

**THE SOUTHWESTERN VIRGINIA EPISCOPAL FUND
REVOLVING LOAN FUND
PARISH CAPITAL LOAN
APPLICATION FORM
revised March 2006**

GENERAL STATEMENT ABOUT THIS APPLICATION

This application is designed to assist your parish in making an application for a Parish Capital Loan through the Southwestern Virginia Episcopal Fund Revolving Loan Fund. Please take a moment to read the guidelines and this form before you begin. Familiarity with this material will be very helpful to you.

While it is intended that there be compliance with the guidelines on every approved loan, compliance can be waived in a meritorious case. Accordingly, you should submit your application even if it does not meet all of the guidelines, but you must give specific attention to why the guideline(s) should be waived.

As you complete this application, please note the request for various material that the Board of Directors of the Southwestern Virginia Episcopal Fund will need in considering it. Please attach all additional information to this application at the time you submit it.

Also, it is important to note that a loan to a particular parish may require the approval of the bishop with the advice and consent of the Standing Committee (SEE DIOCESAN & NATIONAL CANONS SECTION OF THIS APPLICATION).

Keep in mind that you are trying to persuade the Southwestern Virginia Episcopal Fund Board that the proposed loan meets the guidelines, is in compliance with the Canons of the church, and that there are sufficient resources for its repayment.

PURPOSE

The Revolving Loan Fund was established in accordance with a series of resolutions adopted by the Fifty-Second Annual Council of the Diocese, January 29, 30, 31, 1971, authorizing an Advance Fund Campaign. The following pertinent paragraph is quoted from Resolution #5:

A Revolving Loan Fund shall be established from which interest-free loans may be made to congregations of this diocese for capital purposes, upon recommendation of the Executive Board. No grants shall be made from this fund.

Executive Board action in 2002 increased the maximum amount of each individual loan above the previous \$10,000 limit. Loans in excess of \$10,000 are charged an annual interest rate of 3.00%.

PRIORITIES

Priorities in the making of loans will be based on mission strategy and relative need.

REVIEW AND DECISION PROCESS

All applications will be reviewed by the Board of Directors of the Southwestern Virginia Episcopal Fund, which may request a meeting with representatives of the parish. The Board of Directors of the Southwestern Virginia Episcopal Fund, having reviewed the loan application, will then make its decision.

In order to review your application and formulate a recommendation, the Deputy for Administration of the diocese will need this completed application (with attachments) in hand at least thirty (30) days prior to a desired decision. Upon receipt, a meeting of the Southwestern Virginia Episcopal Fund Board will be scheduled in order to consider the application.

GUIDELINES

1. PURPOSE To provide equity capital to parishes for capital purposes
2. PRIORITIES Based on mission strategy and relative need
3. LIMITATIONS
 - a. No loan may be made to any congregation until it has complied with the applicable provisions of Diocesan Canons 20 and 21.
 - b. Loans will not normally be granted in excess of \$20,000 to any congregation.
 - c. Loans will not normally exceed 50% of the cost of the project.
4. TERMS AND CONDITIONS
 - a. All loans up to \$10,000 are to be interest-free. Awards in excess of \$10,000 and up to \$20,000 will carry an annual interest rate of 3.00%.
 - b. The borrower is to pay all closing costs.
 - c. Reasonable security will normally be required as evidenced by the note and vestry approval, and with a projected method of repayment over the life of the loan.
 - d. The maintenance of sufficient insurance is required for the duration of the loan.
 - e. Repayment of all loans is to be made in regular equal monthly or quarterly

installments, the term of the loan to be determined by the S. V. E. F. Board, the maximum term for any loan being ten years. Should a parish's financial circumstances significantly improve during the term of the loan, thereby making it possible for the parish to pay back the loan at a faster rate, the parish is encouraged to accelerate the payback timetable so as to make the funds available to other congregations.

