



CHRISTIAN REFORMED CHURCH LOAN FUND, INC., U.S.

POLICIES FOR UNSECURED LOANS

A. Eligible Loans

Loans for capital improvements or repairs to existing church-owned buildings or parsonages.

B. Eligible Churches

1. Organized congregations of the Christian Reformed Church which are no longer funded by Christian Reformed Home Missions/New Church Development.
2. Congregations which have joined the Christian Reformed Church by affiliation are eligible after being an organized congregation in the Christian Reformed Church for three years.

C. Loan Terms

1. The interest rate is 1% above the rate that the Loan Fund charges for secured loans subject to reduction, if necessary, to the highest rate permitted by applicable usury laws.
2. The church shall waive all defenses based upon usury.
3. The maximum loan amount is \$50,000.
4. The maximum total loan amount to any church is \$50,000.
5. The minimum loan amount is \$10,000.
6. There is no application fee, but if the loan is approved, there is a loan service fee of 1% of the loan amount (\$200 minimum).
7. Loan repayment is in monthly installments of principal and interest over the term of the loan.
8. The maximum loan term and amortization is ten years.
9. The interest rate is variable and the rate is equal to the Loan Fund's time weighted average cost of funds plus an amount up to but not to exceed three percent. The rate will not increase by more than two percent in any twelve-month period. Rates may be changed at the Loan Fund's discretion.
10. There is no penalty for early repayment.
11. Payments are due on the first day of each month. Payments received later than fifteen days past their due date will be subject to a 2% late charge.
12. In the event the congregation secedes from the Denomination voluntarily or otherwise, the loan shall become immediately due and payable in full.

D. Application Requirements

1. Completion of the Loan Fund Application for an unsecured loan with required attachments.
2. A signed copy of the council or congregational meeting minutes approving the project and approving borrowing from the Loan Fund.
3. Current budget and year-to-date financial report, including balance sheet.
3. Last two years income and disbursement statements.
4. Project budget, including contract(s) and/or estimates.
5. Disclosure of all pending and threatened environmental claims, including but not limited to claims for the remediation, removal or other response to hazardous substances or contaminants, and claims or penalties relating to violations of any environmental law or regulation.

E. Underwriting Guidelines

1. The total annual debt service for all outstanding debt cannot exceed 35% of the church's current year operating expense budget before the project debt.
2. An unsecured loan cannot be used in combination with other financing as part of the financing of a larger project, such as completion of construction or remodeling.

F. Loan Approval

1. Loans are subject to approval by Executive Director of the Loan Fund.
2. Upon approval, a commitment letter will be sent to the church.
3. All loan commitments will expire two months after the date of approval unless extended in writing by the Board of Directors.

G. Loan Closing

1. Execution of a promissory note, provided by the Loan Fund, as evidence of the terms of the loan.
2. A resolution, passed by the church council, authorizing the borrowing of the funds and indicating the individuals who are authorized to sign the loan documents.
3. Evidence of property insurance verifying that the church has insurance coverage in excess of the loan amount, as well as evidence of adequate liability insurance.
4. The 1% service fee is due when the above documents are returned to the Loan Fund.

H. Disbursement of Funds

Disbursement of funds must be requested in writing by the church and the request must include a letter indicating the date on which the funds are needed.

I. Loan Repayment

Regular monthly payments of principal and interest will begin the month following the disbursement of the loan proceeds.