

**THE SOUTHWESTERN VIRGINIA EPISCOPAL FUND
REVOLVING LOAN FUND
CLERGY HOUSING LOAN
APPLICATION MATERIALS
revised March 2006**

GENERAL STATEMENT ABOUT THIS APPLICATION

This application is designed to assist the borrowing clergy and parish in making an application for a Clergy Housing 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 as 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 and that the clergy borrower has sufficient revenue to purchase the home, to make the payments on this loan, and to meet his or her other financial obligations. If the clergy borrower defaults on this loan, it is then the responsibility of the parish to pay off the loan balance.

PURPOSE

The Revolving Loan Fund was established in accordance with a resolution adopted by the Fifty-Fifth Annual Council of the Diocese, January 25, 26, 27, 1974, authorizing use of the Revolving Loan Fund of the Advance Fund for clergy housing loans. The following pertinent paragraphs are quoted from Resolution #2:

WHEREAS, a study of the Department of Administration and Finance concludes that in many, if not most, parishes the best interests of both parish and clergy are likely to be served if clergy are provided a rental allowance so that they might rent or purchase their own homes; and

WHEREAS, the implementation of this policy might be hindered in some instances for lack of equity towards a down payment on the part of the clergy involved; and

WHEREAS, the recent Advance Fund established a Revolving Loan Fund in the amount of \$100,000.00 from which interest-free loans may be made to congregations for capital purposes; now therefore be it

RESOLVED, that the Executive Board be authorized to make loans to parishes and missions for the purpose of providing equity capital to clergy where needed in order to enable said clergy to purchase their own homes; and be it further

RESOLVED, that in the case of retired clergy and diocesan staff clergy such loans may be made directly to the clergyman; and be it further

RESOLVED, that the Executive Board be instructed to make necessary and prudent changes in its guidelines for loans from the Revolving Loan Fund to cover these circumstances.

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 funds availability 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 the rector and/or 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 clergy where needed in order to enable said clergy to purchase their own homes
2. PRIORITIES Based on funds availability and relative need
3. LIMITATIONS
 - a. No more than 33 1/3% of the Revolving Loan Fund may be used for Clergy Housing Loans.
 - b. Loans shall be limited to 20% of the purchase price of a dwelling, and no loan

shall be for more than \$15,000

- c. Loans will be made only to the congregation employing the clergy borrower or to the diocese.
- d. Loans will be made for second mortgage financing only.
- e. The house for which the loan is intended must be the person's primary residence.
- f. Borrowing congregations must comply with applicable provisions of Diocesan Canons 20 and 21.

4. TERMS AND CONDITIONS

- a. All loans up to \$10,000 are to be interest-free. Amounts in excess of \$10,000 and up to \$15,000 will carry an annual interest rate of 3.00%.
- b. Repayment 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 clergy borrower's financial circumstances significantly improve during the term of the loan, thereby making it possible for him or her to pay back the loan at a faster rate, the clergy borrower is encouraged to accelerate the payback timetable so as to make the funds available to others.
- c. The borrower is to pay all closing costs.
- d. Each loan will be evidenced by a note from the borrowing congregation (or the diocese) which will be secured by a second deed of trust on the residence or other acceptable security executed by the clergy borrower. If the note is secured by a second deed of trust on the residence, the deed of trust shall include a non-assumption clause and a termination clause as specified in paragraph 4.e.
- e. On termination of employment (departure, not retirement), it is required that the unpaid balance of the loan be repaid to the Southwestern Virginia Episcopal Fund 90 days from the termination of employment or upon the sale of the property, whichever comes first.

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, VA 24009.
- b. The application should include the following:

1. A certified copy of a resolution by the vestry, vestry committee, or Executive Board authorizing the purpose of and application for the loan
2. Evidence that the congregation's budget will support the required clergy compensation agreement. Such evidence should include copies of the financial report for the last three years and the budget for the current year.
3. Evidence of compliance with 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.
4. Statement of purchase price of the house for which the loan is extended
5. Statement of compliance with paragraph 3.e. above

6. APPROVAL

- a. All applications will be reviewed by the Board of Directors of the Southwestern Virginia Episcopal Fund, which may request a meeting with the clergy borrower and/or representatives of the congregation.
- b. 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, the denial may be appealed to the Executive Board.

7. AMENDMENTS

These guidelines will be reviewed periodically by the Board of Directors of the Southwestern Virginia Episcopal Fund, which may recommend to the Executive Board amendments based on experience.

