

CHURCH LOAN PLAN

WORKBOOK



Christian Financial Association
of America



Table of Contents

- 02 | BCU: WHO WE ARE
- 02 | CFAA: WHO WE ARE
- 03 | TODAY'S LENDERS ARE "DIFFERENT"
- 04 | WHAT RELATIONSHIPS DO YOU HAVE?
- 04 | WHO WILL COORDINATE THE LOAN PACKAGE?
- 05 | CHURCHES ARE "DIFFERENT" BORROWERS
- 06 | WHAT ARE YOUR NEEDS?
- 08 | HOW ARE YOUR FINANCES?
- 08 | WHEN WAS YOUR LAST INSURANCE REVIEW?
- 08 | WHAT HAVE YOU RAISED TO MEET THE NEED?
- 09 | WHO ELSE IS AVAILABLE TO HELP?
- 09 | DECLARATION LETTER SAMPLE

WHO WE ARE

BAPTIST CREDIT UNION

Baptist Credit Union (BCU) was chartered in 1955 to serve the employees of the Baptist Memorial Hospital System of San Antonio, Texas.

BCU expanded by including all Southern Baptist Convention organizations such as the Baptist General Convention of Texas, Southern Baptist of Texas Convention and GuideStone. In 1955, Baptist Employees Credit Union of Texas, based in Dallas, merged with **Baptist Credit Union**.

In 2010, **Christian Financial Association of America (CFAA)** joined our field-of-membership making its individual members and member churches eligible for membership in the credit union and our members eligible for the services provided by **CFAA**.

During its 56 year history, the credit union has grown in membership and assets and now maintains approximately 7,800 members.

BCU exists to improve member's lives through extraordinary service, quality financial products and services, personal finance education, and a long-term relationship. It is our mission at **Baptist Credit Union** to be the ministry partner in financial services to Texas Baptists and employees of Institutions related to, or affiliated with, Baptist organizations as well as other Christian churches and organizations who are member of **CFAA**.

Our goal at **BCU** is to promote and encourage good financial management, so that individuals and families may accomplish their goals. To that end we promote: Saving First, Budgeting for Financial Stability, Borrowing Only When It Fits Comfortably Within A Budget, and Financial Planning for a Secure Future.

BCU offices are located in Dallas, San Antonio and New Braunfels.

CHRISTIAN FINANCIAL ASSOCIATION OF AMERICA

CFAA's mission is "Empowering Christians to make God pleasing decisions in how they give, spend, save, insure and invest". By becoming a member of **CFAA**, you will have access to all the benefits, products and services **CFAA** and its affiliates have to offer. Plus, you will receive a complimentary copy of the Bible study *'7 Pillars of Biblical Stewardship'*

Christian Investment Services, a **CFAA** affiliate, has been serving Christians who want their investment holdings to be Biblically responsible by steering clear of any companies that violate Biblical principles. Over the years, Chairman Bob Barber has witnessed how thousands of Christians would also like to have choices for Biblically responsible banking and insurance because these industries have become so extremely involved in the promotion of immoral agendas.

Now through an alignment with the **Baptist Credit Union**, **Christian Insurance Services**, **Christian Education Services** and **Christian Tax Services**, also **CFAA** affiliates, we can serve all the financial needs of Christians with Biblically responsible banking, Insurance, investments and tax services. Members of **CFAA** can rest assured the dollars God has given them are not supporting any agendas that violate Biblical principles.

Every church needs a strong foundation of current and accurate information regarding tax issues. Failure to stay fully informed in today's environment can lead to serious problems for both the church and its leaders. **CFAA Tax Services** offers members a broad range of tax and consulting services. Here are just a few ways **CFAA Tax Services** can help you:

- ✓ Comply with IRS requirements
- ✓ Reduce the potential of church and pastor liability
- ✓ Education on vital tax issues
- ✓ Comply with all housing allowance requirements
- ✓ Properly report pastor income and expenses
- ✓ Payroll solutions, administrative reviews, bookkeeping assistance

1 | TODAY'S LENDERS ARE "DIFFERENT"

There have been many changes in banking rules over the past few years. In addition, the industry has consolidated more and more in Texas taking the "local" relationships into a more faraway dimension.

