

**EASTERN OREGON EPISCOPAL FOUNDATION
of the Episcopal Diocese of Eastern Oregon**

LOAN POLICY

General Statement

The Eastern Oregon Episcopal Foundation (Foundation) seeks to make loans to the congregations of the Episcopal Diocese of Eastern Oregon (Diocese). Proceeds of all loans are intended to be used to acquire and/or build property (real and/or personal) to be used by the congregation and/or the Diocese. Applications for a loan may be obtained from the Diocesan Offices. All applications must be prepared using the process established by the Trustees of the Foundation.

Real Property Loans

Real Property Loans will be granted for the acquisition and or construction of real property. Real property include such items as, but not limited to, land, buildings, land improvements, parking lot(s), building expansions, major re-modeling(s), new heating and/or cooling plants.

Property Improvement Loans will be for no more than 95% of the appraised value of the property.

Loan requests will be considered for approval after submission of the following:

1. Letter of application, (using the approved form) including the parish's most recent financial statement and a statement of any other indebtedness including any outstanding financial obligations to the diocese. Include the monthly (or annual) amount that the congregation is able and planning to pay.
2. For new construction, a sketch of the floor plan or architecture/engineer's drawing.
3. If appropriate, a written statement of improvements to be made, and estimates by three contractors, if one is to be employed.
4. Three bids from qualified suppliers/contractors.
5. Proof of current insurance coverage for property and contents.
6. Copy of minutes of Vestry/Diocesan Council meeting authorizing the loan.

Documents required at closing will be:

1. Promissory Note.
2. Security Agreement and Financing Statement.

Equipment Replacement/Repair Loans

Equipment Replacement Loans include loans for equipment, furnishings, and vehicles for educational, administrative, and or operational purposes. This type of loan includes, but is not limited to, office furniture, worship related furniture, vestments and liturgical appointments, office equipment, computers, VCR's, TV sets, kitchen equipment, and vehicles (such as automobiles, trucks, tractors).

Regarding the acquisition of used vehicles, loans will be limited to no more than 90% of the current appraisal value (Blue Book values may be used when appropriate).

Loan request will be considered for approval after the submission of the following:

1. Letter of application, including the parish's most recent financial statement and a statement of any other indebtedness including any outstanding financial obligations to the diocese. Include the monthly (or annual) amount that the congregation (Diocese, if loan is to the Diocese) is able and planning to pay.
2. Copy of invoice or bid for equipment.
3. If appropriate, copy of the appraisal report (Blue Book value) if for a used vehicle.
4. Copy of minutes of Vestry/Diocesan Council meeting authorizing the loan.

Documents required at closing will be:

1. Promissory Note.

Loan Amounts And Term

All loan requests will be evaluated on a case-by-case basis. The following table is intended to serve as a general guideline only.

| <u>Property Type / Nature</u> | <u>Term</u> | <u>Amount</u> |
|-------------------------------|-----------------|--------------------------|
| Land | 40-year maximum | Individual case-by-case. |
| Original Building(s) | 40-year maximum | Individual case-by-case. |
| Land improvements | 15-year maximum | \$ 250,000 maximum. |
| Building improvements | 15-year maximum | \$ 400,000 maximum. |
| Building re-modeling | 15-year maximum | \$ 400,000 maximum. |
| Other building attachments | 10-year maximum | Individual case-by-case. |
| Other real estate items | case-by-case. | Individual case-by-case. |

| <u>Property Type / Nature</u> | <u>Term</u> | <u>Amount</u> |
|--|-----------------|----------------------------|
| Worship furniture, vestments, Liturgical appointments | 10-year maximum | \$ 250,000 maximum. |
| Office furniture | 5-year maximum | \$ 50,000 maximum. |
| Kitchen equipment | 10-year maximum | \$ 150,000 maximum. |
| Educational equipment | 5-year maximum | \$ 100,000 maximum. |
| TV's, VCR's, Computers | 5-year maximum | \$ 50,000 maximum. |
| New vehicles | 7-years maximum | \$ 65,000 maximum/vehicle. |
| Used vehicles | 5-years maximum | \$ 40,000 maximum/vehicle. |
| Other personal property | case-by-case. | Individual case-by-case. |

Interest Rate

The same interest rate will be used on all loans granted during the fiscal year. The loan interest rate will be set annually based on the Prime Rate minus 2 percent (2%) as of 12/31 of the prior year, but the fixed loan rate will not be less than 4% APR nor more than 10% APR, based on the amount of the loan. This rate is fixed during the life of the loan.

Loan Payments

Loan Payments on all loans are to be made monthly. Monthly payment amounts shall be determined according to standard amortization calculations, incorporating principal, interest and the term of the loan.

Additional payments and early repayment of some or all of the outstanding loan balances are always permitted.

Late Payments

Should payments be missed for two (2) consecutive months, the parish will be contacted. The Trustees shall review loans that are in arrears.

Default

Should a loan be declared to be in default, the Trustees are empowered to take such remediation as may be appropriate to recover the principal amount of the loan outstanding, and the costs of recovery to the Foundation and /or the Diocese. A loan shall be in default after six (6) months of non-payment.

Loan Approval

Equipment Replacement Loans to congregations of less than \$ 20,000 may be approved by the Bishop or referred to the Foundation Trustees if the Bishop so desires.

All other loans are to be approved by the Trustees of the Foundation. Approval will be determined by a simple majority of a quorum of Trustees present.

The Trustees of the Foundation may make exceptions to any of the above Policies at its discretion or if the Bishop should request an exception. A simple majority of a quorum of Trustees present will rule.