

Procedure for Securing a Ten/Fifteen Year Board of Missions, Inc. Loan

General Information:

The Board of Missions, Inc. is a division of the Missions Team of the North Carolina Annual Conference of the United Methodist Church. The Board administers a restricted loan fund of approximately five million dollars to assist churches within the Annual Conference with their building and renovation needs. The loan fund was started in the late 1950's. Accumulated interest since that time has enabled the loan fund to grow to its present size. The goal of the Board is to keep the loan fund fully utilized at all times.

Loans are currently being issued for \$500,000 or less.

The **interest rate** for loans is set at the prime rate charged by banks plus ¼ percent charged by the Conference unless the prime falls below 5%. The minimum rate charged by the Conference is 5%. The interest rate is subject to change throughout the year, depending upon the fluctuation in the prime rate. Once your loan has been approved, the interest rate is fixed for the life of the loan. The loan is secured by a first or second deed of trust on the church property.

The **deed of trust and promissory note** for the loan is signed on behalf of the church by the church trustees, the pastor, and the district superintendent. The Book of Discipline prohibits any church officer from being personally liable for a church loan.

The **loan is to be repaid** monthly, semi-annually, or annually. The church may indicate its preference on the application form. Loan payments are to begin no later than six months after the first draw on the loan is made. There is **no prepayment penalty** for paying the loan off early.

There are **no closing costs** associated with the loan except for registering the Deed of Trust with the Register of Deeds of the county in which the church is located. This cost is typically between \$16 and \$22.

Application Process:

Once the church decides it needs a loan for constructing a new building or renovating an existing building, a Ten Year Loan Application Form should be requested from the Board of Missions Office of the North Carolina Conference.

When the **completed form is returned to the Missions Office**, the directors of the Board of Missions, Inc. will be polled. When their affirmative vote is secured, a **commitment letter** which spells out the details of the loan will be issued to the church. The commitment letter is to be signed by the pastor and the chairperson of the trustees or building committee and returned to the Board of Missions Office.

When the commitment letter is returned, a **promissory note and deed of trust** will be issued to secure the loan. The promissory note must be signed and returned to the Missions Office. The deed of trust must be signed and recorded at the Register of Deeds office in the county where the church is located.

Once the promissory note and deed of trust is properly executed, the **loan funds will be issued to the church upon written request** by the pastor or the chairperson of the trustees or building committee. The loan funds can be issued as needed or in its entirety. Interest is charged only on the portion of the loan that is withdrawn by the church. Churches should draw the entire amount of the approved funds within a one year period.

Refinancing: There is no refinancing option for churches through this loan ministry program. However, loans may be consolidated at lower rates if churches are approved for additional funds. If churches wish to refinance for lower rates, standard lenders must be used.

For more information contact the Board of Missions Office of the North Carolina Conference
P.O. Box 1970, Garner, NC 27529. Phone: (800) 849-4433 or (919) 779-6115