

Church Loan Process Checklist

Whether you've worked with a church lender before or this is your first experience, it is helpful to know what to expect. This checklist is designed to help you understand common practices and expectations throughout the lending process.

- ☐ **Choose a Lender.** When looking for a lender, find one that you trust and that understands church finances, budgets, and ministry at large.
- ☐ **Contact Lender.** The first contact with the lender of your choice may be a web inquiry form, by email, or by phone. Once contact is made, the lender will then set up an appointment to meet with you.
- ☐ **First Meeting.** In your first meeting, the lender will seek to get a picture of your ministry and needs so that they can help you meet your goals. Some or all of the following may be discussed:
 - Description of your ministry
 - Current weekly attendance
 - Average weekly or annual tithes and offerings
 - Estimated property values
 - Current debt load
 - Goals and purpose for the loan
- ☐ **Understand the Loan Program & Terms.** As you meet with with your lender, take the time to ask about their process and organization. Consider discussing the following with your lender:
 - Who they are and what they stand for
 - The difference between residential and commercial loans
 - Various options/rates based on qualifications and initial fees
 - Closing process and construction draw process
 - Terms and conditions of a loan with that lender

- ☐ **Documentation & Financials.** Throughout the lending process, you will need to provide various documents and financials to the lender. The most common items requested by lenders include:
 - Three years of financial statements prepared in accordance with generally accepted accounting principles (GAAP)
 - Current year-to-date financial statements
 - Current market appraisal of your property
 - Corporate resolution authorizing the loan amount and authorized signatures to sign the loan
 - Copy of current constitution and bylaws
 - Title search to be sure there are no liens or encumbrances
 - Survey of the property
- ☐ **Application Process.** Now that both you and the lender have gathered the information you need, it is time to begin the application process. Your lender will walk you through this process to ensure that all items are in place so that your application can be submitted to underwriting for approval. This process can take anywhere from 2 to 6 months. Upon approval, you should receive a letter containing the final loan amount, terms, and conditions. Once you have accepted and signed this letter your loan will be scheduled for closing.
- ☐ **Cautions.** Some lenders identify all your income as a potential debt repayment source. This is dangerous, as it could compromise your financial commitments to various ministries and missions. Make sure you look at the big picture. A good lender will not simply talk about how much you can borrow, but how much you should borrow, as well as what other options there may be for you. In other words, discuss a financing strategy rather than just a loan. A strategy may include some type of stewardship campaign to help capitalize the project, minimize the loan, and involve your congregation in the process.

Take Action Today

To speak with a church loans consultant, call **888.599.6015** or visit www.agfinancial.org/churchloans