

CHURCH NAME _____

PURPOSE OF LOAN:

- Purchase of Property \$ _____
- Refinance Existing Indebtedness \$ _____
- New Construction or Renovation \$ _____
- Total Amount of Financing Needed \$ _____

VALUATION OF PROPERTY:

Approximate Value of Existing Property \$ _____
 Approximate Value of Property to be Acquired (If applicable) \$ _____

MEMBERSHIP STATISTICS:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>YTD 2021</u>
Church Members	_____	_____	_____	_____
Avg. Morning Worship	_____	_____	_____	_____
Avg. Sunday Morning SS	_____	_____	_____	_____
Total No. of Families	_____	_____	_____	_____

INCOME/EXPENSE SUMMARY:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>YTD 2021</u>
General Fund	\$ _____	\$ _____	\$ _____	\$ _____
Conference Ministries	\$ _____	\$ _____	\$ _____	\$ _____
Building Fund	\$ _____	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____	\$ _____
Total Disbursements	\$ _____	\$ _____	\$ _____	\$ _____
Total Income	\$ _____	\$ _____	\$ _____	\$ _____
Balance or Deficit	\$ _____	\$ _____	\$ _____	\$ _____

CAPITAL STEWARDSHIP PLEDGES:

Year Pledges Began	Term of Pledges	Amount Pledge	Amount Received
_____	_____	\$ _____	\$ _____

ADDITIONAL INFORMATION

ITEMS REQUIRED: (Please Attach to Application)

1. 3 years of complete Financial Statements.
2. Narrative describing proposed project and project justification.
3. If project includes the purchase of real estate, provide a legal description, address of the property, size of lot and buildings, and general description of property.
4. If loan is for equipment, furnishings, etc., provide a detailed description of the items.
5. If loan is for construction, provide a detailed site plan and cost estimate.

ITEMS THAT MAY BE REQUESTED:

1. Formal appraisal.
2. Pledge detail.
3. Cash flow projection for funding repayment of loan.

MB LOAN FUND MINISTRY LOAN PROGRAM POLICIES

First mortgage loans are made to qualifying ministries for construction, property acquisition and refinancing.

MINIMUM ELIGIBILITY FOR A LOAN APPLICATION

1. **Non-denominational Borrower.** It is the intention of MB Loan Fund to not compete with a church's denominational lender. If there are reasons why that financing is not accessible, we will consider it. For this reason most of our non-MB borrowers will be of a non-denominational background.
2. **Locations and Need.** Ministries applying for loans shall be located in communities that represent opportunities for successful ministry as determined by Mennonite Brethren Loan Fund. Preference will be given to areas of the United States where Mennonite Brethren congregations already exist.
3. **Ministry Financial Statements.** Ministries must provide adequate financial reporting to reflect the last three years of income and expenses and a current balance sheet. A current and/or future budget may also be requested. These statements must give evidence of a consistent pattern of healthy financial ability to service debt.

INTEREST RATE AND METHOD FOR PAYMENT OF A LOAN

4. The Mennonite Brethren Loan Fund (MBLF) Board of Directors shall review the interest rate at least twice a year. The interest rate charged to the borrower shall be an adjustable (variable) rate. The interest rate may remain unchanged, or be lowered or raised as market conditions or other factors dictate. Borrowers will be given 30-day notice of any increase in rate. The amount of each monthly payment may be adjusted as interest rates are changed to reflect the monthly difference in the old and new interest rates.
5. Monthly installment payments shall include accrued interest on the unpaid principal balance and a sufficient amount applied each month to the principal to retire the loan within the stated loan period.
6. No loan shall be made for more than five (5) years. A payment rate based upon amortization up to 25 years may be requested with a balloon payment on the balance due at the end of the 5-year period.
7. Prepayments of the principal may be made at any time without penalty, as long as the funds used to make the prepayments are derived solely from Borrower's accounts receivable, bequests received by Borrower and /or through a capital campaign. A prepayment penalty may be charged in the event a loan is refinanced to another lender.
8. Monthly loan installment payments are due and payable on the 1st day of each month or the first business day thereafter.
9. If payment is not received on the due date, accrued interest on the unpaid balance shall be included in the amount required to bring the loan to current and good standing.
10. In the event of a default, that is, if any interest or principal payment under the terms of the NOTE or Loan Agreement is not paid when due and remains unpaid after a date specified by a notice to the Borrower, the entire principal amount outstanding and accrued interest thereon shall at once become due and payable at the option of MB Loan Fund. If legal recourse is necessary to collect the outstanding principal and interest due, MBLF shall be entitled to collect all reasonable costs and expenses related thereto.

