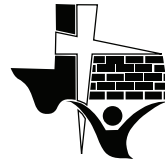


# LOAN APPLICATION INSTRUCTIONS



## LOAN AVAILABILITY

Loans are made by Texas District Church Extension Fund (Texas CEF) to congregations of the Texas District for the purpose of providing financial resources so that the Gospel may be proclaimed. Loans are made for land, new construction, purchase of existing buildings, renovations, repairs, and the refinancing of existing debt. Congregation eligibility is based primarily upon the following criteria:

- a) Congregation's demonstrated ministry focus on fulfilling the Great Commission
- b) Congregation's ability to repay the loan without adversely affecting their primary ministry to reach the lost, disciple the saved and care for people
- c) Congregation's support for the ministry of Texas CEF
- d) Congregation's support for the Texas District and for the Lutheran Church - Missouri Synod

## APPLICATION DEADLINES

Prompt consideration is given to all loan applications. This application form, a written five year ministry plan, a Certificate of Resolution authorizing the project, and loan request must be submitted for loan consideration. Once Texas CEF has received these materials, the loan application will be presented to the Board for Church Extension (BCE) and the Texas District Board of Directors for recommendation and approval. To assist in planning your congregation's project timetable, the following dates should be noted (Congregations receiving financial assistance from the Texas District must first submit this application to the Board for Mission Administration).

Loan Application Due Date	Board for Church Extension Meeting Date	Texas District Board of Directors Meeting Date
December 4, 2020	January 11, 2021	January 26, 2021
January 22, 2021	March 8, 2021	March 16, 2021
April 1, 2021	May 3, 2021	May 18, 2021
June 3, 2021	July 12, 2021	July 20, 2021
August 5, 2021	September 13, 2021	September 27, 2021
September 30, 2021	November 8, 2021	November 23, 2021

## UNDERWRITING GUIDELINES

The Board for Church Extension (BCE) uses the following guidelines when considering whether to recommend approval of a Texas CEF loan to the Texas District Board of Directors. The principal consideration is that any loan approved would not place a congregation's ministry at risk. The congregation must demonstrate the ability to repay the loan, so Texas CEF investors are not placed at risk. Other factors considered are as follows:

1. The percent of regular annual income allocated for debt service (A ratio of 25-30% or less is desirable.)
2. The ratio of total debt to regular annual giving (A ratio of 4:1 or less is desirable.)
3. The extent to which the project is supported by the congregation members through pledges to a Capital Campaign (Support for 35% or more of the project's cost in pledges payable over no more than three years is desirable.)
4. The extent to which the congregation's members support the ministry of Texas CEF
5. The per communicant indebtedness of the congregation (A per communicant debt of \$4,000 or less is desirable. An alternate measure is the debt per average worship attendee of \$5,000 or less.)

## INSTRUCTIONS

Submit this application to Texas CEF together with:

1. The most recent five years' annual financial statements.
2. The current year's budget.
3. The current year-to-date financial statements.
4. Balance sheets for the most recent year end and month end.
5. Statistical information for each of the last five years(may be omitted if all annual statistical reports have been filed with LCMS International Center):
  - a. Average worship attendance.
  - b. Baptized membership.
  - c. Communicant membership.
  - d. Number of new members added.
6. Current copies of:
  - a. Constitution
  - b. Bylaws

Note: Usually the financial report submitted to the church council/board of directors that shows a reasonable level of income and expense will meet our needs. If a balance sheet is not prepared regularly a list showing the amounts in each bank account, savings account, investment and loan payable will be acceptable.

This application and related documents may be submitted electronically to [Jones@TexasCEF.org](mailto:Jones@TexasCEF.org), or mailed to Texas District Church Extension Fund, 7900 E US 290, Austin, Texas 78724.

Questions should be addressed to:

Becca Jones, Executive Director

636.390-3316 (cell)

888.951-1233 x 211 (toll free)

[Jones@TexasCEF.org](mailto:Jones@TexasCEF.org)

## CONSTRUCTION + PERMANENT LOAN

### **Construction Phase—Loan Closing**

Prior to commencement of construction, the congregation will furnish several documents, as requested in the loan commitment letter, which will be sent upon loan approval.

### **General Practices—Construction Phase**

1. Loan fees are charged when the project is completed.
2. Interest is billed monthly (charged to the Loan Advance Account) on that portion disbursed to date.
3. Before closing, the congregation is required to deposit all necessary funds with Texas CEF to complete the project (total project cost - amount of the approved loan), including additional funds collected from capital campaigns during construction.
4. All payments made after loan closing will be processed by Texas CEF.
5. All costs associated with the loan including the Title Insurance Policy, Performance and Material Payment Bonds, Escrow Funding Fees, Title Company Closing Costs, Attorney's fees for document preparation and the like will be at the congregation's expense.

