

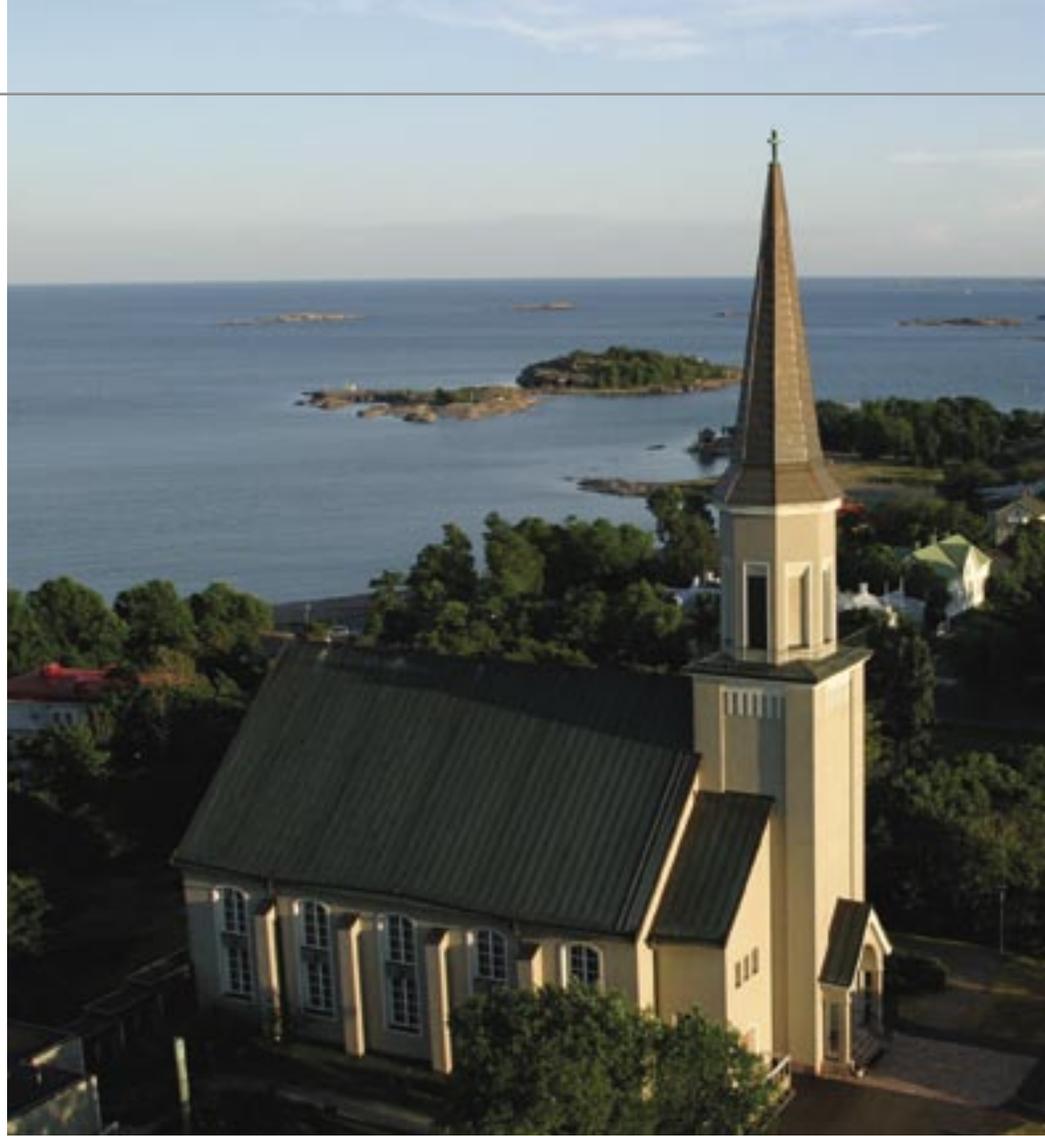


United Church of Christ

**CORNERSTONE**  
FUND

*Building  
for the  
Future*

Considering a loan from  
the Cornerstone Fund



# Accommodating the present Cultivating the future

**W**hat are your congregation's dreams for worship and ministry? More than likely, you envision ways of reaching out to attract new members, perhaps adding programs that draw the community in or that meet particular needs. Does your building suit your vision?

