



**APPLICATION FOR A LOAN FROM SEEDLING'S BOARD OR DIRECTORS**

**PLEASE ANSWER THE QUESTIONS BELOW BEFORE  
COMPLETING THE APPLICATION**

This application is to be used by United Methodist Churches in the Susquehanna Conference of the United Methodist Church (the “Conference”) to request a loan from Seedling Financial Ministry (“Seedling”) which is administered by Seedling’s Board of Directors (the “Board of Directors”).

Monies made available to Seedling Financial Ministry come from the sale of investment certificates. As stewards of funds entrusted to Seedling by purchasers of investment certificates, the Board of Directors has an obligation to extend only those loans which meet certain criteria established by the Board of Directors and upon which purchasers of investment certificates have relied in making their investment decision.

**If you answer “NO” to any of the following questions, it is highly unlikely that your loan application would be approved, and you may not wish to proceed with the remainder of the application. A \$500 non-refundable application fee is due upon submission of the application.**

Is the church incorporated under the laws of Pennsylvania?	YES	NO
Has the church (or its predecessors) been in existence for three years or more?	YES	NO
Has the church been current in all United Methodist obligations for the past 24 months which include all shares of ministry, health and pension payments relating to the pastor, insurance payments, apportionments, etc.?	YES	NO
Is the church current in principal and interest payments on all loans and has not defaulted on any loan in the past 12 months?	YES	NO
Does the church have financial statements consisting of a balance sheet, statement of income, expenses and changes in net assets and statement of cash flow for the past three fiscal years?	YES	NO
The requested loan will not benefit an individual or be used for operations of the church or financing of office equipment or vehicles?	YES	NO

If you have answered YES to all of the questions above, please proceed with completing the application. However, this does not mean that the loan application will be approved.

## **DOCUMENTS YOU WILL NEED TO COMPLETE THIS APPLICATION**

Below is a list of documents which must be submitted in conjunction with this application.

1. **Financial Information** Financial statements prepared in accordance with generally accepted accounting principles for the past three years consisting of: (1) a balance sheet, (2) statement of income, expenses and changes in net assets and (3) statement of cash flow (see page 12).
2. **Operating Budget** The applicant's operating budget for the current fiscal year and the past three fiscal years (see page 12).
3. **Repayment Plan** A repayment plan covering three years which demonstrates the ability of the applicant to pay anticipated principal and interest on the requested loan amount (which may include receipts and pledges from a current capital campaign) (see page 13).
4. **Giving History** A history of giving for the immediate past three years (see page 12).
5. **Historical Growth** If the requested loan is for acquisition, new construction or major renovation, a statement of historical growth in membership support for the applicant's mission and activities (see page 11).
6. **Cash on Hand** Statement of cash on hand which the applicant is willing to apply to the project for which the loan is being requested (see page 13).
7. **Real Estate Pledged as Security for Outstanding Loans** With respect to currently outstanding loans where the loan applicant is the borrower and has pledged real estate of the applicant as security for the loan, all documents relating to such loans, including the principal and interest payments, with a description of all real estate of the applicant pledged as security for the loan(s) (see page 8).
8. **Real Estate Owned** A list of all addresses to all real property owned by the applicant (for each address list the current use of the property) and copies of the deeds to each property (see page 8).
9. **Appraisal** If the loan amount requested exceeds \$250,000 and the requested loan is to be secured by real estate, a current independent appraisal of the real estate (see page 9).
10. **Project Description** A description of the project, including estimated costs, estimated time for completion, architect renderings/contractor blueprints and any required government approvals (see page 7).
11. **Capital Campaign** If the applicant intends to conduct a capital campaign in connection with the project for which the loan is being requested, a statement describing the proposed capital campaign and how the proposed project complements the applicant's strategic plan (see page 13).
12. **Book of Discipline** Documentation that approvals required by the Book of Discipline have been obtained.
13. **Incorporation/Authority** The current articles of incorporation and bylaws for the applicant (see page 2).