You will need to think through the possibilities that are available to you and prepare "PACKAGES" of information for each possible lender.

Local Banks or Branches of Area Banks should have the most to gain from making a loan to a church. Some banks even have a "relationship" program where they will tie your church member's accounts to your church to give you credit for all the relationships at their bank. This pushes them to take better care of your needs and you should urge your members to move accounts there for more credit. Again, knowledge of what local families support your church comes to the bankers mind as they are thinking through a decision. The more local they are, the more they will know about your membership/their customers and the more this factor will mean.

Local Branches of Nationwide Banks have more ability to provide sophisticated services and have no limit on the loan amount but they have much less "relationship" knowledge than local banks or branches of area banks. The loan decision will be made "up the line" where relationships are not as significant. Some of them claim to have a "special church loan program" so check them out too.

A Denominational Credit Union's purpose is to help the churches of their denomination grow, build and reach out in missions for the Kingdom of God. You may find the best rates and terms at your denominational credit union though the amount of loan available may be more limited. **BCU (Baptist Credit Union)** is just such a credit union as it supports the efforts of all members of Texas Baptist (f.k.a. Baptist General Convention of Texas) and the Southern Baptist Convention of Texas. And, churches that are members of **CFAA (Christian Financial Association in America)** can work through **BCU** even if they are Anglican, Presbyterian, Assembly of God, Nazarene, Pentecostal or an Independent Bible Church because they have joined with **CFAA** to promote the stewardship principles found in God's Word among their members.

Church Bonds are also a possibility as the "bond market" has made a place for them. The minimum size of an issue needs to be in the \$1.5 to \$2 million area just to spread the up front issuance cost out to make it less insignificant as a part of the interest rate. Such bonds are sold by your church to your members, their families and friends, local investors and then the rest will be placed by the bond issuing company with investors it has dealt with over years who "like" church bond investments. The bonds have to be issued under special rules of the State of Texas for public financing just like cities, counties and other jurisdictions and corporate bonds. Bond issues are complicated, but that is what the bond issuer will cover for their up-front fee. Rates will mirror the current rate markets, usually with lower rates on short term, medium rates on medium term periods and higher rates on the longer term. There should be no pre-payment penalty so, if you can pay "extra" over and above the maturities due, it would go to the longest term bonds to pay the highest rates off as soon as possible. Your denominational credit union usually has relationships with bond issuers and your bank may as well. **BCU** can certainly help you meet dealers with whom we have had experience.



ATTACH



2 | WHAT RELATIONSHIPS DO YOU HAVE?

▶ WHERE DOES YOUR CHURCH HAVE IT'S BANK ACCOUNTS?

Name of Banks	Type of Accounts	Contacts Known
_____	_____	_____
_____	_____	_____

▶ ARE THERE ANY 'BANKERS' WHO ARE 'SOLID' MEMBERS OF YOUR CONGREGATION?

Banker's Name & Phone	Name & Address of Bank
_____	_____
_____	_____

▶ ARE THERE ANY 'BANKERS' WHO ARE GOOD FRIENDS OR NEIGHBORS?

Banker's Name & Phone	Name & Address of Bank
_____	_____
_____	_____

➡ ATTACH COPIES OF THE LAST 3 MONTHS BANK STATEMENTS FROM EACH ACCOUNT.

▶ WHO DO YOU KNOW AT THE DENOMINATIONAL/CHRISTIAN CREDIT UNION?

Name of Credit Union	Address	Contacts Known
_____	_____	_____
<i>Baptist Credit Union</i>	<i>672 Ridge Hill Dr., Ste. B New Braunfels, TX 78130</i>	<i>Robert Orr e-mail: rorr@baptistcu.org</i>

➡ YOU WILL NEED TO HAVE A PACKAGE OF INFORMATION FOR **EACH** POSSIBLE LENDER.***

3 | WHO WILL COORDINATE THE LOAN PACKAGE?