APPLICATION PROCESS FOR A LOAN

11. All applications for loans shall be made on forms furnished, upon request, by MB Loan Fund.
12. Information provided by the organization on the application forms must be current and complete.
13. In addition to a loan application, MB Loan Fund may request the following:

- Construction loan requests
 - Drawings for proposed construction project
 - Detailed cost breakdown and project budget
 - General Contractor resume & qualifications (ex: AIA305 qualifying statement)
 - Appraisal
 - Property purchase requests
 - Property listing
 - Appraisal
 - Refinancing
 - Borrower history with previous lender
 - Appraisal
14. When applications have been received and evaluated, a representative of MB Loan Fund may request a meeting with the appropriate committee, staff or board. The purpose of such meeting shall be to discuss the building plans and specifications, the proper action required to make loans and to mortgage property, and MBLF's purposes and obligations in the administration of the Loan Program.
15. The Board of Directors of MBLF shall make final approval or disapproval of loan applications at any regular or special meeting, or by a conference call or email ballot.
16. When a loan has been approved, the organization shall be provided a formal letter of commitment specifying terms of the loan. This letter of commitment shall be in effect for six months after the date of the loan approval. The Board of Directors shall review the loan commitment whenever a material change in the loan application information occurs prior to closing.

GUIDELINES FOR A LOAN

17. No loan shall be made in excess of seventy-five (75) percent of the fair market value of the property offered as security, including new construction, as determined by an Appraisal approved by MBLF unless the loan is guaranteed by a sponsoring group qualifying as a note guarantor.
18. No loan shall be made where installment payment on church indebtedness, including payments on the requested loan, exceeds forty (40) percent of the organization's annual budget receipts for the last year. Ministries receiving loans from MBLF must agree not to increase indebtedness beyond the forty (40) percent debt limit without written permission from MBLF. Failure to secure such written permission may result in the loan becoming due and payable on call.
19. All building loans shall be secured by a first mortgage or deed of trust on real estate owned by the applicant.
20. When applicants are securing loans to purchase existing buildings or land for future expansion, MBLF shall advance funds only after all terms and provisions for purchase of the property have been fulfilled by both the applicant and the seller, and evidence of such compliance is provided.
21. Organizations receiving loans shall, at their own expense, furnish to MBLF a mortgage title policy issued by a title insurance underwriter that has been approved by MBLF. This policy insures that no loss shall be sustained by the lender by reason of defects in the mortgage given as security for the loan. When the loan is approved and a letter of commitment has been issued, the borrower shall make application for such mortgage title policy.
22. Construction financing is available only if a mortgage title policy is issued, with mortgage title underwriting requiring affidavits from the builders and/or suppliers showing all construction debts have been paid or will be paid from the loan proceeds. No construction activity whatsoever shall occur on property being mortgaged until loan closing has occurred and all required documentation is in place.
23. When funding construction loans, a site inspection may be performed to verify the work completed for each draw requested. The cost of the inspection will be the responsibility of the borrower. Full lien releases from all contractors will be required before loan funds are advanced.
24. A 1% interest rate premium will be assessed during the construction phase of a loan. When the final draw has been

made, the certificate of occupancy is obtained and final lien releases are secured the loan is amortized and the standard interest rate will be effective.

25. A 1% origination fee will be charged to be collected at closing.
26. All closing costs are the responsibility of the borrower.
27. The abstract of the real estate, offered as security for the loan, shall be stored with MBLF for safekeeping during the term of the loan.
28. Borrowers shall keep properties mortgaged to MBLF insured for fire and extended coverage (including flood insurance, if in flood zone) commonly referred to as property/hazard insurance, during the existence of the loan, for a sum equal to an amount necessary to protect the loan. The policy shall contain a mortgage clause making the loss, if any, payable to: Mennonite Brethren Loan Fund. The Certificate of Insurance shall be sent to the office of MBLF at the time the loan is closed.
29. A Loan Agreement between MBLF and Borrower may be required to clarify any items of variance from or additions to the guidelines as stated in these policies/regulations.
30. MBLF may accelerate the loan if at any time a borrower's theological position is deemed in opposition to the USMB Confession of Faith.
31. The Borrower will be required to have duly signed by its authorized representatives a statement indicating these policies/regulations have been read and are understood and that the same serve as a Loan Agreement subject to any other or additional Loan Agreement that may have been processed.
32. Exception to the above stated policies and procedures must have the approval of the Mennonite Brethren Loan Fund Board of Directors.