## THE LOAN PROCESS

- STEP 1      Loan application and a \$500 non-refundable loan application fee is filed with Seedling Financial Ministry. Failure to pay the application fee will result in the application being returned without action.
- STEP 2      Seedling Financial Ministry staff will open a loan application file and maintain a checklist of all items of information requested by the application. Periodically, staff will remind applicants of deficiencies in the application. Failure to address these deficiencies, in whole or in part, within 60 days of the date of such notice may result in the application being returned without action.
- STEP 3      Representatives of the applicant attend a physical meeting with the Executive Director of Seedling Financial Ministry to review the application. More than one meeting may be required. Also, the applicant may be requested to provide additional information at any time.
- STEP 4      When the loan application checklist is complete, Seedling staff will forward the application and all required documentation to the Board of Directors (or subcommittee thereof).
- STEP 5      The Board of Directors (or subcommittee thereof) will review the application and may request further information or documents, including but not limited to, an appraisal of real property to secure the requested loan or more detailed description of the project for which the loan is being requested.
- STEP 6      Once the meeting(s) with the representatives of the applicant has occurred and the Loan Committee (or subcommittee thereof) is satisfied that it has all the information necessary for it to make an informed decision, it may (1) approve the loan in the amount requested, (2) approve the loan with specific conditions (e.g. receipt of zoning approval or variance), (3) defer action on the loan application due to current Seedling liquidity issues or other factors or (4) deny the application.
- STEP 7      If the loan is approved, the applicant will receive a written commitment letter containing the terms of the loan. The commitment letter is valid for 90 days from date of issuance and failure to execute and return the commitment letter to Seedling and to meet all conditions in the commitment letter within that time will result in a re-evaluation of the application. The applicant must submit an executed secretary's certificate (Seedling can provide a template upon request) at the time the executed commitment letter is submitted to Seedling. Further, upon submission of the executed commitment letter a closing date will be scheduled at the church or church office for the applicant's convenience.
- STEP 8      Draft closing documents will be sent to the applicant for review prior to the scheduled closing date. These closing documents may include a note, mortgage, disclosure, UCC-1, affidavits, title commitment, deed, and settlement statement.
- STEP 9      Closing is held on the date scheduled. At the closing, final closing documents will be signed, and copies will be provided to the applicant for their records. Copies of closing documents that require recording will be sent to the applicant after they have been properly recorded by the title agent.

## UNDERSTANDING THE LOAN APPLICATION

The loan application is organized into the following sections:

- General Information:** This section provides general information about the applicant as well as contact information for representatives of the applicant.
- Project Information:** This section describes in detail the project for which the loan is being requested and includes the type of loan (secured by real estate or unsecured), the requested amount of the loan, names of architects and/or contractors, required municipal approvals (e.g. zoning, storm water management) and similar information.
- Conference Information:** This section includes affirmations of being current in United Methodist Obligations, complying with the provisions of the Book of Discipline for capital projects, statement by the District Superintendent and discussion on how the project will advance the mission of the United Methodist Church in the particular geographic area.
- Financial Information:** This important section addresses the financial condition of the applicant through its financial statements, operating budgets, giving history, currently outstanding loans, proposed loan repayment plan and any plans for a capital campaign. *In this regard, the applicant should note the following:*
1. **The total annual principal and interest payments due on the requested loan plus annual principal and interest payments on the loan applicant's other outstanding debt obligations cannot exceed 30% of the applicant's qualifying income as determined by analyzing its operating budget and operating income for its three most recent fiscal years.**
  2. **The amount of a requested loan to be secured by a first lien mortgage on real estate generally cannot exceed 75% of the appraised value of the improved real estate (less existing encumbrances) or 75% of the appraised value of the real estate as improved by the proceeds of the loan (less existing encumbrances and the amount of the loan). The maximum loan to value ratio for raw land is 50%.**
  3. **No loan to a single borrower from Seedling can exceed, at any time, an amount in excess of 3% of the outstanding liabilities of Seedling. This means that the maximum loan amount which the Board of Directors may approve with respect to a single borrower at any given time will vary.**
  4. **The aggregate of loans made which are secured by a second lien mortgage and/or personal property may not exceed, at any time, 5% of the outstanding liabilities of Seedling.**

**A. GENERAL INFORMATION**

Name of Church/Applicant: \_\_\_\_\_

Street Address: \_\_\_\_\_

Town/State/Zip: \_\_\_\_\_

County: \_\_\_\_\_ Township/Borough/City \_\_\_\_\_

Church Telephone: \_\_\_\_\_ Church Fax: \_\_\_\_\_

Conference District: \_\_\_\_\_

Date and State of Incorporation: \_\_\_\_\_

Name of Pastor: _____
E-mail Address _____
Telephone: _____

Name of Finance Committee Chair: _____
E-mail Address _____
Telephone: _____

Name of Treasurer: _____
E-mail Address _____
Telephone: _____

Name of District Superintendent: _____
E-mail Address _____
Telephone: _____

**This application must be accompanied by a check made payable to Seedling Financial Ministry in the amount of \$500.00 which represents a Non-Refundable Loan Application Fee.**

**B. PROJECT INFORMATION**

1. Below and if necessary on a separate sheet(s) of paper which is to be attached to this application, describe in detail the project for which proceeds of the loan will be applied. If the purpose of the loan is to re-finance an existing first lien mortgage loan, please attach all documentation relating to such loan (e.g. note, mortgage, amortization schedule, etc.).