While people are the heart of any church, an attractive, accessible and

well-maintained building remains central to a church's life. Whether your building just needs a bit of repair and updating, or a whole new wing to accommodate your expanding ministry, the Cornerstone Fund can help bring your dreams off the wish list and out of the ground.

## **A mission-based solution**

Established in 1993, the Cornerstone Fund was created to offer loans to



## With loans from the Cornerstone Fund, churches around the country are improving their facilities and expanding their ministries.

churches sustain a ministry that supports the mission of churches across the United States and in Puerto Rico

### **A simplified, supportive process**

As a lender, the Cornerstone Fund's mission is to offer churches competitively priced loans that suit their goals and financial resources — and to give borrowers access to the expertise and assistance of professionals who understand the particular needs of the faith community. Cornerstone Fund staff provide friendly help, supportive guidance and attentive service — whether your church is considering a loan of \$10,000 or a million dollars.

This brochure explains the process of borrowing from the Cornerstone Fund, and offers an informative review of issues every church must address in considering a capital project. At the Cornerstone Fund, our mission and ministry is to serve the churches and organizations of the United Church of Christ as they seek to be good stewards of the gifts with which God has blessed them. Let us know how we can help you.

local churches and other organizations related to the United Church of Christ, for virtually any property-related project — from repairing or remodeling an existing structure to acquiring additional land or building a new sanctuary. Working much like a bank, the Cornerstone Fund offers interest-bearing investments to United Church of Christ churches and members — and that principal is used in turn to fund loans to other churches and organizations throughout the denomination.

By participating in the Cornerstone Fund, investors enjoy a competitive rate of return, while ensuring funds are always available to churches seeking to make capital improvements. By borrowing from the Cornerstone Fund,

### Cornerstone Fund Mission

The Cornerstone Fund works to strengthen local churches in the United Church of Christ by offering real estate-secured loans that help churches repair, renovate and expand their facilities, improve accessibility, refinance real estate debt, and more.

Funding loans with investments from churches, organizations and individuals throughout the denomination, the Cornerstone Fund enables its clients to expand their stewardship by helping to energize established local churches across the country.

Through the work accomplished by the Cornerstone Fund, we celebrate and advance the ministry of Jesus Christ, the cornerstone of our faith.

# More than bricks and mortar

**W**hen 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.

## **Housing today’s needs**

Just like a home, a church building

houses a family. They gather in the rooms, prepare meals in the kitchen, open the doors to friends and guests alike. But after years of use, wear starts to show — outdated wiring here, threadbare carpet there... Good stewardship requires the church family tend and protect its home — keeping the building well-maintained and in good repair, ensuring the grounds are safe and the rooms welcoming.

The Cornerstone Fund was created to help churches address the range of building maintenance needs — from straightforward repairs to large-scale renovations. Borrowers have replaced



roofs and resurfaced parking lots, enhanced sound systems and installed wheelchair ramps. Whatever your church's needs, the Cornerstone Fund can help you explore your options, develop your plans, and select the best program to maintain your church building in a manner that reflects its mission.

### **Sheltering tomorrow's dreams**

Of course, families grow. Thriving churches dedicate themselves to reaching out and continually extending the bounds of their faith community. More programs, more members — a growing church will soon reach a point where the supply of space can't keep up with the demand for ministry.

When it's time to make more room,

**A church building is a blessing —  
a trust to be valued, cared for, and  
protected for future generations.**

the Cornerstone Fund stands ready to help with funds for renovations and additions to existing structures, for purchases of land and buildings, and for construction of entirely new facilities. Loan terms are available that will align your church's goals for ministry with your resources and financial objectives.

Offering loans from \$10,000 to more than a million, the Cornerstone Fund serves churches large and small as they seek to meet the present needs of their faith family, and protect their trust for the next generation.



*expanding  
ministry*

## **A new focus in ministry**

For the 205 members of Melfield United Church of Christ in Haw River, North Carolina, ministry means continually growing an open heart for the community. Centered in a rural area that is home to many farmers and textile workers, the church has sponsored a successful food program that feeds 150 families. But to meet another big need — supporting working and single parent families with after-school programs — they required more space. After considering the project for several years, the church turned to the Cornerstone Fund when they decided to move forward.

To meet their goal of offering before- and after-school care and tutoring programs, Melfield UCC built a 2500 square foot educational building. Borrowing part of the funds for the \$164,000 project from the Cornerstone Fund, the church conducted a capital campaign that will enable them to pay the mortgage over the next five years. Completed in the fall of 2003, the new building provides space for Sunday School, houses the clerk's office and accessible restrooms, and even offers shower facilities should the church be needed as an emergency shelter.