- f. The borrowing congregation is to furnish an annual financial report to the Deputy for Administration during the terms of the loan.
- g. The borrowing congregation is to do no other capital borrowing during the term of the loan without prior approval of the Executive Board.

5. APPLICATIONS [TO BE FILED AT EVANS HOUSE]

- a. Applications for loans should be made in writing to the Deputy for Administration, Diocese of Southwestern Virginia, P.O. Box 2279, Roanoke, Virginia 24009.
- b. The application should include the following:
 - 1. A description of the nature and purpose of the project and a statement of the need for the same
 - 2. The amount of the loan applied for
 - 3. The total cost of the project
 - 4. A description of the plan for financing the project, including the source of equity capital, other loans, etc.
 - 5. The plan for amortizing the indebtedness (schedule of repayment and source of funds). Evidence should be provided as to the soundness of the repayment plan. Such evidence should include copies of the financial reports for the three preceding years and the budget for the current year.
 - 6. Evidence of compliance with the applicable provisions of Diocesan Canons 20 and 21 and of Title I, Canon 7, section 3 and Title II, Canon 7, section 2 of the Canons of the Episcopal Church
 - 7. Full disclosure of any parish funds that might be available for the project

6. APPROVAL

- a. The Board of Directors of the Southwestern Virginia Episcopal Fund shall act as the agent of the Executive Board in receiving, processing, and approving or disapproving any applications to the Fund for loans. Should any such applications be turned down, however, they will automatically be appealed to the Executive Board.
- b. All applications will be reviewed by the Board of Directors of the Southwestern Virginia Episcopal Fund, which may request a meeting with a representative or representatives of the congregation. The Board of Directors, having reviewed the loan application, will then make its recommendation for approval or disapproval.

INFORMATION TO BE COMPLETED BY THE PARISH

1. NAME AND LOCATION OF PARISH _____

MAILING ADDRESS, INCLUDING CITY, STATE, AND ZIP

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

2. NAME OF CONTACT PERSON _____

MAILING ADDRESS, INCLUDING CITY, STATE, AND ZIP

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

3. WHAT IS THE NATURE AND PURPOSE OF THE PROJECT FOR WHICH YOU ARE SEEKING THIS LOAN?

4. WHAT IS THE TOTAL COST OF THIS PROJECT? \$_____

5. HOW MUCH MONEY ARE YOU APPLYING FOR? \$_____

6. IS THIS MONEY TO REFINANCE EXISTING INDEBTEDNESS? YES NO

7. HAVE YOU PURSUED CONVENTIONAL FINANCING FOR A PORTION OF THE COST OF THIS PROJECT? YES NO

IF YES, HOW MUCH? \$_____

IF NO, WHY NOT?_____

8. ARE THERE/WILL THERE BE PARISH FUNDS AVAILABLE TO FUND PART OF THIS PROJECT? YES NO

PLEASE LIST AND DESCRIBE ALL SOURCES OF FUNDS FOR THIS PROJECT. INCLUDE THOSE ON HAND & PROJECTED RECEIPTS:

<u>AMOUNT</u>	<u>EXPLANATION</u>
\$_____	FUNDS ON HAND
+ \$_____	PLEDGES OUTSTANDING, PAYABLE
+ \$_____	_____
+ \$_____	_____

= \$ _____ TOTAL

9. DOES THE PARISH HAVE OTHER FUNDS AVAILABLE NOT LISTED ABOVE IN #8 WHICH, UPON VOTE OF THE VESTRY, COULD BE ALLOCATED TO THIS PROJECT? YES NO

IF YES, PLEASE EXPLAIN WHY THEY ARE NOT BEING USED.

10. PLEASE LIST ANNUAL PAYMENTS FOR THIS AND ANY NEW AND EXISTING LOAN(S).

<u>AMOUNT</u>	<u>EXPLANATION</u>
\$ _____	_____
+ \$ _____	_____
+ \$ _____	_____
+ \$ _____	_____
= \$ _____	TOTAL

11. PAROCHIAL FINANCIAL INFORMATION (Complete this section in accordance with the directives of Diocesan Canons 20 and 21 attached to this application.)

