



## **Methodists Helping Methodists Fund Loan Application Handbook**

**For New Construction,  
Renovations,  
Repairs,  
New Property Acquisition or  
Loan Refinancing**

**Rocky Mountain United Methodist Foundation, Inc.  
7350 E. Progress Place, Suite 205  
Greenwood Village, Colorado 80111**

**303.778.6370  
303.777.6202**

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www.rmumf.org**

Thank you for inquiring about a loan from the Rocky Mountain United Methodist Foundation, Inc.'s Methodists Helping Methodists Fund (MHM Fund). The Foundation has been serving Rocky Mountain and Yellowstone Conferences United Methodist Churches and related agencies since 1987. One function of the Foundation's mission is offering loans for new construction, renovation of existing facilities, and the re-financing of existing loans for United Methodist churches and related agencies.

Any United Methodist Church agency or related ministry in the Rocky Mountain or Yellowstone Conference is eligible to apply for a MHM Fund loan. The following materials outline the criteria for securing a loan, and include an application form and a listing of necessary documentation. Please copy the necessary forms from this booklet for your loan application.

The information in this loan application booklet is designed to serve as a basis for future discussions. After you have returned the loan application form and the required documents, Foundation staff will review them and determine what additional information or action may be required from the loan applicant. Following the receipt of any additional information or documents requested, the Foundation's MHM Fund Committee will meet and review the application and other materials, and make a decision on your loan request. It generally takes ten to fourteen business days from receipt of the loan application by the Foundation to process the loan application and provide you with the decision of the Loan Fund Committee. You will be provided a written decision letter from the Foundation. If your loan is approved, the Foundation will send you a commitment letter which will outline the terms and conditions of the loan and any necessary requirements to be completed before closing of the loan can be scheduled by the Foundation.

**METHODISTS HELPING METHODISTS LOAN FUND**  
ROCKY MOUNTAIN UNITED METHODIST FOUNDATION, INC.  
POLICIES, LOAN GUIDELINES AND PROCEDURES

**PURPOSE**

The Methodists Helping Methodists Fund (MHM Fund) is a separate fund of the Rocky Mountain United Methodist Foundation, Inc. (the Foundation), from which secured loans are made to United Methodist Churches of the Rocky Mountain and the Yellowstone Annual Conferences, and to related agencies of said Conferences. Secured loans may be made for the construction of new facilities, renovation of existing facilities and grounds, repairs to existing facilities and grounds, and re-financing of existing loans with other lenders. The Foundation will also consider a participation loan with another lending agency for qualified applicants. The Fund is financed through the investments deposited in Certificates of Participation with the Foundation by United Methodist churches and members of United Methodist churches in Colorado, Wyoming, Utah and Montana.

**ADMINISTRATION**

The MHM Fund is administered by the MHM Fund Committee of the Foundation, (the Committee), pursuant to the policies and procedures established by the Board of Directors of the Foundation. The Committee is composed of up to eight persons elected by the Board of Directors of the Foundation, with at least four members of the Committee being Directors of the Foundation. The Executive Director of the Foundation serves as the administrative officer of the MHM Fund Committee.

**LOAN APPLICATIONS**

The Committee reviews each loan application. The Committee determines whether a loan application will be approved or denied. The Committee considers only applications that have been completed in accordance with the policies and procedures of the MHM Fund.

In considering each loan application, the Committee may request and review data on construction costs, the value of the property to be used as security for the loan, and the financial capability of the applicant seeking the loan. The Committee may, but is not required to, have a staff or committee member inspect real and personal properties to be used as security for a loan and review cost estimates obtained by the applicant. The Committee may from time to time require independent appraisals of proposed properties to secure a loan.

## TYPES OF LOANS

**Construction loans** are available for borrowers who are planning to build a new facility, construct an addition to an existing structure, or make extensive renovations, repairs and improvements to an existing structure or grounds. Draws will be made on the construction loan, as funds are needed for labor and materials during the construction project, with interest accruing from the date of each draw. The interest rate for construction loans shall be a set rate during the term of the construction loan. Monthly interest payments are required during the term of a construction loan. Upon completion of the construction project, the loan will then be converted to an adjustable rate loan for the remaining balance of the loan term.

