the Georgia United Methodist Foundation on your loan. As a connectional ministry specializing in loans to Methodist churches and nonprofits, we have your best interests at heart. We understand the challenges involved with financing and provide the leadership and expertise to help your ministry thrive into the future. Our ministry goals include simplifying the process, serving as your advisor from start to finish, and offering lower costs, advantageous terms, and competitive rates while navigating the requirements of the church.



## Not-for-Profit

Our purpose is to partner with congregations, nonprofits, individuals, and families in direct support of the ministries and mission of the church.



## Longevity

The Foundation brings more than 40 years of experience serving Georgia institutions. A dedicated team of eight industry veterans brings the strength of experience.



## Trusted Partners

We give thanks to the churches and nonprofits that have chosen the Foundation as their lender. The Foundation's net loan portfolio is valued at \$35.3 million<sup>2</sup>.



## Certificate Program

Georgia churches, nonprofits, individuals, and families who invest in the Foundation's fixed-rate certificates provide the funds for loans to churches and nonprofits in Georgia.



## Aligned Missions

The Foundation helps sustain ministry through loans, supports the continued mission of the church, and fulfills ministry with a more secure financial future.

## Exceptional Client Service

Customer service is a core value that guides our work every day. Jim Pope, Foundation Senior Advisor to the President and Director of Lending, offers 40+ years of banking expertise.

## Advantages

- No intangible tax
- No balloon maturity
- No prepayment penalty
- No appraisal in most cases
- No Foundation points or fees, only legal closing costs

## Competitive Terms & Rates<sup>3</sup>

Construction Loan Terms Generally Up to 1 Year. Call for the current fixed rate.<sup>4</sup>

Permanent Loan Terms Up to 20 Years. Call for the current rate.

<sup>2</sup> As of December 31, 2022.

<sup>3</sup> The minimum loan amount is \$25,000. For current rates, contact the Foundation at 770.449.6726.

<sup>4</sup> Fixed rate for five years. Interest rate is adjusted at the end of each fifth year of the permanent loan.

## Contact Us

For more information, visit [gumf.org](http://gumf.org) or contact:



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GEORGIA  
UNITED METHODIST  
FOUNDATION

# Loan Application Process

**Step 1:** Prior to contacting the Foundation, churches should consult with their District Superintendent and secure:

1. 20-35% of the total project cost in cash to contribute to the project by the end of construction. (This can be as money already spent on the project, equity in existing church-owned property, or as pledge funds to be collected).
2. A completed capital pledge campaign, or detailed plan for debt retirement for the life of the loan.

Please note: One year's total debt retirement (principal and interest payment) should not exceed one-third of the church's annual operating income and total debt should not exceed three times annual operating income. If so, a capital pledge campaign should be conducted.

**Step 2:** Obtain a Loan Application. Contact Jim Pope, Foundation Senior Advisor to the President and Director of Lending, at 770.449.6726, 770.841.5163 (cell) or [jpope@gumf.org](mailto:jpope@gumf.org) or Lori Tucker, Foundation Loan Administrator, at 770.449.6726 or [ltucker@gumf.org](mailto:ltucker@gumf.org).

**Step 3:** Submit the completed Loan Application with required attachments to the Foundation.

1. Year-End Balance Sheets and Income and Expense Reports for two most recently concluded year ends.
2. Year-to-Date Income and Expense Reports for the current year in progress.

3. Description of the mission and ministry of the church, including need for loan funds.
4. Description of most recent capital campaign.
5. Copy of letter verifying grants or loans (or copy of contract for sale of building) where funds are designated for this project.
6. Details of presentation indebtedness.
7. All required signatures.

**Please note: incomplete applications will be returned to the Applicant.**

**Step 4:** The Foundation staff processes the loan application and presents it to the Officers Loan Committee for evaluation and recommendation.

**Step 5:** If the Officers Loan Committee recommends approval, the Trustees Loan Committee takes final action (if in excess of \$300,000).

**Step 6:** The Foundation staff advises the local church of the Committees' action. Once the loan terms are accepted by the church, the Foundation begins the legal and documentation process with the church. At the completion of the legal process, funds may be disbursed.

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## Loan Guidelines and Procedures

### I. Loan Application Process

- A. Before making application to the Foundation, the applicant must:
  1. Meet all procedures and requirements for local church buildings referenced in Para. 2539, 2540, 2542, 2543, 2544 and 2545 of the 2016 Book of Discipline.
  2. The Applicant should contact the Foundation at 770.449.6726 **at an early point in the planning stage of the proposed project.** A Foundation staff member will discuss the procedures and obligations involved in making application for a Foundation loan.
- B. The Loan Application packet will be sent to the Applicant. Once this completed application is returned to the Foundation, it will be processed for consideration.

### II. Legal Requirements

In making an application for a loan, the Applicant must certify that the legal requirements and procedures for disbursement of a loan commitment have been read and understood. These legal and loan requirements and procedures are as follows:

- A. A **promissory note** setting forth the amount of the loan and the terms of repayment on a form supplied by the Foundation's attorneys must be executed and delivered to the Foundation. A **construction loan agreement** will be simultaneously executed if a construction plan is required.
- B. **First mortgage or first deed of trust** covering the real estate of the Applicant shall secure the payment of the note. The attorney representing the Foundation will prepare the mortgage or deed of trust.
- C. A mortgagee's **title insurance policy** insuring the mortgage or deed of trust as a valid first lien (subject only to the usual utility easements to

service the property and existing open roads) is required. The title to the property must be vested in the Applicant in accordance with the laws of the State of Georgia.

