

# PRESBYTERY OF KISKIMINETAS

## Loan Policies

- I. Loans for church buildings, new construction, renovation, or purchase of existing structures:
  - A. For congregations of this Presbytery where there is an established tradition of pledging support for major projects the following criteria shall apply:
    1. The church shall have 1/3 of the total projected cost of the project as cash-in-hand.
    2. The church shall have at least 1/3 of the projected cost of the project secured by a three year congregational pledge program.
    3. The church shall be allowed to negotiate a loan of no more than 2/3 of the total projected cost of the project.
      - a. The loan (mortgage) shall not be for more than 20 years.
      - b. Each year the Trustees of the Presbytery shall review the loan.
  - B. For congregations of this Presbytery where there is no established tradition of financial support through pledging for major projects, the following criteria shall apply:
    1. The church shall have 1/2 of the total projected cost of the project as cash-in-hand.
    2. The church shall be allowed to negotiate a loan of no more than 1/2 of the total projected cost of the project. The criteria listed in I.A.3.a-b above shall apply.
  - C. No session may encumber a congregation with indebtedness without the consent of the congregation. Any indebtedness of the congregation shall be reported annually to the congregation, including the interest rate, the length of term, the amount of the debt, and to whom it is owed.
- II. Loans to initiate programs of ministry, community service, or meet emergency human needs: The guidelines for church building loans shall apply with the following exceptions:
  - A. A loan for program support shall not be for more than five years.
  - B. The program shall be self-sustaining or supported by the Session's regular budget within three years of start-up.

- III. The chairperson of the trustees shall report to the presbytery annually on the indebtedness of the congregations.
- IV. Loans for housing to exempt employees of Kiskiminetas Presbytery may be considered by the presbytery subject to the following criteria:
  - A. Loans by the Presbytery to its exempt employees for housing shall normally be a second mortgage, amounting to no more than \$10,000.
  - B. Loans to the exempt staff of Kiskiminetas Presbytery for the purchase of housing shall be reviewed annually at the organizational meeting of the Trustees.
  - C. The rate of interest on such loans shall be 1/2 of the New York Prime Rate at the time the loan was initiated, but not lower than 4%.
  - D. If the New York Prime Rate changes during the year, at the reorganizational meeting, the Trustees will adjust the interest rate on such loans to 1/2 of the prime rate, but not to exceed the stated note rates at the origination of the loan.
  - E. The loan is to be repaid within ten years.
  - F. The loan shall be repaid within six months of termination of employment with the Presbytery or immediately upon sale of the property.
  - G. The chairperson of the trustees shall report to the presbytery annually on the indebtedness of exempt employees.
- V. Exceptions to the above policies will be discouraged, but may be considered by the Trustees on an individual basis where extraordinary circumstances warrant such consideration.

Adopted by Presbytery: December 5, 1992

[NOTE: Item III. B-D adopted by Presbytery action 4/28/92]

Edited by Admin Sept 2014