**Adjustable rate loans** have several options that allow the Foundation to tailor the loan terms to the needs of the borrower. The options currently offered by the Foundation are:

**One-year adjustable rate loans** keep the same interest rate for the first year of the loan. The interest rate on the loan is then adjusted yearly on the anniversary date of the promissory note. The loan term will not exceed 15 years.

**Three-year adjustable rate loans** keep the same interest rate for the first three years of the loan. The interest rate on the loan is then adjusted every three years on the anniversary date of the promissory note. The loan term will not exceed 15 years.

**Five-year adjustable rate loans** keep the same interest rate for the first five years of the loan. The interest rate on the loan is then adjusted every three years on the anniversary date of the promissory note. The loan term will not exceed 15 years.

## Loan Guidelines

1. Loan amounts shall be limited to: (a) not more than 80% of the cost of new construction, or (b) 80% of the purchase price of real estate. Loans for renovation or repair of existing facilities or grounds may be made for up to 100% of the demonstrated need by the borrower so long as the loan amount does not exceed 80% of the estimated value of the property following completion of such renovation or repair. Refinance loan must not exceed 80% of the collateral property.
2. The term of adjustable rate loans shall be up to 15 years.
3. The term of a construction loan shall generally be for up to one year, or upon completion of construction if less than one year.
4. Loans shall be secured by either a first or second real estate mortgage lien.
5. In evaluating the ability of a borrower to repay a loan, the Committee uses the following guidelines:
  - A. Total annual debt service shall not exceed 33% of the total annual revenue of the borrower (annual revenue being defined as 1) the operating fund, 2) any capital improvements budget, and 3) any building fund);
  - B. Total annual operating budget and debt service of the borrower shall not exceed \$2,500 per giving unit (giving unit defined as pledge or regular contribution);

- C. Total loan amount shall not exceed \$3,500 per giving unit;
  - D. Annual debt service per giving unit of a church shall not exceed \$500.00.
  - E. **Giving Unit** is defined as the total number of givers that have at least a two year history of regular gifts. This will include pledged and non-pledges regular contributions.
6. The borrower must consent to not incur or assume any additional debt without the prior written consent of the Foundation during the term of the loan.
  7. The borrower must agree to pay the recording fees, attorney costs if any, and the cost of a mortgagee's title insurance policy on the real estate subject to the mortgage. If an appraisal of the collateral is required, or an environmental audit is required, such costs shall be paid by the borrower.
  8. An approved loan shall be fully disbursed within twelve (12) months of the date of the loan commitment by the Foundation, or a new loan application shall be required from the borrower upon the expiration of twelve months from the date of the Foundation's loan commitment.
  9. The MHM Fund Committee may require the borrower to deposit capital campaign contributions or a loan reserve fund at the Foundation. If required, this will be an interest bearing account and will remain the property of the borrower; disbursements will be made according to an escrow agreement between the borrower and the Foundation.

**INTEREST RATES**

The Committee establishes a base interest rate for Foundation loans monthly during each calendar year. The Committee may commit to a Borrower that the interest rate on a loan will be the Foundation's base rate during the term of the loan, or the Committee may grant a variance from the base interest rate. A variance from the base interest rate may be granted depending on the purpose of the loan, the financial strength of the Borrower, the requested term of the loan, and any other relevant factors as determined by the Committee.

The interest on loans will be computed as simple interest with interest computed to date of receipt of payment. All payments shall first be credited to interest, and the balance to principal.

**DEFAULT IN LOAN PAYMENTS**

The Foundation shall collect past due notes using all remedies available to it. These guidelines will be followed where appropriate:

- 15 days past due: a phone call and/or an email will be made to the borrower's treasurer. A fine may apply.
- B. 30 days past due; a past due letter will be sent and another phone call placed to the borrower's treasurer and the leadership (Senior Pastor if applicable); a copy of the letter will be sent to the District Superintendent.
- C. 60 days past due; a second past due letter and phone call will be placed to the borrower's treasurer, borrower's trustee chair and the Senior Pastor; District Superintendent will be copied.
- D. 75 days past due; a meeting will be scheduled with the borrower's Trustees,

Senior Pastor and the District Superintendent. The Bishop will be sent copies of all correspondence, as will any other appropriate conference agency;

- E. 90 days past due; the note will be referred to the Board of Directors of the Rocky Mountain United Methodist Foundation, Inc. for further action, including, but not limited to, foreclosure proceedings in the appropriate court.