### **Permanent Loan Phase**

1. Construction advance accounts are closed when the project is substantially complete and a certificate of occupancy has been issued.
2. All permanent loan documents are executed and recorded.
3. The congregation begins making monthly payments thirty days following the effective date of closing the loan advance.
4. Monthly payments must be drafted from congregation's account via ACH.
5. Property and extended coverage insurance policy with loss payable to Texas District LCMS as mortgagee is required.

## BONDED CONTRACTOR REQUIREMENTS

Texas CEF policy requires that a bonded general contractor be used on projects of \$750,000 or more when Texas CEF provides funding.

## OTHER LOANS

Texas CEF will also make other types of loans for equipment, vehicles, repairs, maintenance, etc. Lines of credit are available to manage cash flow and for capital projects funded from pledged gifts.

### **Parsonage Loans**

Texas CEF will finance parsonages and teacherages for congregations. Loans of this type are made only to the congregations and not to an individual. The rate of interest will be the current rate for self-supporting congregations. All other loan terms and conditions apply.

## PARTNERSHIP BETWEEN CONGREGATION AND TEXAS CEF

Continuation of the Texas CEF ministry is dependent on and directly related to the level of investments placed with the Fund.

### **Supporting Investments**

Texas CEF investments made by congregation members or others can be credited to the congregation's supporting investment total. Designation of which congregation a Texas CEF investment supports is made by each individual investor.

### **Congregation Representative**

Each congregation should have a Congregation Representative, who shares the Texas CEF investment options with members of the congregation. Training is provided to ensure the Congregation Representative is prepared to let others in the congregation know about the opportunity to become a Church Extension Fund investor. Effective, active Congregation Representatives are vital to securing and retaining adequate levels of supporting investments.

### **Incentive Rebate Program**

Continuation of the Texas CEF ministry is dependent on and directly related to the level of investments placed with the Fund. To encourage investments, the Incentive Rebate Plan is available on all permanent loans to congregations. Rebates are calculated monthly on permanent loans, then accrued and paid annually in mid-February. Congregations must be current in their loan payments to be eligible for participation in the program.

Rebates of 0.10% to 2.00% can be earned on a congregation's loans (except construction loans). Rebates are based on the relationship of total investments credited for the congregation's support and total borrowing. Additional details on the program can be found on [texascef.org](http://texascef.org).

Loan rebate checks earned by the congregation can be used for any purpose - to start a new ministry, to buy a new piece of office equipment, to make an additional payment against the principal of a loan, etc.



# CONGREGATION LOAN APPLICATION



Texas District Church Extension Fund  
7900 E US 290, Austin, TX 78724  
Phone 1-888-951-1233  
Fax 512-535-1605  
TexasCEF.org  
facebook.com/texascef

## STEP 1: General Information

Congregation Name \_\_\_\_\_ Date Organized \_\_\_\_\_

Street Address \_\_\_\_\_ City \_\_\_\_\_ Zip Code \_\_\_\_\_

Mailing Address (if different) \_\_\_\_\_ City \_\_\_\_\_ Zip Code \_\_\_\_\_

### Describe the purpose of the loan

Amount of Loan \_\_\_\_\_ Term of Loan \_\_\_\_\_ Years

Interest Rate  3.5% Self-supporting congregations  2.75% Newly formed congregations

*The interest rate on Texas CEF loans is adjustable every three years.*

**Security for Loan** (List any/all properties will be used to secure the loan. Attach legal description of any real estate that will be used to secure loan to the application.)

**Loan Fees: 0.5% Total Cost**  
(To be charged when project is complete)

**Supporting Investments:** Current Amount \_\_\_\_\_  
Current Percentage \_\_\_\_\_

### Required Signatures

Signature of Pastor \_\_\_\_\_ Date \_\_\_\_\_

Signature of Congregation President \_\_\_\_\_ Date \_\_\_\_\_

Signature of Secretary \_\_\_\_\_ Date \_\_\_\_\_

**Person of Contact:** Who is the person of contact (authorized by the congregation) to answer questions concerning this loan?

