

Indiana Conference Church Development

Relocation Loan Application Overview

Note: Loan is forgiven if criteria is met.

DESCRIPTION

Relocation loans are offered by the Indiana Conference of The United Methodist Church to its churches for the purpose of helping them relocate to a new, more favorable location. Growing churches that are likely to become regional are eligible for up to a \$50,000 loan. The loan is forgiven if the church is holding a weekly worship service in a facility on the new site within three years of the date the loan is issued. Otherwise, the church will repay the loan according to the terms described within the loan documents which are signed by the church at the time the loan is made.

Loans will carry an interest rate of one point over the current prime rate as published by the *Wall Street Journal* at the time the loan is made. Interest will not begin to accrue until after three years from the time the loan is issued.

The size of the loan is contingent upon the size of the congregation being relocated and the size of the new facility. For example, a church relocating with an average weekly worship attendance of fewer than 100 people should not expect to receive a \$50,000 loan; however, a church averaging 300 could.

Please note that if the church already has signed contracts for the construction of the new facility, it is ineligible for this loan. This loan is for churches that are not that far along in their planning.

Approval of this loan is made by the conference's Church Development Team and its decision is based on the information provided in the application, as well as the overall needs of the conference. Payment of this loan is contingent upon the applicant meeting all the requirements described in the application.

APPLICATION PROCESS

The application for this loan begins on page 4. The application, once completed, should be returned to the Director of Church Development. Electronic submission is preferred. It will then be dealt with by the Church Development Team, typically within six weeks of submission. At that meeting, the team will either approve full funding, partial funding, no funding, or may table the application. Following the meeting, the applicant will be informed as to the team's decision.

Applicants whose application is tabled or denied can submit an amended or new application following the same procedure as stated above.

In order to have the strongest application possible, applicants must have a representative from the Church Development Team review this application and application process with them prior to completing the application. The Director of Church Development can provide such a person if requested.

REQUIRED ATTACHMENTS

Sections A-E must be completed and returned along with the items listed below.

1. Attach a project description including the following:
 - a. A brief (paragraph) description of the project,
 - b. A brief (paragraph) history of how the project started,
 - c. A description of why it's an appropriate next-step for the church; include substantiating information (e.g. statistical or demographic information, surveys, etc.).
 - d. The total proposed construction budget, including such as fees, land and building costs, construction loan interest, architectural fees, other related costs and the proposed use of the borrowed funds.
2. Attach the following financial statements:
 - a. Quick Financial Estimate Worksheet, (See Appendix A.)
 - b. Actual income statements for the past two years,
 - c. Current budget, with to-date actual income statement,
 - d. Proposed budget with loan repayment,
 - e. Balance sheets for last two years ending December 31st.

EXAMPLE:

ASSETS

Cash accounts (by institution)
Trusts/endowments (by institution)
Accounts Receivable
Land and Building
Parsonage
Automobiles, Bus
Furnishings and Fixtures
Other Assets
Total \$ _____

DEBTS

Accounts payable
Notes & Bonds
Other Liabilities

\$ _____

- f. Amount of current indebtedness; amount in building fund; amount raised through a capital campaign, and total amount anticipated.

3. For applications requesting over \$5,000, the applicant must set benchmarks by which the project's progress can be measured. (See Appendix B for an explanation.) Attach benchmarks.

4. For applications requesting over \$5,000, the applicant must have a coach who will meet at least monthly (by phone is okay) with the project leader/s for at least the first 12 months to make sure the project is on track. The coach will help the church achieve the benchmarks it sets. This person must be approved by the Director of Church Development.

Attach the name of the coach, their email address and phone number, and a copy of their coaching agreement with the church. (See Appendix C for sample agreement.)

5. For applications requesting over \$5,000, the applicant must attach a Racial Equality Action Plan (REAP). See Appendix D for details and examples.

REQUIRED SIGNATURES

The final step in the application process is for the applicant to secure the signatures listed in Section F of the application. The signatures indicate support for the project.