PARISH RECEIPTS (LAST THREE YEARS, NOT INCLUDING ENDOWMENT, ETC.)

\$ _____

+ \$ _____

+ \$ _____

= \$ _____ TOTAL RECEIPTS

PARISH INDEBTEDNESS (INCLUDE THIS LOAN REQUEST AS WELL AS ALL OTHER INDEBTEDNESS.)

\$ _____

+ \$ _____

+ \$ _____

= \$ _____ TOTAL DEBT

\$ _____ THREE YEAR AVERAGE

IS TOTAL PARISH INDEBTEDNESS LESS THAN 150% OF AVERAGE ANNUAL RECEIPTS FOR THE PAST THREE YEARS? YES NO

WILL THE CHURCH BUILDING OR THE CHURCH PROPERTY BE OFFERED AS SECURITY FOR ANY LOANS? YES NO

IF THE ANSWER IS YES, THE BISHOP MUST PROVIDE WRITTEN APPROVAL WITH THE ADVICE AND CONSENT OF THE STANDING COMMITTEE.

CHECKLIST OF OTHER DOCUMENTS NECESSARY TO ACCOMPANY THIS APPLICATION

_____ COPIES OF PARISH FINANCIAL REPORTS FOR THE LAST THREE YEARS

_____ COPY OF CURRENT-YEAR BUDGET OF THE PARISH

_____ COPY OF MINUTES AND/OR RESOLUTIONS PASSED BY THE VESTRY OF THE PARISH AUTHORIZING THIS APPLICATION TO THE REVOLVING LOAN FUND AND ANY OTHER LOAN CONTEMPLATED IN THIS CONNECTION

_____ COPIES OF THE MINUTES OR VESTRY RESOLUTION(S) AUTHORIZING UNDERTAKING OF THE PROJECT INCLUDING COMMITMENT OF FUNDS THERETO

_____ COPIES OF ANY OTHER PERTINENT INFORMATION OR COMMENTS THAT YOU FEEL MAY BE HELPFUL FOR THE CONSIDERATION OF THIS REQUEST

ACCEPTANCE OF APPLICATION

WE SUBMIT THIS APPLICATION TO THE SOUTHWESTERN VIRGINIA EPISCOPAL FUND FOR THE PURPOSES HEREIN STATED. WE ACKNOWLEDGE WE HAVE READ THE MATERIAL AND ACCEPT THE TERMS AND CONDITIONS AND OTHER GUIDELINES. THE VESTRY HAS APPROVED THIS REQUEST AND THE MINUTES OF THAT MEETING OR THE RESOLUTION AUTHORIZING THIS REQUEST ARE ATTACHED.

WE BELIEVE THE PLANS TO COMPLETE AND FINANCE THIS PROJECT ARE

FINANCIALLY SOUND AND THAT THIS LOAN AND ANY OTHER LOANS OF THE PARISH WILL BE REPAID AS SCHEDULED.

SIGNATURES:

_____ DATE: _____
Rector

_____ DATE: _____
Senior Warden

FOR DIOCESAN OFFICE USE ONLY

_____ DATE RECEIVED AT EVANS HOUSE

_____ DATE FORWARDED TO SOUTHWESTERN VIRGINIA EPISCOPAL FUND BOARD

___Y ___N IS BISHOP'S WRITTEN APPROVAL REQUIRED WITH ADVICE AND CONSENT OF STANDING COMMITTEE?

_____ DATE REFERRED TO STANDING COMMITTEE FOR APPROVAL (IF NECESSARY)

_____ DATE SVEF BOARD WILL MEET TO FORMULATE A DECISION

_____ REPORT OF STANDING COMMITTEE IN FILE (IF NECESSARY)

_____ BISHOP'S WRITTEN APPROVAL IN FILE (IF NECESSARY)

_____ RECOMMENDATION OF SVEF BOARD

_____ DECISION OF SVEF BOARD IN FILE

_____ DATE OF SVEF BOARD DECISION

_____ VESTRY MINUTES OR RESOLUTION(S) IN FILE

_____ SIGNED APPLICATION IN FILE

_____ FINANCIAL STATEMENTS OF PARISH IN FILE

_____ EXECUTED NOTE IN FILE

_____ COLLATERAL EVIDENCE IN FILE (IF REQUIRED)

_____ CHECK ISSUED: CHECK NUMBER _____ AMOUNT \$ _____

_____ COPY OF CHECK IN FILE

_____ COPY OF LOAN AMORTIZATION IN FILE

_____ DATE OF FIRST PAYMENT

_____ AMOUNT OF MONTHLY PAYMENTS

_____ LOAN BOOKED ON ACCOUNTING SYSTEM

DIOCESAN AND NATIONAL CHURCH CANON COMPLIANCE

The following information pertains to compliance with Diocesan and National Church Canons:

DIOCESAN

CANON 20: OF PAROCHIAL INDEBTEDNESS

Sec. 1 No indebtedness shall be incurred by a parish without the approval of the Bishop acting with the advice and consent of the Standing Committee except:

(a) Indebtedness for capital expenditures, e. g. permanent improvements and acquisitions of or additions to real property or equipment, where the amount of such indebtedness plus indebtedness of every kind already existing shall not exceed 150% of the average annual receipts of such parish during the past three years.

(b) Indebtedness for current expenses where the amount of such indebtedness, plus all indebtedness heretofore incurred for current expenses and still existing, shall not exceed 20% of the total current revenues of such parish during the preceding fiscal year; and the payment of all such indebtedness shall be provided for in the budget of the next ensuing fiscal year with reasonable expectation of its payment out of the revenues of said year.

Sec. 2 For the purposes of Section 1 hereof, revenues shall be the total operating revenues of the parish, excluding amounts received from or for endowments or from bequests, reported in the parochial report specified in the canon entitled "Of Parish Registers and Parochial Reports."

Sec. 3 Where approval is required, the parish shall also submit for approval by the same authority a plan for amortization or other method of payment.

Sec. 4 This canon shall not apply to the refinancing of existing loans.

CANON 21: OF THE ALIENATION OF PROPERTY

It shall not be lawful for the trustees of a parish or mission, in whom is vested the title to any real property, to encumber, alienate, or lease for more than three years real property belonging to the parish or mission which they represent without the previous written consent of the Bishop of the diocese acting with the advice and consent of the Standing Committee, except for encumbrances to secure indebtedness exempted by Canon 20, Section 1. It is the intention and purpose of this canon to place all unconsecrated real property under the same provision as church or chapel property as provided by Title I, Canon 7, and Title II, Canon 7, of the canons of the Episcopal Church.

NATIONAL

TITLE I, CANON 7, SEC. 3

No Vestry, Trustee, or other Body, authorized by Civil or Canon law to hold, manage, or administer real property for any Parish, Mission, Congregation, or Institution, shall encumber or alienate the same or any part thereof without the written consent of the Bishop and Standing Committee of the Diocese of which the Parish, Mission, Congregation, or Institution is a part, **except under such regulations as may be prescribed by Canon of the Diocese.** (Emphasis added)

TITLE II, CANON 7, SEC. 2

It shall not be lawful for any Vestry, Trustees, or other body authorized by laws of any State or Territory to hold property for any Diocese, Parish or Congregation, to encumber or alienate any dedicated and consecrated Church or Chapel, or any Church or Chapel which has been used solely for Divine Service, belonging to the Parish or Congregation which they represent, without the previous consent of the Bishop, acting with the advice and consent of the Standing Committee of the Diocese.