**Note: The Board of Directors will primarily consider loans to acquire, construct, renovate and repair church property (including parsonages). The Board of Directors will NOT approve a loan to an individual nor does it make operating loans, extend lines of credit, or finance vehicles or office equipment.**

2. The total projected cost of the proposed project for which the loan is requested is \$\_\_\_\_\_.
3. The estimated time of completion of the proposed project is \_\_\_\_\_.
4. The estimated value of the proposed project when completed is \$\_\_\_\_\_.
5. The amount of the requested loan is \$\_\_\_\_\_.
6. The amount which the applicant currently has outside of its operating budget which may be applied to the cost of the proposed project is \$\_\_\_\_\_.
7. The maximum quarterly principal and interest payment which the applicant can afford based upon historical operating income or receipts or anticipated receipts of a capital campaign is \$\_\_\_\_\_.
8. Is the loan application for new construction or renovations exceeding \$100,000? If yes, please attach architect renderings or contractor blueprints for the project.

YES  NO

9. Have you engaged any contractor for the project? If yes, please attach a copy of all contracts you have executed or propose to execute with any contractor.

YES  NO

10. If you have engaged a contractor, have you entered into a completion bond ensuring the contractor will finish the project? If yes, please attach a copy.

YES  NO

11. What would you consider the requested loan to be primarily for (check only one):

- Major construction (new building or significant addition to existing building)
- Major renovation to existing building
- Facility improvement (e.g. upgrading or repair of HVAC, lighting systems or restroom facilities, ADA modifications of entryways or sidewalks)
- Purchase of real estate
- Refinance

12. Can the loan be secured by a first lien mortgage on real estate owned by the applicant (i.e. there currently is **no** first lien mortgage on such real estate)?

YES  NO

13. If the loan cannot be secured by a first lien mortgage or real estate owned by the applicant, can the loan be secured by a second lien mortgage on real estate owned by the applicant (i.e. there currently is **no** second lien mortgage on such real estate)?

YES  NO

**Note: The Board of Directors will not approve a loan for new construction where the only security for the loan is a second lien mortgage. Also, the maximum loan amount for any single loan where the security for the loan is represented by a second lien mortgage is \$100,000.**

14. With respect to currently outstanding loans where the loan applicant is the borrower and has pledged real estate of the applicant as security for the loan, please attach all documents relating to such loans, including the principal and interest payments, with a description of all real estate of the applicant pledged as security for the loan(s).

15. Please attach a list of all addresses to all real property owned by the applicant (for each address list the current use of the property) and copies of the deeds to each property.



16. Are the proceeds of the loan to be used with respect to real estate at the address set forth on page 6 of this application? If no, below list the address, county and municipality where the proceeds of the loan will be used.

YES  NO

If you have answered no to Question 16, below list the address, county and municipality where the proceeds of the loan will be used.

Address: \_\_\_\_\_

County: \_\_\_\_\_

Municipality: \_\_\_\_\_

17. Is the requested loan amount more than \$250,000.00? If the applicant is seeking a loan more than \$250,000, an independent real estate appraisal is required which is dated within 120 days of filing of the loan application or before any approval of the loan. If you have answered yes, please attach a copy of the independent real estate appraisal.

YES  NO

**Note: Initial or annual appraisals provided to United Methodist Churches within the Conference DO NOT meet this appraisal requirement. Such real estate appraisals must be performed by a person independent of the applicant (i.e. not a member of the applicant) who is appropriately licensed to perform real estate appraisals in Pennsylvania and will provide a written appraisal report.**

18. Will the project require any action by any federal, state or municipal government? If yes, below and if necessary on a separate sheet(s) of paper which is to be attached to this application, describe (1) what type of governmental action is required (e.g. zoning approval, approval of zoning variance, storm water management approval), (2) the governmental body from which such action is required, (3) if you have made application for such action and (4) the time frame whereby you expect the relevant governmental entity to act.

YES  NO

19. Have you confirmed with relevant authorized officials of the municipality where the project is located that the proposed project will comply with current building codes applicable to such structures and that the project will not result in a municipal requirement that existing structures owned by the applicant to undergo renovations to comply with current building codes.

YES  NO

**Note: If you have not discussed the project with officials of the municipality where the project is located, please do so before you submit this application.**

### C. CONFERENCE INFORMATION

1. Can you affirm that the applicant has been current in its United Methodist Obligations for the past 24 months and continues to be current in its United Methodist Obligations? This includes all shares of ministry, health and pension payments relating to the pastor, insurance payments, apportionments and such other payments wherein the United Methodist Churches within the Conference demonstrate their connection through the pooling of resources to address common need or reach out in mission?