The pastor of Melfield UCC, The Rev. Dannie T. Williams, got to know the Cornerstone Fund when serving as an Associate Conference Minister. "The Cornerstone Fund is very helpful — not just with loans, but with the business decisions that go into making capital improvements," he says. "I'd strongly encourage any congregation to consider the Cornerstone Fund when building or renovating, or for investments. It's definitely the way to go."

# Constructing a solution

**With a Cornerstone Fund loan, a church can begin its project almost immediately, repaying the loan as capital campaign pledges are received.**

**T**he wish lists have been drafted, committees have met, and plans are being drawn to bring your vision to life. What now? What steps should your church take to ensure your plans get off the ground with a strong foundation for success?

**1 Define your project's scope**  
Ask ten different church members what capital project they think is most critical, and you may well get eight or ten different answers. Most churches have far more on their “to do” lists than they can afford to accomplish at one time. So after addressing issues of health and safety, ask “What improvements

are most critical to our mission?” If the answer doesn’t come easily, consider seeking counsel from conference staff or other outside resources. And remember to remain open to innovative solutions — sometimes, an unexpected “third way” can reconcile competing priorities and yield wonderful results.

**2 Develop your budget**  
Once your project is defined, determine the cost of completion, taking into account every relevant expense. Be sure to seek input from the people who will be directly affected by your project, as well as others outside the immediate project planning team — you might be surprised at the good ideas you’ll gather. Many a church has budgeted construction of a new addition, but forgotten to budget funds for decorating and furniture! And add a contingency of at least 10% to cover cost overruns, price increases, and simple oversights.

Cornerstone Fund loans are available for up to 50% of the church’s total property value. While each loan is considered individually, mortgage payments should generally not exceed 28% of the church’s annual budget. If your total project budget exceeds the resources you expect to have available, return to Step 1. Can you break down your goals into smaller, less expensive steps? Or can you accomplish your goals in a more cost-effective fashion? Get creative — great solutions often begin as zany ideas.





*choosing  
to borrow*

## An historic decision

**W**hen it comes to making capital improvements, churches often take a while to consider their options and make their plans. Built in 1835, historic First Congregational Church in Jefferson, Ohio had once hosted abolitionist John Brown in its pulpit. The oldest in Ohio's Western Reserve, the church was well-preserved — but their last major remodeling project was completed in 1910. For a long time, the 191-member congregation had talked about the need to update the building and improve accessibility.

So after years of planning, First Congregational finally decided to update their building with a \$350,000 project that enhanced the sanctuary, added handicapped restrooms, and increased space by 2900 square feet. In addition to new classrooms and a pastor's office, the church added a ramped hallway to allow easier access to the sanctuary, and an elevator to ensure everyone could reach the building's lower level.

First Congregational met with the Cornerstone Fund almost a year before construction to determine how much they could afford, and to seek assistance through the entire building and borrowing process. By choosing a loan from the Cornerstone Fund, the church was able to begin construction immediately — and a successful capital campaign enabled the church to begin reducing its debt quickly.

Well over half of the Cornerstone Fund's clients borrow for projects that include an accessibility component. Could your church's ministry be strengthened with the addition of a handicapped restroom, an elevator, or better overall accessibility? To discuss your plans and options, call the Cornerstone Fund today.

### 3 Plan your financing

More often than not, churches undertaking capital improvement projects launch a capital campaign to raise money to cover the cost of the project. Pledges made to the capital campaign are over and above regular tithes and contributions and are generally paid over a three to five period. With a Cornerstone Fund loan, a church can begin its project almost immediately, repaying the loan as capital campaign pledges are received.

Within a congregation, however, opinions will vary on the best way to pay for a capital improvement project. Some will want to avoid debt at any cost — waiting until all capital campaign pledges are paid before breaking ground, or even withdrawing the principal of an endowment designed to fund ministry for years to come.

While a Cornerstone Fund loan represents a debt that is secured by the church's real estate, it offers a church the ability to move forward quickly, taking advantage of the enthusiasm generated by a new phase in the church's life.

As repairs proceed or new construction rises from the ground, the congregation sees its dreams quickly becoming reality — and time after time, that excitement has translated into larger contributions and greater financial commitment on the part of church members. What's more, mission expands sooner, drawing more people and more energy to strengthen both income and outreach.