INFORMATION TO BE COMPLETED BY THE PARISH

1. NAME AND LOCATION OF PARISH _____

2. NAME OF CLERGY BORROWER _____

MAILING ADDRESS, INCLUDING CITY, STATE, AND ZIP

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

3. NAME OF CONTACT PERSON _____

MAILING ADDRESS, INCLUDING CITY, STATE, AND ZIP

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

4. PLEASE DESCRIBE THE PROPERTY THAT IS BEING PURCHASED. DESCRIBE SUCH THINGS AS ADDRESS, SIZE, CONDITION, ETC.

_____.

5. WHAT IS THE PURCHASE PRICE OF THIS HOME? \$ _____

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

REPAYABLE @ \$ _____ PER MONTH FOR _____ YEARS

7. PLEASE PROVIDE A BREAK-DOWN AS TO THE SOURCE OF FUNDS FOR THIS PURCHASE:

\$ _____ PURCHASE PRICE

– \$ _____ CASH DOWN FROM PURCHASER

– \$ _____ CASH DOWN FROM PARISH

– \$ _____ CONVENTIONAL FINANCING APPROVED, APPLIED

FOR FROM _____

@ _____ % INTEREST

REPAYABLE @ \$_____ PER MONTH

FOR _____ MONTHS

= \$_____ AMOUNT THIS LOAN

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

9. WHAT IS THE AGREED-UPON CLERGY COMPENSATION PACKAGE?

ANNUAL COMPENSATION

\$_____ STIPEND

+ \$_____ HOUSING ALLOWANCE

+ \$_____ UTILITIES

+ \$_____ FICA CONTRIBUTION FROM PARISH

+ \$_____ TRAVEL ALLOWANCE

+ \$_____ CONTINUING EDUCATION ALLOWANCE

+ \$_____ OTHER COMPENSATION

= \$_____ TOTAL COMPENSATION

10. DOES THE CLERGY BORROWER UNDERSTAND THAT THE PARISH WILL WITHHOLD THE PAYMENTS DUE THE REVOLVING LOAN FUND FROM HIS OR HER MONTHLY COMPENSATION AND REMIT DIRECTLY TO THE SOUTHWESTERN VIRGINIA EPISCOPAL FUND EACH MONTH? YES NO

11. DOES THE PARISH UNDERSTAND THAT IF THE CLERGY BORROWER LEAVES THE PARISH OR FOR ANY REASON FAILS TO MEET THE REPAYMENTS TO THE REVOLVING LOAN FUND, THE PARISH IS REQUIRED TO DO SO? YES NO

12. DO THE CLERGY BORROWER AND THE PARISH UNDERSTAND THAT THE BALANCE OWED TO THE REVOLVING LOAN FUND BECOMES DUE AND

PAYABLE IMMEDIATELY UPON TERMINATION OF EMPLOYMENT OR SALE OF THE PROPERTY? YES NO

13. HAVE THE PARISH AND THE CLERGY BORROWER REVIEWED THE CLERGY BORROWER'S FINANCIAL NEEDS AND REPRESENT, AS AN INDUCEMENT TO MAKE THIS LOAN, THAT THE CLERGY BORROWER'S FINANCIAL RESOURCES ARE SUFFICIENT TO MEET ALL OF HIS OR HER FINANCIAL OBLIGATIONS INCLUDING THE LOAN APPLIED FOR AND ALL OTHER FINANCIAL UNDERTAKINGS IN CONNECTION WITH THE PURCHASE OF THIS HOME? YES NO

COMMENTS: _____

_____.

14. PAROCHIAL FINANCIAL INFORMATION

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 NEEDED TO ACCOMPANY THIS APPLICATION

_____ COPIES OF PARISH FINANCIAL REPORTS FOR THE LAST THREE YEARS

_____ COPY OF CURRENT-YEAR BUDGET OF THE PARISH

_____ COPIES OF MINUTES AND/OR RESOLUTIONS PASSED BY THE VESTRY OF THE PARISH SETTING FORTH THE CLERGY BORROWER'S COMPENSATION PACKAGE AND AUTHORIZING THIS APPLICATION TO THE REVOLVING LOAN FUND

_____ COPIES OF ANY OTHER PERTINENT INFORMATION OR COMMENTS THAT 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 THAT 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.

SIGNATURES:

_____ DATE: _____
CLERGY BORROWER

_____ DATE: _____
CLERGY BORROWER'S SPOUSE (IF ANY)

_____ 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 IN FILE

_____ 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

_____ 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.