

# INSTRUCTIONS FOR SUBMITTING A LOAN APPLICATION

TO SUBMIT A LOAN APPLICATION, complete the Loan Application and supply all information required. Your application will be quickly processed and presented to a Loan Committee for their review and decision. Items (1) through (6) must accompany your request, plus item (7) or (8).

(Please check when completed)

- ☐ 1. Complete the enclosed Loan Application.
- ☐ 2. The Resolution to Borrow form is to be completed and adopted in a legally called business meeting of the church and certified by the signature of the secretary of the church corporation/association.
- ☐ 3. Send copies of your congregation's detailed annual Financial Report of Income and Expenses for the current year and for each of the previous two years.
- ☐ 4. Send a current set of Bylaws for your church.
- ☐ 5. Send a copy of your Articles of Incorporation and of your Charter of Incorporation.
- ☐ 6. Send a copy of the Deeds (not the original) to ALL church owned property, and also attach to such deeds a copy of the survey, or plat, from the recorder's office. On such plat identify properties by street (road) name and number(s) (for example: 624 N. Main Street).
- 7. IN ADDITION, FOR A LOAN TO CONSTRUCT OR REMODEL SEND:
  - ☐ A. A copy of the architect's plans and specifications.
  - ☐ B. A copy of the certified contract bid, signed by the contractor (or a professional Construction Management Firm) stating a fixed limit of construction cost (stipulated sum) for the project. (We suggest you consider using AIA Document numbers A107, A101/CM or B801.) (Caution: Church officers [the owners] should not sign a construction contract until after the loan is approved and mortgage papers have been filed.)
  - ☐ C. A copy of a recent Real Estate Appraisal stating the current fair market value of church property.
- 8. OR, FOR BUYING LAND/PROPERTY, OR PAYING OFF AN EXISTING DEBT/MORTGAGE SEND:
  - ☐ A. A copy of the Real Estate Appraisal for land or property.
  - ☐ B. A copy of the legal description and plat (see item #6) of property to be purchased or presently owned property if debt is being paid off.
  - ☐ C. Photographs of the property or land, and indicate the purchase price. Send copy of Purchase Agreement.

(See information on other side)

## ADDITIONAL ITEMS FOR YOUR INFORMATION ONLY

**LOAN PAYMENTS** – The amortization schedule for a regular loan is 15, 20 or 25 years. Monthly payments cover current interest, with the balance applied to the principal.

**RATE OF INTEREST** – The rate of interest would be that charged at the time of closing the loan. During a period of construction, interest payments are to be made promptly upon receipt of Monthly Payment Due Notices.

**LOAN CLOSING FEE** – A loan closing fee is charged and should be taken into consideration at the time you contemplate the amount of money you need to borrow. It is charged at the time of the first advance of loan proceeds.

In addition, the following conditions are required when applying for a church loan.

1. Before the loan closes, and funds are advanced:
  - (a) The church must provide evidence the project can be completed with proceeds from the loan and the amount of cash the church has available.
  - (b) All debts against the congregation and all mortgages against church-owned property will be paid in full, except those which are to be covered in full by the loan being requested.
2. A Mortgagee Title Insurance Policy will be required to provide assurance of good title (cost of title insurance should be included in total project costs).
3. An Installment Note, normally for 3 years-with a balloon payment subject to a “roll over” arrangement; or periodic automatic interest adjustment—and a First Mortgage (or Deed of Trust) prepared or approved by Church Builders Plus or one of our Strategic Lending Partners will be required.
4. The church will provide Fire and Extended Coverage Insurance in amounts, and with companies, approved by Church Builders Plus or one of our Strategic Lending Partners. This insurance is to include a standard Mortgage Clause in favor of the Mortgagee.
5. During construction the church will secure Builder’s Risk Insurance Coverage in amounts, and with companies approved by Church Builders Plus or one of our Strategic Lending Partners. This insurance is to include a standard Mortgage Clause in favor of the Mortgagee (include such insurance cost in total project cost).
6. No construction is to begin until all Conditions of Loan approval are met and all legal documents are properly executed, recorded and on file in the Lender’s office.
7. Your congregation should agree to secure expressed written consent from Church Builders Plus or one of our Strategic Lending Partners **before** borrowing any additional money from any source, or contracting for any additional debt, so long as any outstanding balance remains on the loan. (Written consent can usually be obtained if a church demonstrates sufficient strength to handle additional debt. Church Builders Plus’s regular guidelines for determining the borrowing ability, or debt limit, for a church would be used.)



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