

# PACIFIC UNION CONFERENCE

## LOAN APPLICATION PACKAGE

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## Pacific Union Conference Loan Policy Summary

- A. Purpose - to provide funding for loans to approved capital projects, including major building improvement and repairs of churches and schools within the Pacific Union Territory.
- B. Loan Application Package - Please complete all forms, any questions should be directed to the local conference treasurer.
- C. Approval - all loans must be approved by: 1) Pacific Union Conference Investment Committee, 2) Pacific Union Conference Executive Committee. For "Mega Projects" (where the building project exclusive of land exceeds 6,000,000.00) approval is also required by the North American Division Building Plans Committee. The maximum loan amounts are:
1. Lesser of 300% of year end tithe or \$2,000,000 for Church and School loan Fund
  2. Lesser of 400% of year end tithe or \$2,500,000 for Income Fund
- D. Availability - loan applications are approved only as income projections indicate an adequate cash flow to guarantee funding of the approved loan. Depending upon the availability of funds, a maximum loan limit may be imposed when funds are limited in order to serve more projects.
- E. Terms/Rate - rates are variable and may be adjusted by Investment Committee effective January 1 and July 1 each year. Any decrease or increase of the interest rate shall not be less than one fourth (1/4) percent nor more than two and one-half (2 ½) percent per annum. The change in the interest rate shall be limited to a total decrease or increase of five (5) percent per annum for the term of this Note.

### Loan Terms:

<u>Project</u>	<u>Maximum Term</u>	<u>Percent Financed</u>	<u>Maximum Loan</u>
<b>CHURCH AND SCHOOL LOAN FUND</b>			
1) New construction, purchase of existing structure or renovation	15	55	2,000,000
2) Land for building or expansion	10	55	2,000,000
<b>INCOME FUND</b>			
1) New construction, purchase of existing structure or major renovation	5*	65	2,500,000
2) Repairs and renovation up to \$250,000			
a) Under \$50,000	7	90	50,000
b) Over \$50,000	15**	90	250,000
3) Modular units	5	65	250,000
4) Organs	5	65	250,000

\*Amortized over 20 years, renewable at maturity at holders option, limited to three renewals.

\*\*Amortized over 15 year, renewable at maturity at holders option, limited to two renewals.

For construction and renovation loans, interest-only payments may be made during the first six-month period with principal amortized over the remaining life of the loan. For a complete set of loan Policies contact your local conference treasurer.

- F. Conditions -land for building sites is to be paid for in full prior to requesting the construction loan. Required "Cash on hand" is a minimum of 45% (Church and School loan Fund) or 35% (Income Fund) of the total project. Cost of land is included as "Cash on hand" only for the first project.
- G. Limitations - multiple loans to anyone borrowing entity may be authorized, provided the aggregate of loans from the fund does not exceed:
1. \$2,000,000.00 for the Church and School Loan Fund
  2. \$2,500,000.00 for the Income Fund.
- Total payments on all loans cannot exceed the equivalent of 50% of average monthly tithe income.

Special Loan Requests - (exceeding 500% of annual tithe considering the aggregate of loans from both Church and School Loan Fund and Income Fund) are considered in extreme circumstances and require special approval from the Pacific Union Executive Committee. The following must be submitted with this application in addition to items required for other loans:

1. Explanation of the unusual circumstances requiring the loans.
2. Statement indicating that all obligations of the requesting church are current and have been current for the preceding twelve months, including community obligations, loan payments, school subsidies, conference/ABC, etc.
3. Guaranteeing conference must have a minimum of 50% of the working capital requirement at end of prior year.

- H. Security -loans for \$50,000 or more require Promissory Notes secured by Deeds of Trust against the property being purchased or improved. **A legal description in recordable format and the Assessor's Parcel Number (APN) for the securing property is necessary for all loans requiring a Deed of Trust.** Loans approved for constituency school projects are borrowed by the local constituent churches with their church property pledged as security unless the loan is to be repaid from the constituency school operating funds, in which case the constituency school property is pledged as security. When the borrower's property to be improved by the loan proceeds is situated on leased land, no recorded lien is required. Other security arrangements may be implemented by agreement with the sponsoring conference.

Loans are guaranteed in writing and supported by actions of the governing committee of the conference responsible for the borrowing entity. Such loans are recorded as contingent liabilities in the financial records and reports of the conference (not association or corporation).