SUBMISSION OF APPLICATION AND QUESTIONS

The application, once completed, should be sent to the Director of Church Development, Rev. Mark Gough. Electronic submission is preferred. Contact Rev. Gough if you have any questions regarding this application. **You should receive confirmation within a week of submission that your grant has been received. If you don't receive confirmation, contact Rev. Gough.**

Rev. Mark Gough
Director of Church Development
Indiana Conference of The United Methodist Church
301 Pennsylvania Parkway, Suite 300
Indianapolis, IN 46280
Phone: 877 781-7606
Email: mark.gough@inumc.org

DOCUMENTATION REQUIREMENTS

Upon approval of the loan by the Church Development Team, the applicant church will set the date that the loan is to be made. The following loan documents will then be prepared by the conference and sent to the church for the proper signatures and information:

1. Promissory Note that includes: a) loan amount, b) interest rate, c) period of the loan, and d) payment amounts.
2. Mortgage of Deed of Trust (signed and notarized).
3. Borrowing Resolution
4. Certificate of Election (notarized)
5. Letter of Understanding between the conference and the church that the loan will revert to a grant if the church meets the necessary requirements. (See Appendix E.)

Once completed and returned, the loan will be ready to be made upon the agreed upon date.

Indiana Conference Church Development

Relocation Loan Application

Submit completed application to Rev. Mark Gough.

Mail to: Indiana Conference of The United Methodist Church, 301 Pennsylvania Parkway, Suite 300, Indianapolis, IN 46280. Or email to: mark.gough@inumc.org. **Electronic submission preferred.**

Applicant's Name _____ **Date** _____

A. Application Check List

Check if you've included the following:

Note: All below items must be completed in order for this application to be considered.

- Application check list. (Section A, this page.)
- Applicant information. (Section B below.)
- Loan request. (Section C below.)
- Qualification criteria (Section D below.)
- Signatures. (Section E below.)

Check if these additional items are attached:

- 1. a. A brief (paragraph) description of the project,
- b. A brief (paragraph) history of how the project started,
- c. A description of why it's an appropriate next-step for the church; include substantiating information (e.g. statistical or demographic information, surveys, etc.).
- d. The total proposed construction budget, including such as fees, land and building costs, construction loan interest, architectural fees, other related costs and the proposed use of the borrowed funds.

- 2. a. Quick Financial Estimate Worksheet,
- b. Last two years actual income statements,

- c. Current budget, with to-date actual income statement,
 - d. Proposed budget with loan repayment,
 - e. Balance sheets for last two years ending December 31st,
 - f. Amount of current indebtedness; amount in building fund; amount raised through a capital campaign, and total amount anticipated.
- 3. Project benchmarks.
 - 4. Name of project coach, their contact information, and a coaching agreement.
 - 5. Racial Equality Action Plan (REAP). See Appendix D for an explanation and examples.

B. Applicant Information

1. Church submitting this application:

Church's name _____ District: _____
 Church's address _____ City _____ Zip _____
 Church's phone _____ Fax _____ E-mail _____

2. Person submitting this document:

Name _____ E-mail _____ Date _____
 Person's phone (day) _____ (evening) _____ Fax _____
 Person's address _____ City _____ Zip _____

C. Loan Request

Loan amount requested: \$ _____ (up to \$50,000) over _____ years (not to exceed 10)

D. Qualification Criteria

To be eligible for this grant-loan a church must meet these criteria:

- a. The total project's cost can't be higher than the Guaranteed Maximum Price on the Quick Financial Estimate Worksheet. (See appendix A.)
- b. The total debt shall not exceed three times last year's income.
- c. Annual debt servicing costs shall not exceed 30% of a church's annual operating budget.

1. Complete the Quick Financial Estimate Worksheet. (See Appendix A.)

- What is the Guaranteed Maximum Price (Step 10)? _____
- Is your project's projected cost no higher than this figure? _____

2. Total projected debt:_____ Last year's total income:_____

- Is the total debt less than three times last year's total income? _____

3. List projected annual debt servicing cost:_____

- Is this no more than 30% of the church's annual operating budget? _____

4. Has this church signed any contracts for the construction of its new facility?_____

Note: If so, the project is ineligible for this loan.

5. Is this church a United Methodist church of the State of Indiana?_____ (Check if "yes.")

If not, it is not eligible for this loan.

6. Thanks to the United Methodist Churches of the Indiana Conference tithing their incomes to the conference, this grant is available. In like manner, this church agrees to faithfully support the conference with its tithes and offerings as well. _____ (Check if agreed.)

7. A progress report will be submitted to the Director of Church Development one year following the approval of this loan using the form in Appendix E. _____ (Check if agreed.)