# A blueprint for tomorrow

**M**aking a decision to borrow can be challenging, particularly in a church community where members have a range of ideas about how improvements or additions should be funded.

The Cornerstone Fund works closely with churches considering a loan to ensure that congregations understand their responsibilities and commitments as borrowers, that relevant officers and committees develop comfort with the borrowing process, and that all questions — whether from pastors, trustees or individual members — are answered clearly and fully.

Our goal: to make borrowing from the Cornerstone Fund as uncomplicated and cost effective as possible, so that you can concentrate on your church's mission.

## **A firm foundation**

If you've purchased a car or a home, you're probably familiar with loans. A Cornerstone Fund loan is similar in many ways — but we see our role as more than simply a lender. The Cornerstone Fund is a ministry dedicated to helping churches steward all of their assets and gifts — land and physical

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## A careful planning process lays a solid foundation for a successful project and a positive borrowing experience.



facilities, member contributions and savings, congregational ministry and outreach.

From your first call, we help you examine your building plans and objectives to ensure they suit your church's resources and financial goals, as well as your plans for ministry. Because we've worked with hundreds of churches around the country, we can often help congregations identify options they hadn't considered. Where congregations are new to the business of capital improvements or expansion, our team can offer important expertise to strengthen decision-making — at no additional cost! We've even been known to come up with a cost-saving idea or two.

### Principal considerations

As with any loan, repayment is the first priority for both borrower and lender. With four different programs — including both balloon payments and fully amortizing loans — the Cornerstone Fund works to ensure that your loan package and your monthly payment fit your church's budget. Both fixed and adjustable rates are available, with terms ranging from five to 20 years. All loans are secured by the church's real estate — no personal guarantees or other collateral is required.

- **FIVE-YEAR FIXED RATE BALLOON**

Priced at a market rate, this loan offers payment terms ranging from five to 20 years, depending on your church's needs. At the end of five years, the principal balance becomes due in a balloon payment. Rather than pay the loan in full, a church may apply for either an additional five-year term at the prevailing interest rate and terms, or an adjustable rate mortgage with full loan repayment over a longer term. The Fixed Rate Balloon Loan is eligible for the Interest Rate Rebate program (see page 10 for details).

### ADJUSTABLE RATE MORTGAGES

The Cornerstone Fund offers three fully amortized adjustable rate mortgages — no balloon payments — with terms ranging from five to 20 years, depending on your church's needs. All adjustable rate mortgages carry a life of loan interest rate cap of 6%; in other words, the rate is guaranteed not to rise more than 6% (600 basis points) over the rate set at the loan's inception.<sup>1</sup>

The interest rate of each mortgage is determined by adding a fixed margin to the base index rate for the loan you prefer. Adjustable rate mortgages are not eligible for the Interest Rate Rebate program.

- **SIX-MONTH ADJUSTABLE**

The rate for this loan is adjusted every six months, using the six-month LIBOR<sup>2</sup> and a margin of 2.75%. At the six-month adjustment date, the rate may increase or decrease, but will never change more than 1% (100 basis points).

- **THREE-YEAR ADJUSTABLE**

The rate for this loan is adjusted every twelve months, using the weekly average yield of one-year US Treasury Securities and a margin of 3.00%. At the annual adjustment date, the rate may increase or decrease, but will never change more than 2% (200 basis points).

- **THREE-YEAR ADJUSTABLE**

The rate for this loan is adjusted every three years, using the weekly average yield of three-year US Treasury Securities and a margin of 3.25%. At the adjustment date, the rate may increase or decrease, but will never change more than 2% (200 basis points).

<sup>1</sup> At the end of each adjustment period, the new rate is determined by adding the Margin to the Index (using the rate nearest to 45 days before the adjustment date), and rounding up to 0.125% if necessary.

<sup>2</sup> LIBOR is the London Interbank Offered Rate (pronounced LIE-bore), the most widely used benchmark for short term interest rates. Roughly equivalent to the U.S. Federal Funds rate, LIBOR is set by the market rather than by a government entity.



# Borrowing basics...

## The nuts and bolts of a Cornerstone Fund loan

**U**nlike a traditional lender, the Cornerstone Fund is in business to serve churches — and our business is ministry. We understand the unique needs and concerns of churches and the dynamics of faith-based giving. And we work to make the loan process as easy and cost-effective as possible for borrowers, with straightforward policies, competitive rates and virtually none of the fees traditionally associated with real estate loans.