Name \_\_\_\_\_ Home Phone \_\_\_\_\_ Other Phone (please specify) \_\_\_\_\_

## STEP 2: Professional Staff

Name \_\_\_\_\_ Title (Pastor, DCE, Secretary, etc.) \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_ Years of service with this congregation \_\_\_\_\_

## STEP 3: Employment History and Projected Goals

Indicate employment history and goals using full time equivalents (Ex: 1/2 time employees = 0.5, full time employees = 1)

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pastor(s)										
DCE(s)										
Secretary										
Office Manager										
Bookkeeper										
Other (list)										

## STEP 4: Demographics

Population of Community \_\_\_\_\_

Population of County \_\_\_\_\_

Population growth in area served during the past decade \_\_\_\_\_%

Anticipated population growth in the next decade \_\_\_\_\_%

Single family residential dwellings \_\_\_\_\_%

Multi-family residential dwellings (ex: apartments, condos, etc.) \_\_\_\_\_%

Distance to nearest Lutheran church \_\_\_\_\_ miles

Distance to nearest LCMS church \_\_\_\_\_ miles

### Area Classification

Rural     Urban     Suburban     Inner City

### Sources used to gather this information

\_\_\_\_\_  
Sales and Marketing Management Company

\_\_\_\_\_  
Local/County Bureau of Statistics

\_\_\_\_\_  
Other (specify)

## STEP 5: Ministry Information

### Average Attendance

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Weekly Worship Services										
Bible Class - Adult										
Bible Class - Youth										
Sunday School										

### Membership

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Communicant Membership (Beginning of Year)										
<b>GAINS</b>										
Youth - Confirmed										
Adult - Confirmed, Profession of Faith, etc.										
Transfers										
<b>TOTAL GAINS</b>										
<b>LOSSES</b>										
Transfers										
Other										
<b>TOTAL LOSSES</b>										
Net Gain (or Loss) of Communicant Membership (End of Year)										
Baptized Membership										
Outreach Ratio**										

\*\* Note: Outreach ratio is calculated by dividing the number of adults added through confirmation, profession of faith, etc. by beginning of the year of communicant membership.

## STEP 6: Physical Properties

Property Size(s) - in acres \_\_\_\_\_

	Date Purchased	Original Cost	Present Value	Information on Debt Secured by Property (if any)			
				Balance	Maturity	Monthly Payment	Interest Rate
Land							
Church							
Parsonage							
Educational Unit							
Other							
<b>TOTAL</b>							

Please list the lender(s) for...

Land \_\_\_\_\_

Educational Unit \_\_\_\_\_

Church \_\_\_\_\_

Other \_\_\_\_\_

Parsonage \_\_\_\_\_

Other \_\_\_\_\_

## STEP 7: Total Congregation Debt

Total Existing Debt on Church Properties shown above	\$
Unsecured Loans (if any)	\$
Lender _____	
Lender _____	
Current Texas CEF Loan requested in this application	\$
<b>TOTAL DEBT</b>	<b>\$</b>
<b>TOTAL DEBT PER COMMUNICANT</b>	\$ per communicant
<b>TOTAL DEBT TO AVERAGE ATTENDANCE</b>	\$ per worshipper
<b>TOTAL DEBT PER GIVING UNIT</b>	\$ per giving unit



## STEP 8: Financial Assets

Historical Data	2017	2018	20189	2020
<b>Bank Accounts</b>				
<b>Savings Accounts</b>				
<b>Investments</b>				
<b>TOTAL</b>				

## STEP 9: Liabilities and Fund Balances

Historical Data	2017	2018	2019	2020
<b>Loans</b>				
<b>Total Loans</b>				
<b>Restricted Funds</b>				
<b>Total Restricted Funds</b>				
<b>General Fund Balance</b>				
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b> <i>(General Fund-Liabilities-Restricted Funds = Total)</i>				

## STEP 10: Financial Information - General Fund Only

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income</b>										
Contributions <sup>1</sup>										
Financial Assistance <sup>2</sup>										
Other <sup>3</sup>										
Other Ministry <sup>4</sup>										
<b>TOTAL INCOME</b>										
<b>Expenses</b>										
Salaries and Benefits										
Operating Expenses										
Debt Service and/or Rent										
District/Synod Support										
Other										
Other Ministry:										
<b>TOTAL EXPENSES</b>										
Net General Fund Operations										
General Fund-Beginning of Year										
General Fund-End of Year										

*Superscripts: (1) Include regular giving to General Fund. (2) Indicate the source of the financial assistance [ex. Texas District, TMAC, "Mother" church, etc.]. (3) Indicate source [ex. gifts, grants, sale of property, etc.]. (4) Show only the net amounts from separate sheets with details on each ministry if they contribute their surplus to the General Fund. Examples include day schools, mother's day out programs, day care, etc. (a) This data should be available from the congregation's annual parochial reports. (b) This column should be the total budget for the current fiscal year. (c) This data should be estimated based on your ministry plans. Growth factors alone, such as X% per year, should not be used.*

## STEP 11: Financial Information - Other Significant Ministry

Use separate sheet for each financially significant ministry that has its own budget. Make additional copies of this page as necessary. Include the net results on the Financial Information - General Fund Only information form if this ministry's operations affect the congregation's General Fund.

