

A photograph of a white, single-story church building with a prominent, multi-tiered steeple. The church has arched windows and a central entrance. The image is partially obscured by a white circular graphic element on the right side of the slide.

# **Tailor Made Solutions for Churches**

## *What to Know About Loans*

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Presented by  
TOM KINNEY / FOUNDATION LOAN OFFICER

# OUR MISSION

- To strengthen the financial capacity of United Methodist churches and agencies, equip our clergy to more effectively serve Christ and the Church, and encourage individuals to live as faithful trustees of God's generosity.
- How does UMFNE's loan program support our mission?  
*Many times, a call about the need for a loan opens a dialog that encompasses our mission by leading to a broader discussion designed to help churches achieve their financial and missionary goals.*

# LOAN PROGRAM OVERVIEW

- Purpose
- Loan Rates
- Loan Funding Source
- Application & Loan Approval



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# LOAN PROGRAM

*The Foundation offers commercial loans (for parsonages, churches and other non-residential buildings) owned by United Methodist churches and agencies.*

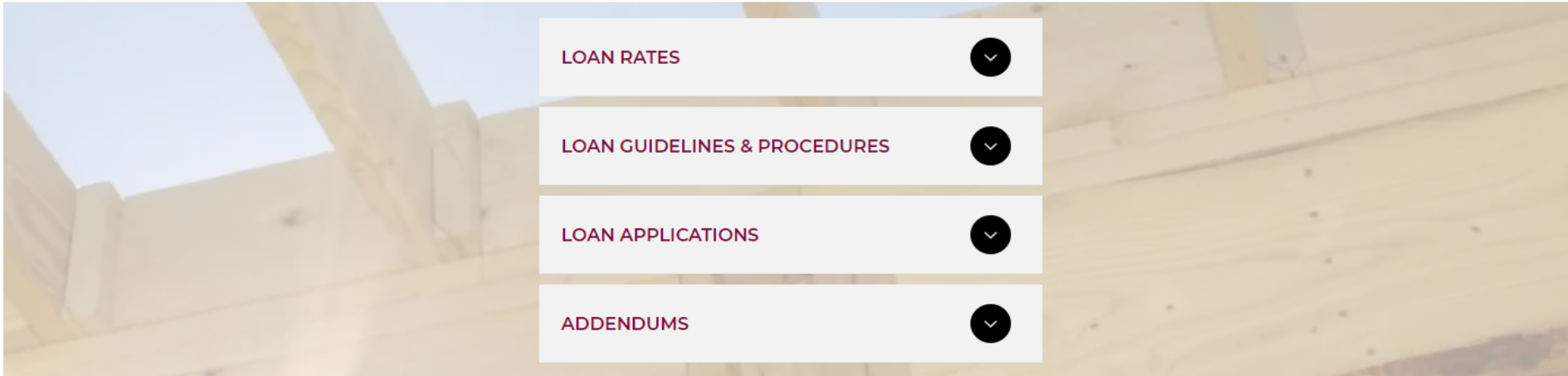
## LOANS CAN BE FOR:

- Repairs
- Renovations
- Expansions
- Real Estate or Major Equipment Purchase
- New Construction
- Refinancing of Loans with Other Lenders

## OUR LOANS HAVE:

- Lower fees and closing costs than commercial banks
- No prepayment penalties

Our helpful and knowledgeable staff understand the financial necessities of United Methodist churches and agencies and are committed to helping you find the best solution possible.



## Foundation Loan Rates

The United Methodist Foundation of New England's Loan Committee (UMFNE) continuously reviews market conditions and when deemed appropriate, adjusts rates bi-annually to offer competitive rates to United Methodist churches and agencies of the New England Annual Conference who wish to refinance debt or build, renovate, or expand facilities.

The rates are current as of July 1, 2021. All rates are subject to change without notice. For more information about loan rates and programs, please contact Tom Kinney, UMFNE's Loan Officer, 800-595-4347 x107 or Leanne Mentzer, Office Manager, at x100.

