



Borrowing Basics

Church financing with the Cornerstone Fund

When someone says, “Tell me about your church,” do you describe the building? Across the United Church of Christ, churches are known by the people who come together to share their lives, to reach out in ministry, to worship. To some degree, the building itself is incidental to your community of faith. But a building is a blessing — a trust to be valued, cared for, and protected for future generations.

Sheltering generations of dreams

The Cornerstone Fund was created to help churches address the range of building-related needs — from straightforward repairs to large-scale renovations and additions. Borrowers have replaced roofs and resurfaced parking lots, installed wheelchair ramps and built new wings. Whatever your church’s needs, the Cornerstone Fund can help you explore your options, develop your plans, and select the financing program that best suits your budget.

Cornerstone Fund loans are available from \$10,000 to over a million, with the amount determined by your church’s capital campaign results and overall financial resources. Generally, mortgage payments should not exceed 28% of the church’s annual budget; and within the Cornerstone Fund’s maximum loan limits, churches can generally borrow up to 50% of the fair market value of the property that will be held as security for the loan.

The Interest Rate Rebate

A borrower with Cornerstone Fund investments may be able to use their portfolio, and even investments from church members, to effectively reduce the interest rate on a Fixed Rate Cornerstone Fund loan. While each investor retains full control of their investment, the amounts of those collective investments are added together to calculate a rebate that is sent annually to the borrowing church.

A SNAPSHOT

- Take advantage of competitive rates, with none of the usual fees and closing costs charged by most commercial lenders.
- Choose from fixed and adjustable rate loans, or select a revolving line of credit.
- With the Interest Rate Rebate, churches can effectively reduce their rate by up to 1%.
- Have an existing loan? Check your loan documents and talk to us as soon as possible about refinancing options.
- The Cornerstone Fund can help your church think through the scope and affordability of your project while you’re still in the planning stages. Call today!

Call us at **888-822-3863**
or visit **cornerstonefund.org**

If a church's collective investment totals 25% of the loan amount, the church will receive an interest rate rebate of .25% (¼ of 1%). A church with collective investments totaling 100% or more of the loan amount will receive a full 1% rebate.

By investing in the Cornerstone Fund, your church and its members help not only your own building program, you support the missions of churches around the United Church of Christ.

Revolving Line of Credit

For churches with a range of small projects to handle — or those that just want a little financing flexibility in case of emergencies — a Cornerstone Fund Revolving Line of Credit offers a great option. Working much like a home equity line, a Revolving Line of Credit of up to \$100,000 stands ready whenever you need it. Draw on the line when your church needs funds, repay as you're able, and the remaining line can be used again and again.

Renewing commercial loans

With the recent financial crisis causing banks to tighten the availability of credit, many churches are beginning to find their bankers less than willing to renew or refinance commercial loans that are coming due. Could your church be headed for an unhappy surprise?

Check your loan documents

If your church has financed its building with a commercial bank, don't delay a careful review of the

loan documents. Generally, commercial loans extend for no more than 10 years, at which time any balance due may be "called" — made immediately payable in full. While banks have traditionally renewed or refinanced these loans, the new lending climate could mean your bank may demand a higher rate, additional fees, even personal guarantees from members. And that's if they agree to renew at all! Make sure you know what your church may face when your loan comes due.

Talk to your bank early

Even for established customers, loan renewals are no longer a cakewalk, so start the process as soon as you can. Banks are taking longer to complete their reviews, and a few have waited until the last minute to notify a church that they will not be offering a renewal.

Apply with the Cornerstone Fund

Many churches find that the Cornerstone Fund offers a better package for church financing than their local bank. Even if you think you can do better, applying for a Cornerstone Fund loan may ensure you have a commitment that can serve as a negotiating tool — or as a simply better deal should your bank disappoint!

Want to know more about borrowing from the Cornerstone Fund? Visit us online or give us a call toll-free at 888-822-3863.

CONSIDERATIONS

Your project

- Describe your church's project & its most important elements.
- What is the purpose of your project? Your project goal?
- Outline your budget, highlighting major components.
- What's your building timeline?
- Who is your Architect, General Contractor & Project Manager?

Your capital campaign

- When will your campaign begin & end? Over how many years will pledges be payable?
- Will you manage your campaign internally or use a fundraising professional?
- What are your campaign goals? Do you expect to raise at least one third of the project cost?
- Will your cash-on-hand be sufficient to cover mortgage payments each year?



This is not an offer to sell you our securities and we are not soliciting you to buy our securities. The offering is made solely by the Offering Circular, which may be obtained by calling us at (888) 822-3863 or online at cornerstonefund.org. The purchase of our securities is subject to risks, which are described in our Offering Circular. We will offer and sell our securities only in states where authorized. • Not FDIC or SIPC insured • Not a bank deposit • Not guaranteed by the United Church of Christ. • Past performance is no guarantee of future results



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700 Prospect Avenue, Cleveland, OH 44115
888-822-3863 cornerstonefund.org

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