## **LOAN APPLICATION REQUIREMENTS**

1. The Loan Application form and supporting materials shall be completed and submitted to the Foundation's office prior to formal consideration of a loan request.
2. Materials to be submitted to the Foundation shall include, but are not restricted to:
  - A. A completed Loan Application form;
  - B. Project description, purpose, and, if applicable a copy of contracts and commitments which have been entered into at that time;
  - C. For Churches, the signed consent of the District Superintendent and Senior Pastor;
  - D. For Churches, the signed report of the District Board of Church Location and Building, which consents to such project and financing if the project requires such consent, and the consent of other annual conference agencies as appropriate, and such other requirements as set out in the Book of Discipline of The United Methodist Church;
  - E. The consent of proper governmental authorities, such as zoning, building and inspection;
  - F. Financial statements, balance sheets, and income and expense statements for the current year and the two preceding fiscal years of the applicant;
  - G. For Churches, a copy of the Annual Conference Statistical Report for the two preceding years;
  - H. The capital funds drive results, including total pledges and payout time line;
  - I. Annual financial audit reports for two previous calendar years;
  - J. Environmental Audit of the real estate taken as security if required by the Committee;
  - K. If the borrower is incorporated, a copy of the Articles of Incorporation and Bylaws; and
  - L. Other information, data and materials as requested by the Committee.

## **Closing Requirements**

- Promissory note executed by proper officers of the borrower.
- The loan will be secured by a real estate mortgage on the real estate owned by the Borrower, and any real estate to be purchased for any building project. The Committee may waive the requirement of a mortgage on a parsonage that is separate and apart from the project under consideration. The mortgage will require that the Borrower not incur or assume any additional debt without the prior written consent of the Foundation during the term of the loan. The authorized officers of the Borrower must execute the mortgage. The Borrower will be responsible for all mortgage recording fees and mortgage registration taxes.
- A certificate of resolution by the Board of Trustees of the borrower, which resolution accepts the terms of the Letter of Commitment from the Foundation, authorizes the borrow-

ing of funds, authorizes the mortgaging of the real estate, if applicable, authorizes the assignment of accounts with the Foundation, if applicable, authorizes the transfer of securities to the Foundation as collateral, if applicable, designates the officers of the borrower to execute the promissory note and mortgage, authorizes payment of the mortgage expenses and mortgagee title insurance premiums, and such other matters as needed or requested by the Committee.

- If a real estate mortgage is used, a mortgagee's title insurance policy paid by the Borrower, insuring merchantable title in the Borrower, and showing the Foundation in a first or second mortgage lien position, as determined by the Committee, in the amount of the loan. The Borrower must satisfy any title requirements made by the title company.
- If a real estate mortgage is used, evidence of appropriate and adequate insurance on the real estate and improvements thereon subject to the Foundation's mortgage, which insurance coverage shows the Foundation as an additional insured party during the term of the loan, including:
  - A. Builder's Risk Construction Insurance, or a sufficient letter of credit from a commercial lending institution, during the period of construction for a construction loan;
  - B. Standard hazard and general liability insurance, in an amount as approved by the Committee;
  - C. Flood insurance, if any of the secured real estate is located in a flood plain, or as otherwise required by the Committee.
- For a construction loan, a performance bond or a Letter of Credit from the contractor, when deemed necessary by the Committee
- An environmental audit acceptable to the Committee, if required by the Committee.
- Any other documents requested by the Committee.

#### **LOAN REPAYMENT CONDITIONS**

1. A single monthly payment of interest and principal shall be due and payable monthly for adjustable rate loans.
2. A single monthly payment of interest only shall be due and payable monthly for construction loans, beginning the first day of the succeeding month following the first disbursement.
3. There shall be no prepayment penalties; however, prepayments of principal may be made only at the time of the regular monthly payment. Any partial prepayment of principal shall not relieve the Borrower of its requirement to make the required monthly payments as scheduled.
4. A late fee of \$25 dollars will be charged on loan payments postmarked and/or received fifteen days after the due date.