- I. Documentation - Loan documents are signed prior to advance of funds; loan documents for churches are signed by the pastor, treasurer, first elder, and clerk upon approval by the church board and include a copy of the approving resolution voted by the church members in business session. Loan documents for schools are signed by the board chairman, principal, treasurer and secretary upon approval by the school board and include a copy of the approving resolution voted by the school constituency.

- J. Funding - Loan approval is valid for funding for one year from the date of Investment Committee approval. If funds are not drawn within one year after approval, loan approval expires, requiring the applicant to renew the loan request. Upon request before expiration, loan approval may be extended an additional six months.

Funds are requested by the borrowing entity through the local conference treasurer in advance to allow time for signatures to be secured and proper documents to be returned to the Pacific Union Conference.

*Draws on approved loans are made only when needed for payment of actual project costs. For construction and renovation loans the authorized loan amount may be drawn over a six-month period.*

- K. Monthly payments are due as provided in the Promissory Note, and the account is considered delinquent after the tenth day following the payment due date.

Delinquent loan payments exceeding 150 days for an outstanding loan renders the conference ineligible for additional loans until the delinquency is paid in full. Partial payments or interest-only payments will not be considered as regular loan payments.

Accelerated principal payments, made at the borrower's option, do not eliminate the borrower's obligation to make the regularly scheduled payment each month.

If early payment is required, the loan shall become due and payable within 90 days through the securing of a loan by the borrowing entity from another source.

# PACIFIC UNION CONFERENCE LOAN APPLICATION INSTRUCTIONS

## LOCAL CHURCH/SCHOOL

1. Read the Pacific Union Conference Loan Policy Summary in its entirety before filling out the application to be sure your loan request meets all requirements.
2. Fill out sections one through six completely. Missing information will delay loan approval.
3. Present project to church business meeting/school constituency for approval. Complete resolution form and include with loan package.
4. For projects costing \$6,000,000.00 or more exclusive of land, submit building plans and complete North American Division Building Plans and Borrowing of Funds Approval Request.
5. Send application, resolution and building plans, when applicable, to your local conference treasurer for approval.
6. ADDRESS ALL QUESTIONS CONCERNING THIS LOAN TO YOUR CONFERENCE TREASURER.

## LOCAL CONFERENCE

7. Review application, resolution and building plans to see that material is complete and meets the Pacific Union Conference Loan Policy.
8. Review project to make sure it meets the building and loan requirements set by the local conference.
9. Verify that the church's/school's other obligations are current. (School subsidy, conference, ABC, and association bills, etc.)
10. Present project to building committee/executive committee for approval and guarantee of loan. Complete executive committee resolution and include in loan application package.
11. Loans of \$50,000.00 or more are secured by a first deed of trust. Obtain legal description in **recordable format and APN (Assessor's Parcel Number)** of subject property from your local conference association and include in the loan application package.
12. Send completed loan package (including building plans if applicable) to the undertreasurer of the Pacific Union Conference for processing. (Loan application package must be received at least ONE WEEK prior to the Investment Committee meeting to assure adequate time for processing.)

## PACIFIC UNION CONFERENCE INVESTMENT COMMITTEE

13. The Investment Committee, which normally meets bimonthly on the second Friday of the even numbered months, is responsible for approval of all loans.
14. Notification of loan approval or denial is sent to the local conference treasurer within approximately one week following the meeting. Loan approval is valid for one year.
15. Projects costing \$6,000,000.00 or more, exclusive of land, require approval of the North American Division. When Loan Policies are met and the Investment Committee gives tentative approval, the union undertreasurer will forward to the North American Division Building Plans and Borrowing of Funds Request along with the building plans to the Division. Where Division approval is required, the conference treasurer will be notified when approval is received

## FUNDING THE LOAN

1. BEFORE FUNDS CAN BE RELEASED - advise your local conference treasurer that you are ready for funding. Your treasurer will notify the union undertreasurer to begin the document process. Be sure to allow adequate time to complete all paperwork before the first draw is needed. THE PROMISSORY NOTE AND DEED OF TRUST (when applicable) will be sent to your local conference treasurer. ALL DOCUMENTS MUST BE COMPLETED AND SIGNED BY BOTH THE BORROWING ENTITY AND THE GUARANTOR PRIOR TO FUNDING.
2. ALL REQUESTS FOR RELEASE OF FUNDS must come through the local conference treasurer. (Some projects require one large draw while other are set up for several smaller draws. **Funding must be completed within six months of the first draw**).
3. Funds will be sent to the local church or conference office as requested by conference treasurer.