E. Signatures

The signatures below indicate the support of this plan and approval of the benchmarks by which the project will be measured. Electronic signatures are acceptable.

CHECK ONE: _____ Not Incorporated _____ Incorporated

1.a If not incorporated, also provide the following signatures:

Board of Trustees Chairperson:_____

A second Trustee:_____

A third Trustee:_____

1.b If incorporated, provide the following signatures:

President of the Corporation:_____

Treasurer or Vice-President:_____

The signatures below indicate the support of this plan and approval of the benchmarks by which the project will be measured.

2. District Superintendent _____ Date _____

3. District Board of Church Location and Building _____ Date _____

4. Church's pastor _____ Date _____

5. Project's coach _____ Date _____

Or, in lieu of signature, attach a letter indicating approval.

6. Church Development representative _____ Date _____

7. Cabinet member (indicating the Cabinet's review) _____ Date _____

Appendix A: Quick Financial Estimate Worksheet

The following steps will help a church determine the financial size of its relocation project:

Step 1 _____ Add up the total amount of funds presently on hand for the project. Place in blank.

Step 2 _____ Take the total annual financial support for the church's operating budget for the past three years and divide it by 3 to get a yearly average. Place in blank.

Step 3 _____ Multiply Step 2 figure times 1.5 – 3.0 (Choose a number between 1.5 and 3.0 depending on how successful you believe your fund-raising campaign will be.) Place in blank.

Step 4 _____ Multiply Step 2 figure times .2 and subtract existing debt service found in the church's annual budget (which is: _____). Place answer, which is the maximum additional annual debt service your church can afford, in blank. (Some sources would raise the .2 figure to .25 or even .33; however, the higher figures may end up compromising your church's ministries.)

Step 5 _____ Using the loan calculator at www.hsh.com/calc-amort.html, determine the amount and terms for a loan (if desired); annual debt retirement payments not to exceed Step 4's figure. Place the total amount to be financed in blank.

Step 6 _____ Place the amount expected from sale of property (if applicable) in blank. Do not base this figure on the property's insured replacement value, but rather on appraisals or the purchase prices of similar church buildings which have been recently sold.

Step 7 _____ Place the amount anticipated from other sources of income (e.g. grants, facility rental fees, etc.) in blank.

Step 8 _____ Total the figures in Steps 1, 3, 5, 6, and 7 and place in blank.

Step 9 _____ Multiply Step 8 figure times .15, which will determine the total funds set aside for the project's contingencies, and place in blank.

Step 10 _____ Subtract Step 8 figure minus Step 9 figure and place in blank. This is the total amount your project can cost or the Guaranteed Maximum Price.

The Guaranteed Maximum Price is the figure that your architect/builder's must not go above when pricing the project. The amount set aside for project contingencies will cover unanticipated expenses (e.g. change orders, increased cost of materials, etc.).

Appendix B: Project Benchmarks

What's a benchmark? A benchmark is a goal that is specific, measurable, and is projected to be accomplished by a specific date. The benchmarks will serve as a way to measure the progress of the project.

Benchmark examples...

1. Capital campaign timeline and action steps.
2. Land purchase action steps.
3. New facility design action steps.
4. Sale of existing facility action steps.
5. The expansion of key ministries in preparation for the move (e.g. welcoming system, new member assimilation system, discipling system, marketing outreach effort).
6. The ongoing recruitment and training of leaders for the above efforts.

Appendix C: Coaching Alliance Agreement Between Church & Coach

Parties

Church: _____ District: _____

Coach: _____

Coaching sessions

The client and coach are agreeing to meet together for up to 2 hours one time per month for at least 12 months. At the end of those 12 months, both the client and coach will determine whether or not to continue the coaching relationship.

The client and coach will notify each other if either party needs to cancel a particular session by giving each other 24 hours notice if at all possible.

If, at any time, either the coach or client feels it is time to complete the relationship or agreement, they may bring the topic to the next coaching session. The relationship will then be completed following that session. If the client and/or coach feels that they are not a good match, they can request the Indiana Conference Director for Church Development for a new coach.

The client understands that coaching is designed to ultimately help their congregation relocate to a new site in order to more effectively make disciples of Jesus Christ. The coaching sessions will help the client create and implement goals to that end. The coach cannot guarantee that any specific results will be achieved. It is the coach's intention to honor the agenda the client brings, to help the client move forward but not to lead or direct.