*These policies, guidelines and procedures may be amended at any time, and from time to time by the Board of Trustees of the Rocky Mountain United Methodist Foundation, Inc.*



# Loan Application

For churches, agencies, and ministries of the Rocky Mountain and Yellowstone Conferences of the United Methodist Church.

The Foundation is here to help. Please call to discuss this loan application, requirements for financing, and appropriate timelines.

Date of Application \_\_\_\_\_

## 1. Organization Information

\_\_\_\_\_  
Name of Church, Agency or Ministry

\_\_\_\_\_  
Physical Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Mailing Address (if different)

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Web Address / Facebook page

\_\_\_\_\_  
Senior Pastor / Date Started

## 2. Contact Person

*Primary contact concerning the loan application*

\_\_\_\_\_  
Name

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Daytime Phone Number

\_\_\_\_\_  
Cell Phone Number

\_\_\_\_\_  
E-mail Address

## 3. Type of Application *Check one*

- Prequalification:** Estimated cost for real estate and/or building program
- Final:** Actual cost for real estate, building program or refinancing

Addresses of all real property owned by the church:

### Church

\_\_\_\_\_  
Physical Address

\_\_\_\_\_  
City, State, Zip

\$ \_\_\_\_\_  
Fair market value of property

\$ \_\_\_\_\_  
Indebtedness and monthly payment

### Parsonage

\_\_\_\_\_  
Physical Address

\_\_\_\_\_  
City, State, Zip

\$ \_\_\_\_\_  
Fair market value of property

\$ \_\_\_\_\_  
Indebtedness and monthly payment

### Other

\_\_\_\_\_  
Physical Address

\_\_\_\_\_  
City, State, Zip

\$ \_\_\_\_\_  
Fair market value of property

\$ \_\_\_\_\_  
Indebtedness and monthly payment

**4. Loan Purpose** *Please check all that apply*

- Building Project
- Accessibility
- Renovation and/or repairs
- Refinancing existing debt
- Land / Building purchase
- First site or building
- Other

**5. Cost Analysis** *List remaining costs only*

**I. Real Estate Purchases**

Congregation Use	Internal Use
------------------	--------------

Real estate costs \_\_\_\_\_  
 Due diligence items (appraisal, survey, Level I environmental Report, etc.) \_\_\_\_\_

Other closing costs (owner's title policy, taxes, commissions, etc.) \_\_\_\_\_

**II. Building Projects**

Building costs \_\_\_\_\_

*Indicate if any of the costs below are included "Building Costs:"*

Cut, fill site preparation \_\_\_\_\_

Well/water & septic/sewer \_\_\_\_\_

Building permit \_\_\_\_\_

Other \_\_\_\_\_

Parking, sidewalks, paving \_\_\_\_\_

Landscaping Payment and performance bond \_\_\_\_\_

Site topographical survey \_\_\_\_\_

Geo-technical investigation \_\_\_\_\_

Architectural and engineering fees (remaining costs only) \_\_\_\_\_

Assessments (city, county, water district, utilities) \_\_\_\_\_

Congregation's own builder's risk insurance \_\_\_\_\_

Signage \_\_\_\_\_

Chairs, pews, Chancel furniture \_\_\_\_\_

Educational and office furniture \_\_\_\_\_

Equipment (video, sound system, musical instruments, kitchen, etc.) \_\_\_\_\_

Congregation Use	Internal Use
------------------	--------------

**III. Refinancing Existing Debt**

Estimated balance on existing debt at time of refinance \_\_\_\_\_  
 Prepayment penalties and other fees from the existing lender \_\_\_\_\_

Current Lender \_\_\_\_\_  
 Name \_\_\_\_\_

*Provide a statement from lender showing balance and payment and next payment due date.*

**IV. Other Related Costs**

Congregation's contingency - 8% of shaded costs listed under Section II. could be a good estimate (do not include contractor's contingency) \_\_\_\_\_