## CCC Information Needed

Are you part of a School Constituency? \_\_\_\_\_

If "yes" what school? \_\_\_\_\_

School Subsidy balance: \_\_\_\_\_

School Subsidy monthly payment: \_\_\_\_\_

CCC Accounts Receivable balance: \_\_\_\_\_

# PACIFIC UNION CONFERENCE

# LOAN APPLICATION

This application is designed to be completed by the applicant with the local conference assistance. Questions concerning this application should be directed to the local conference treasurer.

## I. BORROWER

Church/School Name \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Membership/Enrollment \_\_\_\_\_  
Annual Tithe \_\_\_\_\_  
Annual Operating Budget \_\_\_\_\_

## II. PROPERTY INFORMATION

Project Name \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_

(Attach a copy of the legal description of subject property including APN#.)

## III. LOAN-TYPE AND TERMS

### TYPE OF LOAN

\_\_\_\_\_ Construction  
\_\_\_\_\_ Purchase  
\_\_\_\_\_ Renovation

\_\_\_\_\_ Land for expansion/relocation  
\_\_\_\_\_ Refinance

Description of project: \_\_\_\_\_  
\_\_\_\_\_

Terms Requested: \_\_\_\_\_  
Loan Amount \_\_\_\_\_  
Loan Period \_\_\_\_\_  
Interest only first six months \_\_\_\_\_ Yes \_\_\_\_\_ No  
(available only on new construction and renovation loans)

First draw date \_\_\_\_\_  
Send draws to \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone \_\_\_\_\_

## IV. PLAN OF FINANCE

### ESTIMATED COST

Land already owned \_\_\_\_\_  
Land to be purchased \_\_\_\_\_  
Building \_\_\_\_\_  
Equipment \_\_\_\_\_

TOTAL ESTIMATED COST \_\_\_\_\_

### FUNDS SOURCE

Land already owned \_\_\_\_\_  
Cash on hand for this project \_\_\_\_\_  
Local conference appropriation \_\_\_\_\_  
\*Donated labor/materials \_\_\_\_\_  
Loan requested \_\_\_\_\_

TOTAL FUNDS SOURCE \_\_\_\_\_

(Total estimated cost must equal total funds source)

\*Donated labor or pledges may not be considered as cash on hand

## V. OTHER LOANS

If the borrowing entity has other outstanding loan obligations, please show lender and current balance owed.

Lender: \_\_\_\_\_

Amount owed: \_\_\_\_\_

# PACIFIC UNION CONFERENCE

# LOAN APPLICATION

Continued

## VI. APPROVAL

### RESOLUTIONS

In applying for the above described loan approval, the business meeting/constituency or governing board has adopted an approval resolution authorizing its officers to sign the Application and Loan Documents, with the express understanding that the borrowing entity shall be responsible for the loan repayment according to the terms and conditions stated in the loan documents which conform to the Pacific Union Conference Loan Investment Policies and board or committee actions pertaining thereto.

Borrower

Business/ Constituency Meeting Date\_\_\_\_\_

\_\_\_\_\_  
Pastor/Chairperson (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
First Elder/Principal (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Clerk/Secretary (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Treasurer (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

Local Conference Guarantee

Executive Committee Date\_\_\_\_\_

\_\_\_\_\_  
Officer (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Officer (Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

## VII. FOR UNION CONFERENCE OFFICE USE ONLY

Meets Guidelines for: \_\_\_\_\_ INCOME FUND

\_\_\_\_\_ CHURCH AND SCHOOL LOAN FUND

Investment Committee date \_\_\_\_\_

\_\_\_\_\_  
Treasurer/Undertreasurer

Executive Committee date (if needed) \_\_\_\_\_

Approved loan amount \_\_\_\_\_

Term \_\_\_\_\_

\_\_\_\_\_  
Investment Committee Secretary

Rate \_\_\_\_\_

## **PACIFIC UNION CONFERENCE**

## **CHURCH RESOLUTION**

**WHEREAS**, the \_\_\_\_\_ Seventh-day Adventist Church (Borrower) whose address is \_\_\_\_\_ has approved this project for \_\_\_\_\_ . (Describe as; new purchase, remodel, roof, addition, parking lot, etc.)

**TOTAL COST OF PROJECT:**

\$ \_\_\_\_\_

To be funded as follows:

Church Funds on Hand \$ \_\_\_\_\_

Loan Request from Union \$ \_\_\_\_\_

**TOTAL FUNDING:** (must equal cost of project)

\$ \_\_\_\_\_

**WHEREAS**, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the \_\_\_\_\_ Conference (Guarantor);

**THEREFORE, BE IT RESOLVED**, that a loan be obtained by this church from the Lender with the following conditions:

**RESOLVED FURTHER**, that the pastor, first elder and treasurer (or their replacements) be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application Forms.
2. Provide the necessary information and documentation to your **conference treasurer** for obtaining an approval of this loan by the Conference Executive Committee.
3. Signed the Promissory Note, and other loan documents required by the Lender.