Professional limitations

The client understands that coaching is NOT professional, legal or financial advice and will seek appropriate professionals before taking action in these areas. At times, the client may ask their coach for help on a specific issue. In those cases, the coach will help direct them to an appropriate expert if it is outside the coach’s area of expertise.

The coach promises confidentiality to the extent permitted by law unless the client directs the coach otherwise in writing. The coaching relationship is not considered “privileged” under the law such as one would have with a lawyer, therapist, spouse or religious counselor. In this agreement, the client’s district superintendent and the conference’s Director for Church Development (or their designated staff) are considered to be part of this coaching alliance; thus, the client and coach agree to open communication with them. In order for any additional parties—such as an intern coach who’s observing sessions—to be added to this alliance, both the client and coach must approve.

Remuneration

The client agrees to pay their coach \$_____ per month. Payments are to be made prior to the coaching session. If payment isn’t made, the session will be postponed until after the payment is made.

Special coaching sessions that extend beyond the two-hour limit (e.g. a Saturday-morning session or an all-day retreat) and long distance calls will require additional remuneration. Terms for this will be negotiated in advance between the coach and the client.

Signatures

I have read, understood and agree to the above coaching alliance.

Church pastor: _____ Date _____

Church Ad.Board/Council Chair: _____ Date _____

Coach: _____ Date _____

Coach’s contact information:

Name: _____ Email: _____

Address: _____ City: _____ Zip: _____

Phone number/s: _____

Appendix D: Racial Equality Action Plan (REAP)

What is a R.E.A.P.?

A Racial Equality Action Plan is a plan outlining how a congregation will live out God's and the Indiana Conference's vision of an inclusive church.

Who must submit a R.E.A.P.?

All churches seeking Church Development grants of more than \$5,000 must submit along with their grant applications a Racial Equality Action Plan for their congregation.

How does a church develop a R.E.A.P.?

A church should have its leaders consider how the church can practice inclusiveness and promote racial equality throughout all that it does--for example, its welcoming and inviting of newcomers, ministry to the community, its worship and discipling groups, purchasing, communicating, selection of personnel, and the addressing of institutional racism.

What should such a plan include?

A church's Racial Equality Action Plan should include the following: a) a description of the church's vision for practicing inclusiveness and promoting racial equality, b) a description of its present reality and where the gaps between its vision and reality are, and c) a plan--that includes measurable goals--that describes how the church will close this gap over the next five years.

Where does a church go for guidance and assistance?

Attached is an example of a local church's R.E.A.P. For more guidance and information about, contact the Indiana Conference's Commission on Religion and Race.

Appendix E: Letter of Understanding

[name of church] United Methodist Church of the Indiana Conference will pay its Church Development loan—made on [date of loan] for [amount of loan]—according to the terms described in the loan documents which were signed by the church at the time the loan was made.

However, if [name of church] is holding a weekly worship service in a facility on its new site within three years of the date the loan is issued, its loan will be forgiven in full with no interest or principle payments owed.

It will be the responsibility of the [name of church] to notify the Indiana Conference Director of Church Development in writing if it meets the criteria required for its loan to be forgiven.

Signatures:

Church Official: _____ Office: _____ Date: _____

Director of Church Development: _____ Date: _____

Selma United Methodist Church Racial Equality Action Plan February 2002

Our Mission Statement:

A great commitment to the great commission and the great commandment will grow a great church. Our major focus is to be purpose-driven in all that we do. We remain faithful to God's mission ...

Our Definition of Ministry:

- Values people regardless of age, gender, ethnic origin, or socioeconomic status;
- Values godly standards-the force behind a church must be biblical principles, not programs, personalities, or gimmicks-
- Values teaching and living "love for one another" (John 13:31-35);
- Values discipleship, which produces healthy spiritual habits.

"God wants all men to be saved and to come to a knowledge of the truth." 1 Tim. 2:4
NIV

Our path will be the direct result of being a church filled with persons who reject emulating the cultural confines of racism, ageism, classism, and thrive on personal and corporate worship & prayer, informed by a growing hunger for God's word, and insatiable desire to be relationally faithful to ALL those God brings through our doors, as well as seeking those we have not yet reached for Christ.