Congregation's legal fees (if applicable) \_\_\_\_\_

Interest to be paid during construction (if applicable) \_\_\_\_\_

Other \_\_\_\_\_

**Sub-total (costs from all sections)**

**V. Closing Costs**

*(To be completed by MHM Fund.)*

Closing fee \_\_\_\_\_

Lender's title insurance policy \_\_\_\_\_

Recording fees \_\_\_\_\_

Other \_\_\_\_\_

**Total project cost** \_\_\_\_\_

**\*MHM Fund loans never have points, loan origination fees, or pre-payment penalties.**

**6. Construction Schedule**

	Congregation Use	Internal Use
Estimated construction starting date	_____	_____
Estimated construction completion date	_____	_____
Estimated number of months from today to completion of construction	_____	_____

**7. Capital Funds Campaign**

A Capital Funds Campaign was conducted on:

\_\_\_\_\_ (list dates)

by \_\_\_\_\_ (local church, professional fundraiser, etc.)

---

Number of pledges \_\_\_\_\_

\$ \_\_\_\_\_ Total amount pledged

\_\_\_\_\_ through \_\_\_\_\_ Dates of pledges

Another Capital Funds Campaign will be conducted on

\_\_\_\_\_ (list dates)

to secure additional pledges for debt retirement. It is anticipated that the Capital Funds Campaign will be conducted by \_\_\_\_\_ (local church, professional fundraiser, etc.)

**8. Source of Funds**

Current cash available for this Project \_\_\_\_\_

Additional cash available from now to end of construction that will be used for this project \_\_\_\_\_

Loan amount \_\_\_\_\_

Other \_\_\_\_\_

**Total funds** \_\_\_\_\_

**9. Loan Payment Plan** (Please check one and attach your loan payment plan or budget.)

- Separate pledges for debt reduction.
- Payments from general ministry. (built into the operating budget)
- Other \_\_\_\_\_

**10. Requested Loan**

	Congregation Use	Internal Use
Requested loan Amount	_____	_____
Estimated interest Rate	_____	_____
Amortization Schedule (up to 20 years)	_____	_____
Estimated monthly Payments	_____	_____

*Call the Foundation 303.778.6370 for information about relationship pricing*

- One-year adjustable: the interest rate is kept the same for the first year then adjusted annually on the anniversary date of the promissory note.
- Three-year adjustable: the interest rate is kept the same for the first three years then adjusted every three years on the anniversary date of the promissory note.
- Five-year adjustable: the interest rate is kept the same for the first five years then adjusted every three years on the anniversary date of the promissory note.

Please note that the interest rate is set at the time of commitment. All rates and terms are subject to change without notice.

**11. Statistical and Financial Information**

	Two Years Prior ending 12/31	One Year Prior ending 12/31	Present Year-to-date	Future Two Years	Future Five Years
Membership	_____	_____	_____	_____	_____
Average worship attendance	_____	_____	_____	_____	_____
Average church school attendance	_____	_____	_____	_____	_____
Number of giving units (Giving units is defined as number of pledges plus regular giving households)	_____	_____	_____	_____	_____

**Attach a two year financial history including Balance Sheet, Income/Expense and Budget. If after the 10<sup>th</sup> month, submit a Budget for the following year.**

**Rocky Mountain Conference Tithe plus three percent % offering:**

	Two Years Prior ending 12/31	One Year Prior ending 12/31	Present Year-to-date
Due	_____	_____	_____
Paid	_____	_____	_____

**12. CERTIFICATE OF RESOLUTION OF THE  
CHURCH/CHARGE CONFERENCE**

This is to certify that the Church/Charge Conference of the \_\_\_\_\_ United Methodist Church of \_\_\_\_\_, \_\_\_\_\_, (the "Church") at a meeting duly convened on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, adopted the following resolution:

"RESOLVED, that the Church be and is hereby authorized and empowered to borrow from the Rocky Mountain United Methodist Foundation, Inc., Methodists Helping Methodists Fund, or from such other lender as the Board of the Trustees of the Church may determine, an amount not to exceed \$ \_\_\_\_\_, for the purpose of \_\_\_\_\_

\_\_\_\_\_ and to be secured by a mortgage lien on the real estate owned by the Church as described in Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED that the Board of Trustees of the Church are authorized to negotiate the terms and conditions of such loan and mortgage on behalf of the church; that any two officers of the Board of Trustees are authorized and directed to take such actions and execute and deliver such instruments or documents related to such loan and mortgages as they in their discretion deem necessary or appropriate, including, but not limited to, the execution and delivery of one or more promissory notes, real estate mortgages, security agreements, financing statements, commitment letters, loan agreements; and that the actions so taken and the instruments and documents so executed and delivered are hereby ratified and approved as the binding act and deed of the Church.