▶ WHO FROM YOUR CHURCH WILL COORDINATE THE LOAN?

Pastors, who do you want to be the contact? Do you want to do it and be available whenever one of the bankers calls with questions, or, would you rather release that responsibility to an Associate Pastor, Treasurer or Chairman of the Finance Committee?

▶ NAME OF CONTACT TO BE GIVEN TO BANKERS WITH PACKAGE

NAME: _____ E-MAIL ADDRESS: _____

PHONE NUMBERS: _____ MAILING ADDRESS: _____

Who at the church will get the paperwork together, be familiar with the package and be able to answer questions or dig out additional paperwork?

▶ NAME OF COORDINATOR ASSEMBLING THE PACKAGE:

NAME: _____ E-MAIL ADDRESS: _____

PHONE NUMBERS: _____ MAILING ADDRESS: _____

Other than the people mentioned above, who else needs to be kept informed and given copies of all information? The entire group usually includes: Pastor, Church bookkeeper, Church Treasurer, Chairman of Finance Committee and Trustees. Also, a representative of your “host” or “sponsor” church and a denominational representative if either is involved in any way in the financing.

▶ WHO ELSE NEEDS TO BE KEPT INFORMED? (you may use the back page of this workbook if necessary)

1. NAME: _____ E-MAIL ADDRESS: _____

PHONE NUMBERS: _____ MAILING ADDRESS: _____

2. NAME: _____ E-MAIL ADDRESS: _____

PHONE NUMBERS: _____ MAILING ADDRESS: _____

4 | CHURCHES ARE “DIFFERENT” BORROWERS

Churches are not in business to “make a profit” so they are more difficult to make loans to than other businesses. Their corporate organization is also often less clear than corporations or partnerships.

▶ HOW IS YOUR CHURCH ORGANIZED/CHARTERED?

You will have to provide information about your organization --

If you have a Denomination/Church Structure with ownership of church property by some part of that structure other than the local church, **you will need a thorough written explanation and authorization from the denomination to speak with lenders on behalf of the denomination (attach above)**. In many cases, the local church raises most of the money even though the denomination owns the property and may be contributing funds for part of the construction, so both will be involved. Either a **Deed of Record** or an annual notice from the local County Tax Appraisal District will show the ownership of the property involved.

➡ ATTACH COPY OF DEED RECORD/COUNTY TAX APPRAISAL RECORD

If your church is “independent”, you will have a Corporate Charter or Constitution to establish it.

➡ ATTACH COPY OF STATE CORPORATE CHARTER (501 C3) or CONSTITUTION/BY LAWS

If your church is “independent” and unincorporated, you may use Trustees to “own” the property and sign the debt “in trust”. Plan to provide Trustee documents showing the responsibility of your Trustees and the minutes of the appointment of each Trustee currently serving.

➡ ATTACH COPY OF MINUTES OF BUSINESS MEETING WHERE EACH TRUSTEE WAS SELECTED



ATTACH



You should also have a copy of your **Tax Exempt Status** via IRS to provide to the lender in your package.

➤ ATTACH COPY OF IRS TAX EXEMPT STATUS RECORD

If your church has had or is in the process of a “fund raising” effort, write down the “plan” you are following and summarize the results for the lender.

➤ ATTACH COPY OF YOUR FUND RAISING PLAN AND SUMMARY OF THE RESULTS SO FAR

➤ **ALL DOCUMENTS WILL NEED TO BE PACKAGED FOR EACH LENDING INSTITUTION.**

5 | WHAT ARE YOUR NEEDS?