Our worship style is conducive to multi-cultural ethnicity as evidenced through musical selections and flow of worship. We consistently present opportunities to our congregation to go out into the community and volunteer in a variety of settings to share their faith, love and hope they have in Jesus Christ.

Present Realities:

Selma, Indiana is a small, rural Midwestern town that is 99% Caucasian. We have our work cut out for us. To say this is a challenge is an understatement!

Bridging the gap between vision and realities:

- Support of mission priority of approximately 25% of outreach dollars have focused specifically on regions of the world where ethnic divisions have been most drastically demoralizing, i.e. India and the caste system.
- Participation with Covenant Partners ministry to reach culturally under-reached population, historically via leadership and financial support.
- Financial support of the City-Wide Church, which values and works with a diverse community.
- Programmatic support for Madison & Buley Centers that serve the underprivileged of Muncie's south-central inner city.

- For past three years have implemented a Christmas project in which we provided food to the dependents of the incarcerated, a population that was 99% African American.
- Participation of senior leadership over the past year has been highly invested in Annual Conference agenda to develop and redevelop ethnic churches and ethnic church opportunities, via Committee on Church Development.
- Financial and relational support of Great Commission Ministries based in Orlando targeting a highly diverse university population.
- Developed a sister-church relationship with New Hope Church of mostly African Americans in Anderson, Indiana.
- Took a 5-member team on a missionary trip to India.
- Participate yearly in Habitat for Humanity through volunteers and/or their donations.
- Hosted a community event with nationally known vocalist Alicia Williamson and invited a culturally diverse population.
- Financial and volunteer support of Blood and Fire Ministries in the inner city.

Goals and Strategies:

We will continue to strive to move forward and outward in our areas of ministry. We have a need to share and develop beyond our own station to connect with those who are unreached so that we may share the truth of Jesus Christ. Knowledge truly does replace fear of the unknown and a lack of understanding. By the end of 2007, we will strive to meet these goals:

- Be proactive in recruiting for this positions and purposefully seek and encourage minority candidates to apply for attached positions. Incorporate monies into the 2003 budget and yearly after that for programming, educating, and bringing culturally diverse populations into our Christian community.
- Develop a Racial Equality Action Team to create ways to effectively connect with diverse people groups, both in and out of the Christian community, to form relationships, reach the unreached, and to proactively seek opportunities to team together for the overall mission.
- Actively pursue and develop a "sister relationship" with a church(es) in Muncie whose congregation is highly diverse for the purpose of assisting them in meeting a need, i.e. assisting in programming, funding for a project, teaching, mentoring, encouragement, volunteering our help in any way we can, reaching out through our preschool by offering scholarships to minority children whose parents can't afford to send them, etc.

Appendix E: Relocation Loan Follow-up Report

Complete and return one year following the disbursement of the loan.

To help the committee—and conference—learn from your church's experience, please answer the following questions. (Use the back side to continue writing your answers if needed.)

CHURCH'S NAME _____ CITY _____ DISTRICT _____

YOUR NAME _____ DATE _____ Email _____

1. Briefly describe your relocation's progress. _____

2. Have you been meeting monthly with your coach (via phone is okay)? _____

3. Have you completed a capital campaign? _____ If so, complete the following:

- Name of company conducting the campaign: _____
- Amount pledged for project: _____ Over _____ years.
- Amount raised so far: _____ How far into the campaign are you? _____

4. Have you purchased your land? _____ If so, complete the following:

- How many acres does your new site have? _____
- What was it's cost? _____ Cost per acre: _____
- How much remains to be paid? _____

5. Have you broken ground? _____ If not, when do you expect to? _____

6. Have you hired a contractor/builder? If so, who? _____

7. Do you have an architectural plan? _____ If so, how many sq. ft. is the building? _____

8. Do you have a mortgage? _____ If so, complete the following:

- The lender's name: _____
- Terms of the loan: _____ amount at _____ interest rate for _____ years.
- Annual mortgage payment? _____
- Percentage of this year's operating budget: _____

9. Describe your church's progress on its intentional outreach effort. _____

10. What would you do differently were you to do it again? _____

11. What advice would you give a church considering relocating? _____

Return to Rev. Mark Gough.

Mail to: Indiana Conference of The United Methodist Church, 301 Pennsylvania Parkway, Suite 300, Indianapolis, IN 46280. Or email to: mark.gough@inumc.org.

Electronic submission preferred.