### 1. Permanent Mortgage Loan Rates (up to 20-year term):

Loan Options, Terms, and Interest Rates:

Secured by Church and/or Church Property

- One-year ARM (Adjustable-Rate Mortgage): 3.75 percent (3.75%)
- Three-year ARM: 4.00 percent (4.00 %) (interest rate is fixed for three years)
- Five-year ARM: 4.12 percent (4.12%) (interest rate is fixed for five years)

Secured by Residential Building (e.g., Sub-Divided Parsonages)

- One-year ARM (Adjustable-Rate Mortgage): 3.50 percent (3.50%)
- Three-year ARM: 3.75 percent (3.75%) (interest rate is fixed for three years)
- Five-year ARM: 3.82 percent (3.82%) (interest rate is fixed for five years)

**Interest rate caps:** UMFNE Loan Rates will increase by not more than two percent (2%) a year, and not more than six percent (6%) over the life of the loan.

### 2. Permanent Loans secured by Funds on Deposit with the Foundation (up to 20-year term):

*Funds must be unrestricted and information available on the original source and purpose of funds:*

- One-year ARL (Adjustable-Rate Loan): 3.11 percent (3.11%)
- Three-year ARL: 3.25 percent (3.25%) (interest rate is fixed for three years)
- Five-year ARL: 3.50 percent (3.50%) (interest rate is fixed for five years)

**Interest rate caps:** UMFNE Loan Rates will increase by not more than two percent (2%) a year, and not more than six percent (6%) over the life of the loan.

### 3. Construction Loans

Loan Options, Terms, and Interest Rates:

- Six to twelve-month term: 4.00 percent (4.00%)

Note: There are no interest rate caps on these loans.

### 4. Church and Residential Real Estate Deferred Maintenance Line of Credit (RDM)

Purpose: To allow convenient and consistent access to funds for the maintenance of church property on a timely basis.

- Churches and Parsonages
- Interest Rate is determined by the collateral used to secure the loan; refer to UMFNE's posted one-year rates
- First two years can be interest-only, then adjusting annually to the posted annual interest rate
- Line can remain open for future projects when paid down to \$1.00 once every two years
- If real estate secured, the borrower is responsible for the cost of title work and the mortgage recording
- Loans inactive for more than 12 months will incur a \$200 fee

### 5. Loan Fees/Prepayment Penalty:

- New loans: Loan fee is one percent of the loan amount to a maximum of \$2,500
- Refinanced loans: Loan fee is one percent of the loan amount to a maximum of \$2,500

Minimum loan fee: \$250 for all loans

**Fee payment:**

- New Loans: The fee payment is divided into two parts: 50 percent of the total fee, non-refundable, is due when the signed Initial Loan Letter is returned to the Foundation and the remainder of the one percent fee is due at the time the Commitment Letter is signed and returned to the UMFNE
- Refinancing of existing loan: 1% is due at the time the commitment letter is signed and returned to the UMFNE

**Prepayment Penalty:** None

# LOAN FUNDING SOURCE

## CURRENT BOND FUND

Total: \$52,750,067

Loans: \$4,734,665

Maximum: 30%

Available: \$15,825,000

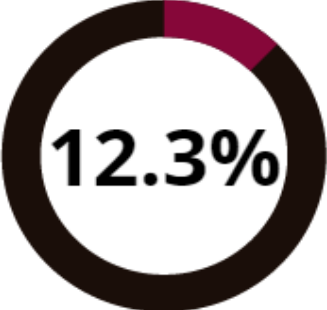
## LOOKING BACK TO 2020

Total Assets Under Management.....\$129.2 million  
Loan Portfolio Total.....\$ 4.9 million  
Undesignated Endowment.....\$ 4.8 million



8%

INCREASE IN TOTAL ASSETS UNDER MANAGEMENT



12.3%

BALANCED GROWTH FUND RETURNED FOR THE YEAR

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Awarded from Grants Ministry.....\$ 52,435  
Total Distribution to Churches.....\$7,012,235

