

Motion: May 14, 2019, That the Presbytery of East Tennessee approve the adoption of the following loan policies for all new loans, and place these policies in the Administrative Manual of the Presbytery.

PET LOANS – 2 types

1. Emergency Loans: A loan is considered an emergency if damage is being done to facility that will worsen if not fixed in a timely manner, or if the state of the building is preventing ministry from safely happening (i.e., accessibility, HVAC, roof, hot water heater), or if there are code violations.

- a. Max of \$25,000
- b. 0% interest up to 36 months, then interest charged according to prime rate, on 5 year term-or-less term, amortized.
- c. Loan committee can approve after confirming church's insurance would not cover expenses
- d. Promissory Note must be signed by Clerk of Session (or equivalent corporate officer)
- e. Committee reports loans to presbytery at the next meeting

2. Non-Emergency Loans

- a. Max of \$100,000
- b. Interest charged according to prime rate
- c. Loan shall have term limit and be amortized (ten years or less)
- d. Only considered if church has applied for a commercial loan first and has been turned down or can verify that the commercial loan rate offered was 300 basis points higher than prime rate
- e. In the case of a construction loan, proof of construction insurance must be provided.
- f. Promissory Note must be signed by Clerk of Session (or equivalent corporate officer)

g. PET must approve

FUNDS: The Loan Committee will not consider non-emergency loans unless the loan fund is above \$350,000

The Loan Committee will be responsible for the administration of the Church Loan Fund, the mission of which is to enable financially viable congregations or PET corporations to advance their ministries through capital expenditures. Capital expenditures will include repairs, maintenance, additions and replacements to physical plants and the purchase of real estate for expansion, but are not intended to supplement operating funds, budget shortfalls or refinance existing debt.

Loan Parameters/Policies:

- For capital improvements only
- Cannot be used for refinancing an existing commercial loan
- Congregations that request loan funds must include PET in its annual giving
- Congregation must have capital campaign to help repay the loan
- Loan committee must appoint a liaison to work with and follow-up with each new loan
- Session/Board must make annual report to liaison/Loan Committee
- Interest that is paid goes back into the loan fund
- Disbursement: invoices will be sent to the Loan Committee Liaison for approval and payment through PET