BE IT FURTHER RESOLVED that any two officers of the Board of Trustees of the Church are authorized to take such actions and execute and deliver such instruments and documents as they in their discretion deem necessary or appropriate to renew, extend, rearrange, modify, amend or otherwise change the terms of the loan or mortgage without further action of the Charge Conference, Church Council or other equivalent governing body of the Church, including but not limited to, the execution and delivery of one or more renewals, extensions, modification agreements, and new promissory notes, security agreements; and that the actions so taken and the

instruments and documents so executed and delivered are hereby ratified and approved as the binding act and deed of the Church; and BE IT FURTHER RESOLVED that the loan and mortgage and all actions taken or to be taken in connection with the loan and mortgage by or on behalf of the Church have been, and hereby are, approved and confirmed as required by the Book of Discipline of The United Methodist Church now in effect.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Church/Charge Conference Recording Secretary

\_\_\_\_\_  
District Superintendent or Presiding Elder

**13. APPROVAL OF THE DISTRICT COMMITTEE ON  
CHURCH LOCATION AND BUILDING**

We, the undersigned, hereby certify that at a meeting of the District Board of Church Location and Building of the \_\_\_\_\_ District of the \_\_\_\_\_ Annual Conference of The United Methodist Church, held on \_\_\_\_\_, \_\_\_\_\_, the building plans of the \_\_\_\_\_ United Methodist Church of \_\_\_\_\_, \_\_\_\_\_, were approved, and it was recommended that a loan not to exceed \$\_\_\_\_\_ be obtained.

\_\_\_\_\_  
President of the District Board of  
Church Location and Building

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary of the District Board of  
Church Location and Building

Dated: \_\_\_\_\_

**14. CONSENT OF DISTRICT SUPERINTENDENT  
AND SENIOR PASTOR**

We hereby certify that we have examined the statements given in the application for a loan from the Methodists Helping Methodists Fund of the Rocky Mountain United Methodist Foundation, Inc., and they are true and correct to the best of our knowledge and belief. The Church/Charge Conference of the church and the District Board of Church Location and Building have approved and authorized the project and loan, and we recommend that a loan be granted by the Rocky Mountain United Methodist Foundation, Inc. in an amount not to exceed the amount indicated below.

Loan Amount: \$ \_\_\_\_\_

\_\_\_\_\_  
District Superintendent

Dated: \_\_\_\_\_

\_\_\_\_\_  
Senior Pastor

Dated: \_\_\_\_\_

## 15. Submission Checklist

Completed Loan application

Narrative Description of the project, including timeline

Letter from Senior Pastor and/or Administrative council chair explaining growth and future of the church (five-year or more projection.)

Building projects: Copy of construction contracts, purchase agreements, and other commitments for the project

OR

Purchase: Purchase contract if available

OR

Refinance: Copy of last statement from current lender

Please prepare a written request for any special conditions that you are requesting for your loan, and attach it to this loan application.

Executed consent form from the District Superintendent and Senior Pastor.

Certificate of Approval by the District Board of Church Location and Building if such approval is required pursuant to the Book of discipline

Copies of all required governmental permits

Financial statements: balance sheet & income/expense statement for the church for the current year and two previous years

Current year's budget and next year's budget (if in the 10<sup>th</sup> month or later)

Church/Charge Conference reports for at least two previous years.

Independent audit report for the last two previous years

Appraisal – if available from the last 5 years (do not order a new appraisal This may or may not be required by the Loan committee

Property insurance declaration page

Charge Conference motion: **This is very important - be sure to use the language provided by the Foundation. This has been reviewed by title companies and follows state laws and is compliant to the Book of Discipline.**