### **A loan to suit your goals**

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.

### **Money from the ground up**

Once your capital campaign has been completed, the Cornerstone Fund can help you move quickly to ground-breaking. With an interest-only construction

period of up to one year, your church can begin construction while your pledges are paid over time. Once construction is complete, we will convert your loan to the amortizing fixed or adjustable rate loan selected prior to construction — at no additional cost.

### **Investing in the wider church**

Because Cornerstone Fund loans are funded by investments, churches are encouraged to match at least 10% of their loan amount with Cornerstone Fund deposits from members or others affiliated with the church. These deposits are not held as collateral, nor need they even be identified to the church. They simply help the Cornerstone Fund fulfill its objective to serve the broad range of borrowing needs across the United Church of Christ.

### **The Interest Rate Rebate Program**

A borrower with Cornerstone Fund investments may be able to use their portfolio to effectively reduce the interest rate on a Fixed Rate Balloon loan. A church, for instance, may have part of its savings in Cornerstone Fund notes — and church members may also be invested in the Cornerstone Fund as part of a personal portfolio. 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. If a church's collective investment totals 25% of the

**Our job is to help your church obtain the best financing program available that meets your needs and suits your goals.**

loan amount, a rebate check for .25% (¼ of 1%) of the loan amount will be sent to the church each year. A church with collective investments totaling 100% or more of the loan amount will receive a full 1% rebate on the loan amount once construction is completed.

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.

## Comparing Loans

More and more, commercial lenders are realizing that churches make appealing borrowers — and often, local banks will offer interest rates that look particularly attractive. At the Cornerstone Fund, we believe we've done our job well when churches obtain the best financing program available that meets their needs.

But traditional lenders often impose a range of fees and requirements that, once calculated into the overall cost of borrowing, reveal an effective interest rate that is higher than originally anticipated. When evaluating a loan from another lender, be sure to consider the range of associated costs you may incur.

COMPARISON CHART	CORNERSTONE FUND	OTHER LENDER
Application fee	None	_____
Appraisal	None	_____
Phase I Environmental Study	None	_____
Loan points <sup>1</sup>	None	_____
Survey	None	_____
Document preparation fee	None	_____
Legal review fee	None	_____
Other fees	None	_____

The Cornerstone Fund CD offers a loan calculator that will automatically determine the effective interest rate of a loan that includes additional fees. For a copy of the CD, call 888.822.3863 or email us at [info@cornerstonefund.org](mailto:info@cornerstonefund.org).

<sup>1</sup> May be identified as loan points, discount fees, or loan origination.



**Growth for the future.**

Anna Joy Lueschen adds her babysitting money to the college fund her parents established with the Cornerstone Fund.

**A sound investment.**

As a church trustee, J. Mason Davis encouraged First Congregational Church in Birmingham to invest its endowment with the Cornerstone Fund.

# An enduring legacy

From its earliest days, the Cornerstone Fund has captured the attention of churches and individuals across the United Church of Christ. Churches had long needed a resource for loans, having met obstacles when attempting to borrow from traditional lenders. And UCC investors were delighted to find an investment vehicle for both individual and church portfolios that strengthened the church while providing a competitive rate of return.

**Investing from the heart**

Cornerstone Fund investments operate in a very simple fashion, mirroring savings investments found at banks and savings institutions around the country. As in a bank, invested money is used to fund loans to churches — so Cornerstone Fund loan underwriting guidelines are carefully considered to ensure both the safety of the loan portfolio and of your investment. Cornerstone Fund investments are unsecured and are considered securi-

ties; they can therefore be offered only through a prospectus.<sup>1</sup> Cornerstone Fund investments are available in six term offerings:

- **DEMAND NOTE**

Paying a rate of interest roughly comparable to a money market rate, a Demand Note may be redeemed at any time. Minimum deposit: \$100

- **TERM NOTE**

Similar to an investment in a certificate of deposit, a Cornerstone Fund Term Note earns interest at a competitive rate, and may be redeemed at no cost upon maturity. Maturities are available at six months, one year, 1½-years, 2½-years, and 5-years. Early withdrawals are subject to penalties. Minimum deposit: \$1000

**For current rates, visit us on the web at [www.cornerstonefund.org](http://www.cornerstonefund.org), or call us toll-free at 888.822.3863.**



### **Partners in ministry.**

The Rev. James Langdoc appreciates the steady source of income his Conference receives from its Cornerstone Fund investments.

