

Loan Payment Guarantee Fund

Uses and Protocols

Facts established from One Capital Advisors regarding church loans:

- The loans for land will be made to Central Association
- The local church must secure 25% of the loan as a down payment as soon as possible. Central Association, if needed, will collateralize the 25% down payment for the new work.
- The loan will be interest only for one year and amortized for two more years on a 20 year amortization. Current rate 8.25%.
- The loan will be reviewed at the end of three years

Purpose of the Loan Payment Guarantee Fund:

- Assist new congregations in their desire to purchase a permanent location for their church by:
 - Providing a guarantee to the lender of the payment should a church not be able to cover the cost of the debt
 - Providing a pool of funds to subsidize the new congregation with their payment on the local level so they will be able to meet their obligation

How the process will work:

- Central Association deposits \$280,000 with One Capital Advisors to serve as collateral and a guarantee from which One Capital Advisors may draw should a church lag behind in their payment
- Central Association sets aside \$50,000 to serve as a payment pool to subsidize the new church's payment
- Churches are asked to match the \$50,000 with an additional \$50,000 from extra giving voted on by each church desiring to participate.
- Sponsoring church and new congregation decide on a piece of property they wish to purchase
- The request is made to the Church Planting Team of Central Association
- The new congregation secures the 25% down payment or petitions the Association for assistance.
- One Capital Advisors makes the loan which is interest only for the first year and amortized at the 20 year rate for the next two years
- The new congregation contributes 30% of their undesignated offerings each month for payment on the loan
- Central Association will subsidize the remainder of the new congregation's payment until they are able to cover all of their loan payment from their 30%. In some cases the Arizona State Convention may assist with the Loan Payment Guarantee.