Even if you are not in need of funds at this time, this Church Loan Plan Workbook has been provided to help you organize yourself for future needs. (Check all that apply)

▶ First, you should look at **Refinancing** if you still owe a balance on a loan or mortgage. If you have been paying on your loan for several years, the rate may be higher than current rates which are historically low. OR, your mortgage may have a “balloon” or “bullet” maturity where the entire loan comes due and the bank may not choose to renew it on the same terms – banks may have been bought up by a national or out of area chains, or had philosophical or management changes that preclude them from now making church loans or may cause them to be much firmer on their terms. Whenever you can get a “full payout” on your loan, you do not have to worry about such changes happening. **BCU** prefers full payout loans and is usually very competitive with rates for Baptist churches and churches who are members of **CFAA**.

CHECK HERE

Refinancing at today’s rates has been a great move for many churches. It’s not that the existing lender is mistreating your church, but rates have come down and terms are not as stiff as in past years. Most churches will keep making the same payment because they have become “used to it” but at a lower rate, the loan will be paid off and your property becomes yours sooner!

Your denominational/Christian credit union will probably not have “balloons” or “bullets”; loans that come due suddenly after one, three or five years. Instead they will have a “full payout” although interest rates may have to change on some regular basis. **BCU** prefers full payout loans and is usually very competitive with rates for Baptist churches and churches who are members of **CFAA**.

▶ **Improvements to Existing Property**-- You may need to repair the roof, air conditioner, parking lot, or perhaps remodel or reshape your space. Your contractor can do so under a Mechanic and Material men’s Lien Contract (M & M Lien) which can be sold (paying off the contractor) to your existing lender who just “adds on” the additional funds and makes an adjustment in the payment terms. Or you may want to put out packages to see who would like to both refinance on better terms and add on the additional funds. **BCU** actively pursues such loans for Baptist churches and churches who are members of **CFAA**.

CHECK HERE

▶ Do you have a chance to purchase an **Adjoining Property**? Don’t even think about not acting on that opportunity! It may be years before it can come back up again. Many churches are “land locked” and need to be ready to jump if Adjoining Property becomes available. **BCU** actively pursues such loans for Baptist churches and churches who are members of **CFAA**. In fact, have you thought about offering your residential neighbors a chance to relocate or to sell their home on a “lifetime occupation lease”. If you are not in a hurry and they are elderly, you can purchase the home now on monthly payments which they can use for income and you do not get the actual use of the land until they either pass away or go to a retirement home/live with their kids. You will have to be patient and there is the possibility that they will “out live” your time frame.

CHECK HERE



ATTACH



▶ Or, do you feel you need to purchase a **New Location** where you don't have to live with all the difficulties of your existing neighborhood. It is best to purchase the property ahead of time and pay it down or off before you try to build your dream church. What will you do with the old location? Is it big enough for you to sponsor or host a new or small church which could eventually take the property over when you get moved? If you can find another church to buy it from you, you will have a big down payment and need less financing for the new property. **BCU** actively pursues such loans for Baptist churches and churches who are members of **CFAA**.

CHECK HERE

▶ Or, for a **New Building** on your parking lot, beside your existing building, on adjoining property or at the new location. Again, an M & M Lien will take care of a building project on property you own, even if there is an existing mortgage. Otherwise, the more costly process of purchase money liens with title insurance will need to be used. **BCU** actively pursues such loans for Baptist churches and churches who are members of **CFAA**.

CHECK HERE

▶ Or, you may need loans for equipment, a bus, a van, etc. Many lenders will offer to help with this type of financing, but again, you need to take the package to your contacts to see which financial institution can give you the best deal. **BCU** actively pursues such loans for Baptist churches and churches who are members of **CFAA**.

CHECK HERE

▶ MAKE SOME NOTES:

What property/ies are you interested in purchasing or building on? Get information about its value together for your lender. The same information is also needed for your building/property.

➡ ATTACH COPIES

Appraisal District Valuation

Insurance Valuation

\$ _____

\$ _____

Contact the **County Appraisal District** in your county to get a copy of the valuation they have put on the property. Most counties go ahead and value property owned by churches and send that to you each year even though you do not have to pay taxes on it. You should also include the insurance valuation done on the property by their insurance agent if there are improvements to the property.