**ALSO RESOLVED**, that the terms and conditions of this Resolution shall be binding upon this church, to be respected and performed by its officers and members, now and in the future.

### **CERTIFICATE OF CHURCH CLERK**

**THE UNDERSIGNED,**

the duly elected, qualified, and acting clerk of the \_\_\_\_\_ Seventh-day Adventist Church, hereby certifies that the above Church Resolution is a true and correct copy of the Resolution adopted on \_\_\_\_\_, 20\_\_\_\_\_, by the members of the said church in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
Signature of Church Clerk

\_\_\_\_\_  
Print or type name



## **PACIFIC UNION CONFERENCE**

## **SCHOOL BOARD RESOLUTION**

WHEREAS, the \_\_\_\_\_ Seventh-day Adventist School (Borrower) whose address is \_\_\_\_\_ has approved this project for \_\_\_\_\_ . (Describe as; new purchase, remodel, roof, addition, parking lot, etc.)

**TOTAL COST OF PROJECT:**

\$ \_\_\_\_\_

To be funded as follows:

School Funds on Hand \$ \_\_\_\_\_

Loan Request from Union \$ \_\_\_\_\_

**TOTAL FUNDING:** (must equal cost of project)

\$ \_\_\_\_\_

WHEREAS, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the \_\_\_\_\_ Conference (Guarantor);

**THEREFORE, BE IT RESOLVED**, that a loan be obtained by the Borrower from the Lender with the following conditions:

**RESOLVED FURTHER**, that the school principal, business manager and school board chairperson be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application Forms.
2. Provide the necessary information and documentation to your **conference treasurer** for obtaining an approval of this loan by the Conference Executive Committee.
3. Signed the Promissory Note, and other loan documents required by the Lender.

**ALSO RESOLVED**, that the terms and conditions of this Resolution shall be binding upon this school, to be respected and performed by its officers and members, now and in the future.

### **CERTIFICATE OF THE SCHOOL BOARD CHAIRPERSON**

**THE UNDERSIGNED,**

the duly elected, qualified, and acting school board chairperson of the \_\_\_\_\_ Seventh-day Adventist School, hereby certifies that the above School Resolution is a true and correct copy of the Resolution adopted on \_\_\_\_\_, 20\_\_\_\_\_, by the members of the said school board in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
Signature of School Board Chairperson

\_\_\_\_\_  
Print or type name

## **PACIFIC UNION CONFERENCE**

## **CONFERENCE EXECUTIVE COMMITTEE RESOLUTION**

**WHEREAS**, the \_\_\_\_\_ Seventh-day Adventist Church or School (Borrower)  
whose address is \_\_\_\_\_ has approved this project for  
\_\_\_\_\_. (Describe as; new purchase, remodel, roof, addition, parking lot, etc.)

**TOTAL COST OF PROJECT:** \$ \_\_\_\_\_

To be funded as follows:

Church Funds on Hand \$ \_\_\_\_\_

Loan Request from Union \$ \_\_\_\_\_

**TOTAL FUNDING:** (must equal cost of project) \$ \_\_\_\_\_

**WHEREAS**, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the \_\_\_\_\_ Conference (Guarantor);

**THEREFORE, BE IT RESOLVED**, that a loan be obtained by the Borrower from the Lender with the following conditions:

**RESOLVED FURTHER**, that the Conference officers be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application Forms.
2. Provide the necessary information and documentation to the Lender for obtaining an approval of this loan by the Conference Executive Committee.
3. Signed the Promissory Note, and other loan documents required by the Lender.

**ALSO RESOLVED**, that the terms and conditions of this Resolution shall be binding upon the Guarantor, to be respected and performed by its officers and members, now and in the future.

## **CERTIFICATE OF CONFERENCE SECRETARY**

**THE UNDERSIGNED**,  
the duly elected, qualified, and acting secretary of the \_\_\_\_\_ Conference of Seventh-day Adventist Church, hereby certifies that the above Church Resolution is a true and correct copy of the Resolution adopted on \_\_\_\_\_, 20\_\_\_\_\_, by the said Executive Committee in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
Signature of Conference Secretary

\_\_\_\_\_  
Print or type name