Name of Ministry: \_\_\_\_\_

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income Sources</b>										
<b>TOTAL INCOME</b>										
<b>Expenses</b>										
<b>TOTAL EXPENSES</b>										
<b>Net Operating Results</b>										

Please show the major revenue and expense associated with this ministry. Include explanation of how revenue is derived. Attach an additional sheet with details on tuition rates, number of students and/or other relevant data.

## STEP 12: Comparison of Current Year's Actual Results to Budget

Number of Months Elapsed in Current Fiscal Year: \_\_\_\_\_ Month of the Congregation's Fiscal Year End: \_\_\_\_\_

Please complete both of these charts based on the current fiscal year to date.

INCOME	Actual	Budget	Difference	EXPENSES	Actual	Budget	Difference
Contributions				Salaries and Benefits			
Building Fund				Operating Expenses			
Financial Assistance				Debt Service and/or Rent			
Other				District/Synod Support			
Other Ministry:				Other			
				Other Ministry:			
<b>TOTAL</b>				<b>TOTAL</b>			

NET GENERAL FUND OPERATIONS	Actual	Budget	Difference
<b>TOTAL INCOME</b>			
<b>TOTAL EXPENSES</b>			
<b>Net General Fund Operations</b>			

## STEP 13: Building Project Information

### Estimated Total Cost for Project

Architect Fees	\$
Engineering Fees	\$
Permits and Inspection Fees	\$
Performance/Payment Bonds <i>(approx. 1.5% of Project Cost)</i>	\$
Site Improvements <i>(parking, landscaping, curbs, sewer/utilities, etc.)</i>	\$
Cost of Building <i>(If the congregation is acting as the general contractor, please complete itemized cost of building chart below.)</i>	\$
Construction period loan interest	\$
Construction of furnishings <i>(organ, pews, chancel, furnishings, etc.)</i>	\$
Title insurance, legal and abstract fees, survey, loan document preparation fees, other closing costs, etc.	\$
Loan origination fees <i>(0.5% of loan amount)</i>	\$
Contingencies <i>(suggested 10-20% of total project cost)</i>	\$
Other costs not included above <i>(list)</i>	\$
<b>TOTAL PROJECT COSTS</b>	<b>\$</b>

### Project Financing

Current Building Fund <i>(Cash on Hand)</i>	\$
Anticipated receipts before start of construction	\$
Items included above that have already been paid	\$
Amount of Loan from Texas CEF	\$
<b>TOTAL PROJECT FUNDING</b>	<b>\$</b>

### Details of Building Costs *(Complete ONLY if no general contractor)*

Foundation	\$
Framing	\$
Masonry	\$
Steel Structure	\$
Roofing	\$
Electrical	\$
Plumbing	\$
HVAC	\$
Painting	\$
Insulation	\$
Drywall	\$
Floor Coverings	\$
Doors/Millwork	\$
<b>TOTAL BUILDING COSTS</b>	<b>\$</b>

## STEP 14: Capital Campaign Information

Beginning Date of Pledge Program: \_\_\_\_\_ Completion Date: \_\_\_\_\_

Please attach a schedule showing the pledge amounts to be received each month for the next three years.

Total amount pledged	\$
Amount already contributed	\$
Expected receipts prior to start of construction	\$
Balance to be received	\$

## STEP 15: Building Fund

	Historical Data				Current	Projected Goals				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Building Fund - Balance (Beginning of Year)										
Building Fund Receipts										
<b>Expenditures</b>										
For Building Program Costs										
For Loan Principal Reduction										
For Monthly Loan Debt Service										
Building Fund - Balance (End of Year)										

## STEP 16: Family Contributions

If congregation numbers under 200 communicants, list 10 highest family annual contributions; if 200-500, list 15 highest; if over 500, list 20 highest.

1.	6.	11.	16.
2.	7.	12.	17.
3.	8.	13.	18.
4.	9.	14.	19.
5.	10.	15.	20.

Per communicant contribution for entire membership last year. Include only contributions to the congregation's General Fund	\$
Number of "giving units" in the congregation:	units
Contributions per "giving unit" to the General Fund	\$

## STEP 17: Additional Comments

*Please use this space to note any additional comments or details that you feel are relevant to this loan application.*