- D. A **hazard insurance policy**, with an extended coverage endorsement containing a mortgagee clause naming the Georgia United Methodist Foundation, PO Box 922087, Peachtree Corners, GA 30010-2087, as first mortgagee, in an amount equal to the full insurable replacement value of the improvements on the mortgaged premises is required.
- E. Appraisals are required in connection with loans for the purchase of unimproved land. A physical inspection of the property upon which the construction or renovation may take place when deemed necessary by the Foundation. If tax assessed valuations do not appear to support current value, an independent commercial appraisal may be necessary to determine loan to value requirements.

- F. A statement and pledge by church officials (and signed also by the guaranteeing agent, if one is involved) is required. This affirms that with the release of the loan funds, the building can be completed or the property purchased, with no additional debt and that no liens for materials provided or labor performed have been filed against the church property.
- G. No further indebtedness of any kind will be incurred during the life of the loan, **except with the knowledge and written consent of the Foundation.**
- H. Para. 2544 #15 of the 2016 Book of Discipline recommends that a 'local church not enter into a binding building contract without the contractor being properly bonded or furnishing other forms of security, such as an irrevocable letter of credit approved by the conference, district, or local church attorney.'

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### III. Loan Requirements and Procedures

- A. Be sure that all project costs are included in the price of construction quoted on the loan application worksheet. These include, but are not limited to: architectural, construction, required performance/ completion bonds and permits, legal costs, utility connection fees, costs of furnishings, and other related costs. It is helpful to have a contingency plan for emergencies or cost overruns as well. **A Plan and Cost Analysis** of the project may be required by an entity suitable to the Foundation.
- B. A loan should be repaid in the shortest possible time in order for the Applicant to have sufficient funds for program and mission. Normally, a loan is granted for 10 to 20 years.

All loans are amortized on a monthly basis, including principal and interest.

- C. Guarantees may be required for new churches without sufficient history to analyze financial strength.

When a guarantee is needed the following rules will apply:

1. A certified copy of the guarantor's assets and liabilities, the number of loans already guaranteed, and the amount of unpaid principal of these guaranteed loans shall be submitted for consideration to the Trustees of the Foundation.
2. The following organizations, provided they have the necessary resources, may guarantee a loan made by the Foundation:

- a. An annual conference.

- b. An appropriate conference agency.

- c. A district or metropolitan mission society or union (or the like).

### IV. Loan Procedures

- A. Assuming a loan is approved, a letter of commitment, giving the terms of the loan, will be sent to the Applicant. A copy of this letter must be returned to the Foundation, signed by the Board of Trustees authorized to sign for the church, accepting the terms of the commitment.
- B. Funds are disbursed only upon notice from the Foundation's legal counsel that all legal requirements have been met. In cases where loan funds are used to pay for construction, the loan will serve as a construction loan as well as a term loan. During construction, requisitions covering work completed and material purchased will be submitted to the Foundation by the general contractor as approved by the architect and by an official of the Applicant. Each requisition must show a breakdown among the trades as to the portion of the construction completed to date and the amounts remaining to be paid. Each requisition may call for a ten percent (10%) retainage or holdback and be accompanied by the appropriate releases of liens. Upon approval of the requisition, funds will be disbursed by the Foundation in accordance with existing procedures, within the limitations of the loan commitment.
- C. The final ten percent (10%) of the loan commitment will be retained by the Foundation until the following requirements are met:

1. The mortgagee's title insurance policy insures against possible mechanic's liens and materialmen's liens.
2. An affidavit is filed from the contractor to the effect that all material and labor bills have been paid in full, that the contractor has no knowledge of any claims for work performed or material supplied, and that no liens have been filed against the Applicant's property.
3. The architect and the Applicant shall file certificates certifying that the building has been substantially completed according to the plans and specifications and has been accepted by the architect.
4. A certificate of occupancy has been issued by the local authority.

## V. Repayment of the Loan

- A. Within thirty (30) days following the first disbursement of any portion of the loan funds, **the first payment of interest accrued on that disbursement shall be due.** Each succeeding month (until the first payment of principal and interest is due), the interest accrued to the date of billing shall be due and payable. Interest on loans begins on the day funds are advanced. Interest is charged only on the portion of the loan funds actually disbursed.
- B. Within thirty (30) days following the final disbursement on the loan funds, the first payment of principal and interest shall be due.

If the Applicant determines that the full loan commitment will not be requested, the Applicant will so notify the Foundation in writing.

- C. Interest is charged on all payments until the date the Foundation collects from its depositor bank the payments from the Applicant's checks.
- D. The Foundation will administer all loan accounts after the loan funds have been disbursed. Each month, a loan statement is mailed to the treasurer or other designated agent of the Applicant showing the amount of principal and interest due for the current payment. Payments on principal may be made in advance or in addition to the regular payment without any prepayment penalty. Advance payments are first applied against current payments due and then to future principal payments, but the amount of the monthly payments will remain the same. The loan may also be paid in full at any time without penalty.
- E. During the period of the loan, it is recommended that the borrower conduct periodic capital fund campaigns to ensure the availability of adequate funds to meet the debt payment.