### **Building for the future**

Whether investor or borrower, each client of the Cornerstone Fund helps to support both the ministry of individual churches and the outreach of the wider United Church of Christ. Investors provide the capital that funds loans to churches for capital improvements and expansion, while borrowers help to sustain the ministry of the Cornerstone Fund.

Working together, investors and borrowers alike are helping local churches strengthen their outreach and protect their trust for the next generation. And stronger local churches mean a stronger United Church of Christ — and a stronger voice for the Gospel across the country and beyond.

### ***Become part of the mission and ministry of the Cornerstone Fund today!***

<sup>1</sup> Offers to purchase or sell investments in the Cornerstone Fund may only be made through a prospectus, which may be obtained by calling 888.822.3863.



*strengthening  
ministry*

## **Essential improvements**

Iglesia Evangelica Unida de Santurce in Santurce, Puerto Rico is more than a home for Sunday services. Founded in 1908, the church has a long history at the center of its community, reaching out to Puerto Rico's diverse immigrant communities. And Monday through Friday, the church runs a school for 500 students from pre-Kindergarten through the twelfth grade.

But the facilities that were built over the years since the school's founding in 1945 had grown inadequate. The small kitchen kept students waiting a long time for lunch, and the lack of sports facilities prevented the school from fully participating in competitions.

Enter the Cornerstone Fund. Enhancing a grant from the US Department of Housing and Urban Development, the Cornerstone Fund made a loan that permitted the school to add a lunch hall and a modern kitchen facility, as well as a complete sports center. The new building includes a second level with expanded restrooms, locker rooms, and a multi-purpose space for sports and other activities. Now, the students at Iglesia Evangelica Unida de Santurce can now fully participate in basketball and volleyball teams, and can compete with other schools in their area.

Thanks to a loan from the Cornerstone Fund, Iglesia Evangelica Unida de Santurce now offers a broader range of in- and after-school programs and outreach — essential improvements to develop stronger youth and to strengthen the ministry of the church in the community.

# Planning a capital improvement project

An improvement or expansion project requires careful consideration of many factors and issues — your wish list is just the beginning! The following questions will help you lay the foundation for a strong project.

## Your project

- Describe your church's project, with details on the most important elements
- Describe two or three programs that distinguish your church
- Describe your church over the last five years — membership and the number of pledging units; average weekly worship and Sunday school attendance; OCWM support and other mission giving
- What is the purpose of your project? What will it accomplish? What are your highest priorities?
- What methods are you using to expand membership?
- Outline your project's budget, highlighting the major components
- Describe your community — Is it urban? suburban? rural? What is the population?
- What kind of construction timeline do you anticipate?
- How has your community and population changed in the last five years? What changes does your community anticipate in the coming five years?

## Your capital campaign

- When will your campaign begin? When will it end? Over how many years will pledges be payable?
- What is the average value of residential property around your church? What percentage of the community has been developed?
- Will you manage your campaign internally or seek outside expertise?
- Describe the involvement of the pastor and laity in the life of the wider church
- What are your campaign goals for money raised and member participation? Do you expect to raise at least one third of the project cost?
- What are the greatest challenges currently facing your congregation?
- Will your cash-on-hand be sufficient to cover mortgage payments each year?
- How will a Cornerstone Fund loan enhance your church's mission and ministry?

## Your church and community

- What is the mission of your church? What is its vision?
- What makes your church unique? What are your special gifts?

## Questions?

If you have questions or would like additional information, please contact:  
**Cornerstone Fund**  
**888.822.3863**  
**info@cornerstonefund.org**

# Lend us a moment

**W**hat is your church's vision? Even if conversations have just begun, give the Cornerstone Fund a call. With nearly a decade of experience helping churches throughout the United Church of Christ, we can help you explore your options, refine your plans, and move forward with the knowledge and information that will ensure a solid foundation for your project, as well as for your church's mission and future.

Cornerstone Fund staff are pleased to answer your questions over the phone — or one of our representatives will meet with your committee or congregation to discuss your plans and assist you in your decision-making process. Even a small capital project is a substantial undertaking for most churches — and deciding to borrow requires both wise counsel and prayerful consideration.

The staff and representatives of the Cornerstone Fund stand ready to assist your church as you make the choices that will accommodate your needs today, and grow your ministry well into the future.



Contact us today —

**The Cornerstone Fund**

**888.822.3863**

**[www.cornerstonefund.org](http://www.cornerstonefund.org)**

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