DONE

What is the **Legal Description** of the property? Also available from Appraisal District or County Tax Assessor/Collector's records.

➡ ATTACH COPY OF LEGAL DESCRIPTION

If you already own the property involved in improvements, you should have a **Deed** and/or **Title Policy** as well

➡ ATTACH COPY OF DEED and/or TITLE POLICY

If improvements to **Existing Property** or a **New Location** are involved

➡ ATTACH COPY OF BIDS OR CONTRACTS

If purchase of **Buses, Vans, Sound Systems**, etc. are involved:

➡ ATTACH COPY OF BIDS OR CONTRACTS



ATTACH



6 | HOW ARE YOUR FINANCES?

What is your property appraised value and what do you owe on your property? You've already attached Tax Appraisal District valuations and insurance valuations previously, but do you think the property is worth considerably more? YES NO

IF YES, WHAT DO YOU THINK YOUR PROPERTY IS WORTH? \$ _____

WHY DO YOU THINK IT IS WORTH MORE THAN THE APPRAISAL DISTRICT/INSURANCE?

LATEST APPRAISED VALUE \$ _____ TOTAL OWED \$ _____

How have your membership tithes been doing the last several years as compared to your expenses?

➡ ATTACH COPIES OF YOUR FINANCIAL RECORDS FOR THE PAST 3 YEARS

➡ ATTACH COPIES OF YOUR FINANCIAL RECORDS FOR THIS YEAR TO DATE IN COMPARISON TO YOUR BUDGET

7 | WHEN WAS YOUR LAST INSURANCE REVIEW?

Updating your church insurance to coincide with your church's refinancing? Consider a professional review of your current insurance coverage to see if your church is: 1) Underinsured, 2) Overpaying or 3) Missing Critical Coverages.

CFAA's Insurance Division can provide this review as a courtesy and will only utilize Companies that are screened for being Biblically responsible [companies that do not violate Biblical principles and teachings].

8 | WHAT HAVE YOU RAISED?

▶ WHAT FUNDS HAVE YOU RAISED TO MEET THE SPECIFIC NEEDS OF YOUR CHURCH?

What is in your building fund savings account? AMOUNT \$ _____

Have you been saving part of what is left over each year? YES NO

AMOUNTS SAVED OVER THE LAST 3 YEARS:

2009 \$ _____ 2010 \$ _____ 2011 \$ _____

Or, have you set a specific amount to save each month to build up your Building Fund account?

AMOUNT \$ _____ per month for the last _____ months

Or, have you had a building fund drive? YES NO

If so, What have you raised? AMOUNT \$ _____ PLEDGES \$ _____

Or, are you planning a fund-raiser for the new project? YES NO

➡ ATTACH A COPY OF THE PLAN

9 | WHO ELSE MAY BE AVAILABLE TO HELP WITH THIS PROJECT?

Does your **Denomination** usually provide assistance to their churches? YES NO

Is there a **Local Trust Fund** or **Wealthy Person** who may be able to help? YES NO

NAMES: _____

10 | DECLARATION LETTER

Plan to write a letter addressed to Baptist Credit Union disclosing your debts and funds/bank accounts where use is restricted.

Examples are:

DEBTS:

“Our church pays all its bills each month and has no other debts left unpaid.”

OR

“Our church pays all its debts each month except:

1. A 42 month van loan which has 24 more payments at \$475/mo. and a balance of \$10,500.
2. A 10 yr. loan on the Jones' home adjoining our property where we pay \$329/mo. for 8 more years with a balance last month of \$31, 680.”

ACCOUNTS:

“Our church bank accounts are available to pay for a loan on the new building except for:

1. The W.M.U. Memorial Fund with a balance of \$3,642.
2. The Summer Youth Camp Fund with a balance of \$2,100.
3. The Ring the Bells Fund with a balance of \$1,000.”