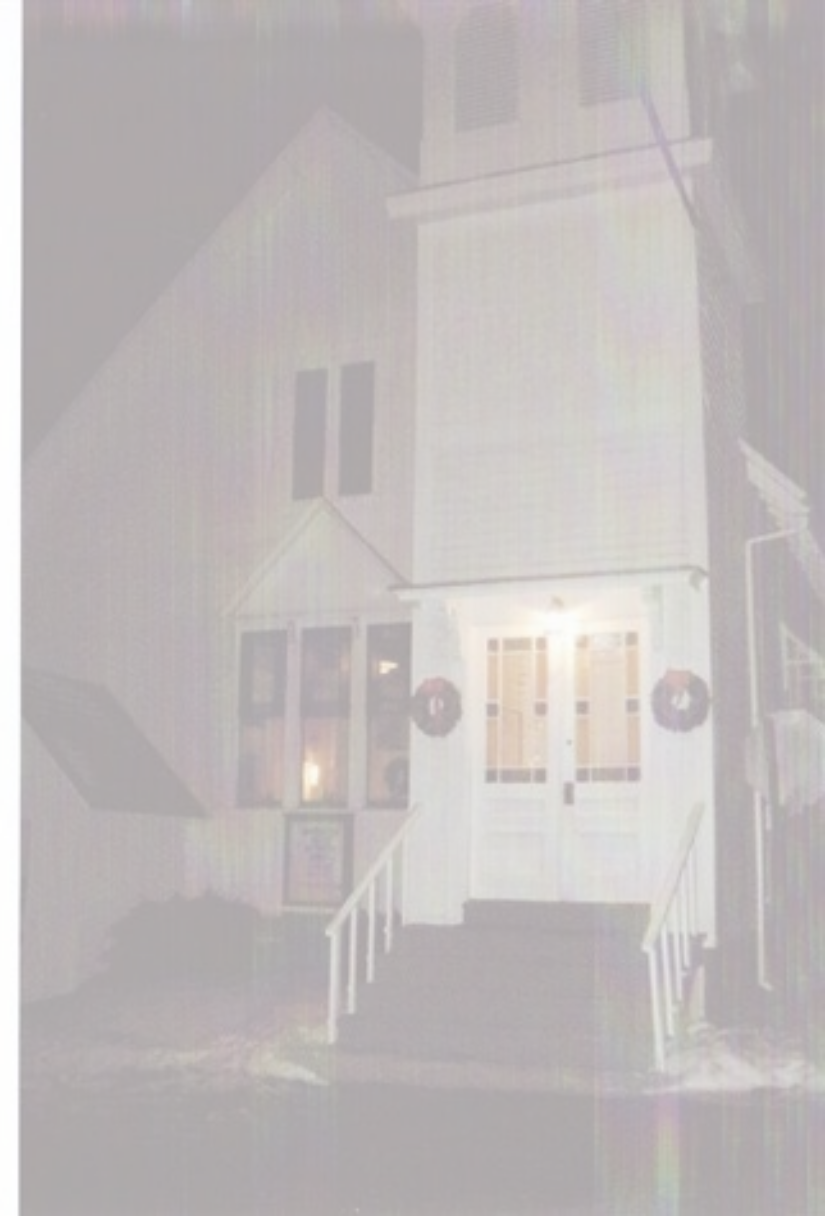


The application and loan approval process keeps all stakeholders in mind...

- Applicants/Customers
- Bond Fund Investors

# LOANS AVAILABLE

- ✓ Construction Loans *(including Bridge Loans)*
- ✓ Standard Loans
- ✓ Deferred Maintenance Line of Credit
- ✓ Short Term Credit Line for the Sale of Church Property



# APPLICATION PROCESS: Best Practices

- Getting started (Screen share loan worksheet)
  - Interactive – Allow Questions??
- Pre-approval process (Screen share of required documents)
- Average Turn-around from Receipt of Application to Funds Distribution
  - Without Planning: 3-4 months average
  - With Planning: 1-2 months average

# Stories of success, testimonials and questions

- Construction Loan Example [IMG\\_5803.m4v](#)
- Significant Repair Work Example: Standard Loan
- Brief review successes of church and UMFNE leadership working together toward the best solution to a funding problem

# Thank you

- My Contact Information
- Who to speak with if I am out of the office
- Survey and Follow-up