YES  NO

**Note: A “NO” answer will result in the return of this application without action.**

2. Below and if necessary on a separate sheet(s) of paper which is to be attached to this application, please enumerate the factors which the applicant believes will advance the mission of the United Methodist Church in the applicant’s geographic area through the funding of the requested loan.

3. Please attach a statement by the applicant’s current District Superintendent wherein the District Superintendent, in his or her role as chief ministerial strategist, states his or her reasons why the requested loan should be granted if the loan meets all the relevant loan criteria adopted by the Board of Directors.
4. Please attach a statement wherein the applicant can demonstrate sufficient historical growth in membership and membership support for the applicant’s mission and activities. In this regard, the applicant should attach to this application at least the two most recent years of the Vital Statistics for United Methodist Church Congregations relative to the applicant.

**D. FINANCIAL INFORMATION**

1. Please attach financial statements of the applicant for each of the past three fiscal years which have been prepared in accordance with generally accepted accounting principles and consist of a:
  - a. Balance sheet;
  - b. Statement of income, expenses and changes in net assets; and
  - c. Statement of cash flow

**Note: Failure to provide the foregoing financial statements will result in the application being returned without action. Although these financial statements may be internally prepared, the Board of Directors reserves the right to request that the financial statements be compiled, reviewed or audited by an independent public accountant or certified public accountant.**

2. Please attach the applicant’s operating budget for the current fiscal year and a the past three fiscal years. In addition to providing numerical information, the applicant also should provide a narrative describing any relevant factors such as population shifts (people moving in or moving out), local employment outlook (new businesses opening or businesses closing or laying off employees), or demographic changes (growing number of families with children or aging of existing residents).
3. Please provide the following information concerning congregational giving:

	Current Year	20__	20__	20__
# of Members				
# of Giving Units				
Total \$ Giving				

4. In columnar form, please provide the following information with respect to each currently outstanding loan on which the applicant is indebted and attach a copy of all documentation relating to each loan.
  - a. Name of creditor
  - b. Date of loan
  - c. Original principal amount
  - d. Current outstanding principal amount
  - e. Date of maturity
  - f. Interest rate (if floating rate, please give interest rate formula (i.e. Prime + 2%))
  - g. Type of security given for the loan (e.g. first lien mortgage)

**Note: If the applicant has not been current in principal and interest payments on any loan during the one-year period prior to submitting this application or has been declared in default of any loan within such time, the application will be returned without action.**

5. Please attach a three-year repayment plan demonstrating, based upon historical operating income and/or receipts or anticipated receipts from a capital campaign, that the applicant can service the principal and interest payments for the requested loan amount.

**Note: If the applicant proposes to undertake a capital campaign to help meet its repayment obligations on the requested loan, the Board of Directors, as a condition of approving the requested loan, may require the applicant to undertake a capital campaign that will result in receipts and pledges of a specific amount which shall be no less than the amount the Board of Directors believes is necessary to meet the borrower's anticipated debt repayment requirements for the initial three years of the loan.**

6. If the applicant intends to conduct a capital campaign in connection with the project for which the loan is being requested, please attach a statement describing the proposed capital campaign and how the proposed project complements the applicant's strategic plan.
7. Please attach to this application a statement of cash on hand which the applicant is willing to apply to the project for which the loan is being requested.

[SIGNATURE PAGES TO FOLLOW]

**CERTIFICATION**

The undersigned hereby certify that all necessary and appropriate actions have been taken in accordance with the currently effective United Methodist Church Book of Discipline and the laws of the Commonwealth of Pennsylvania to submit this application to the Board of Directors for a loan in the amount of \$ \_\_\_\_\_ and that they are duly authorized to sign this application.

The undersigned further state that all information contained in this application is true, accurate and correct in all material respects and acknowledge that the Board of Directors will rely upon the veracity of the statements made herein in making a decision with respect to the requested loan.

The undersigned further agree to provide such additional information as the Board of Directors, in its sole discretion, may determine is necessary and appropriate in connection with its consideration of this application.

The undersigned further acknowledge and agree that the Board of Directors is under no legal or moral obligation to grant the requested loan in whole or in part or on any specific terms.

The undersigned further agree that the terms of approval of any requested loan will be contained in a written commitment letter from the Board of Directors to the applicant and that disbursement of proceeds from the approved loan will not commence until all the terms and conditions set forth in such commitment letter have been met.

Therefore, the undersigned have executed this application on the dates set forth below.

Pastor	Date

Finance Chair	Date

Chair of District Building Comm.	Date

District Superintendent	Date