Signed,

(Pastor, Finance Committee Chair, Treasurer or whoever will be authorized to sign loan documents)

NOTES:



BAPTIST CREDIT UNION

NB BRANCH. 672 Ridge Hill Drive, Ste. B, New Braunfels, TX 78130

PH. 830.608.0696

FAX. 830.608.1277

E-MAIL. rorr@baptistcu.org

WEBSITE. baptistcu.org



CHRISTIAN FINANCIAL ASSOCIATION OF AMERICA

672 Ridge Hill Drive, Ste. A, New Braunfels, TX 78130

PH. 830.609.6986 or 877.718.7884

FAX. 830.620.1203

E-MAIL. info@thecfaa.com

WEBSITE. www.cfaa.co

Securities and investment advisory services offered through NEXT Financial Group, Inc.-Member FINRA/SIPC

None of the entities named herein are affiliates of NEXT Financial Group, Inc.

WOULD YOU LIKE TO TEACH THE **7 PILLARS OF BIBLICAL STEWARDSHIP** BIBLE STUDY AT YOUR CHURCH?

TOPICS YOU WILL COVER IN THIS BIBLE STUDY:

Pillar 1- Discovering Your Purpose

Pillar 2- Owner Vs. Manager

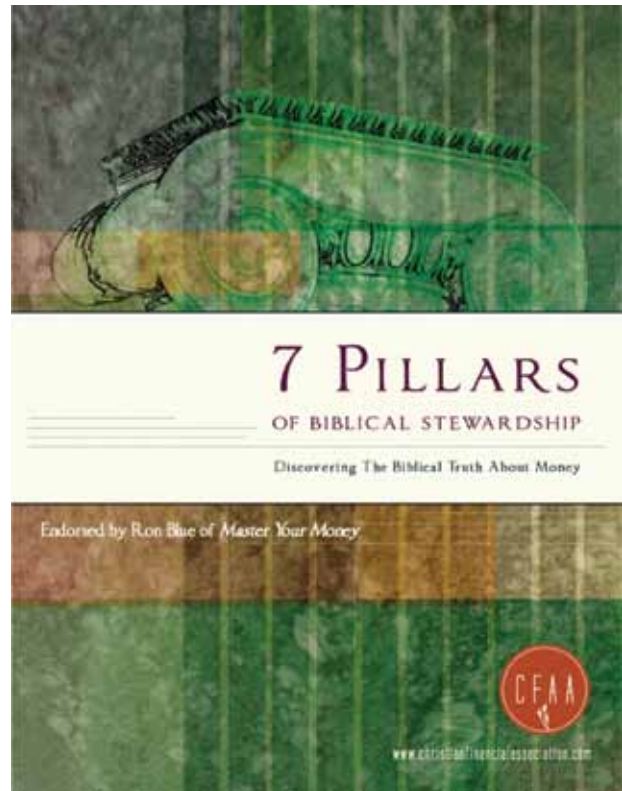
Pillar 3- Giving With A Purpose

Pillar 4- Seeking Counsel And Advice

Pillar 5- Providing For Your Family

Pillar 6- Creating Lasting Wealth

Pillar 7- Wealth With Purpose



It is our desire to approach *7 Pillars of Biblical Stewardship* from a Bible-rich approach. Biblical stewardship should be more about the Bible than just about reminders to give and methods to reduce debt. This course explores topics such as; the difference between a secular worldview and Biblical worldview, purpose of giving, how much to give, who to give to, how much to save, and how much is too much. We also look at important topics such as; what the Bible says about banking, insuring, investing and educating as well as how to leave an inheritance while funding the Kingdom of God.

To arrange for training and certification to teach the **7 Pillars of Biblical Stewardship** Bible study, contact:

Pat Hail, Jr., VP of Education Services

(830) 609-6986 | 877.718.7884

pat.hail@thecfaa.com

www.ChristianFinancialAssociation.com/education

672 Ridge Hill Dr., Ste. A, New Braunfels, TX 78130



To download a free sample copy of the **7 Pillars of Biblical Stewardship** Bible study log on to:
<http://christianfinancialassociation.com/education>