



SUMMER 2009

CORNERSTONE

Notes

Refinancing with the Cornerstone Fund

Many churches find better rates & lower payments

Whether at home or at church, when income slows down, everyone looks for ways to trim the outflow of cash. And what better way to improve cash flow than reducing mortgage payments? With interest rates at relatively low levels, refinancing the church mortgage becomes an excellent option for many congregations.

“We’ve had conversations with a number of churches whose mortgages are held by banks or savings & loans — but whose present lenders won’t even talk to them about a refinance,” says Cornerstone Fund President Gordon Gilles. “When we’ve run the numbers for some of these churches, we’ve discovered that through a combination of lower interest rates and longer repayment terms, we could decrease their payments by a third!”

What does that translate to in cash flow? If your church faced a mortgage payment of \$1,000 a month, a refinance with the Cornerstone Fund could mean cash savings of \$333 a month.

“As a general rule,” Mr. Gilles continues, “typical savings are probably more in

the 10% range — but depending on the mortgage payment, that could mean a noticeable improvement in cash flow.”

Refinancing may also be an attractive option for churches that financed property improvements through a bond issue. Add bond servicing fees to the yield paid to bond holders, and a church may find they can significantly reduce their monthly cash outflow by redeeming the bonds

with a traditional mortgage loan. And a Cornerstone Fund loan requires none of the usual fees charged by commercial lenders, saving even more money.

What’s more, a loan from the Cornerstone Fund helps to sustain a valuable ministry in the United Church of Christ. If your church would like to discuss the option of a mortgage refinance, call the Cornerstone Fund at 888-822-3863.



Balancing act



Gordon Gilles

President

Over the last few months, we've heard from investors and borrowers alike — all seeking the best financial options for their portfolios. We've seen a rise in investments from individuals

and churches thanks to our rates, which continue to compare favorably to the top rates in the country. And we've received many calls from churches considering mortgage refinancing to reduce payments and improve cash flow.

So we're always in a balancing mode: making sure we have enough invested money from individuals and churches to fund loan requests, and enough loans to cover the competitive rates of interest we pay to our investors. While many people think just of Cornerstone Fund *investments* as supporting the mission and ministry of UCC churches, our borrowers *also* support our ministry — helping to sustain that balance that makes the Cornerstone Fund work so well

If your church is considering a loan — for repairs and improvements, for expansion, or for refinancing — be sure to give us a call. At the very least, a loan commitment from the Cornerstone Fund may help your church obtain a better deal at your local lender. But you may well find we can help you make the most of your ministry resources.

Blessings,

A handwritten signature in black ink that reads "Gordon".

BUILDING STRONGER CHURCHES

Rebates, rollovers and webinars

At the Cornerstone Fund, we're proud of our competitive loan packages — good rates with none of the expensive fees typical lenders like to charge. But when you borrow with a Fixed Rate Cornerstone Fund loan, our loans become even better when you take advantage of our Interest Rate Rebate program.

When members and friends of your church invest with the Cornerstone Fund, they can designate their funds to benefit your church. Their investments are not tied up in any way — they can withdraw their funds at any time. But their accounts help “fund” your church's loan in a sense, and to the degree that your church's loan is “matched” by these designated accounts, your church can earn up to a 1% interest rate rebate.

For example, if your church borrowed \$400,000 and your church's members and friends designated a total of \$400,000 in

Cornerstone Fund investments to benefit your church, your church would receive a 1% rebate check on your interest at the end of the year. If those investments totaled \$100,000, your church would earn a ¼% rebate.

Want to learn more about this special program for Fixed Rate borrowers? Just give us a call at 888-822-3863.

Welcoming 401K Rollovers

If you've left an employer where you enjoyed 401K benefits, your money was probably left behind. Until you request a rollover, your 401K account remains with your former employer — and people who have changed jobs several times over the years can end up with 401K accounts in multiple locations.

The Cornerstone Fund can help you consolidate all of your 401K accounts into one, giving you the opportunity to invest

in an interest-bearing Term Investment that puts your money to work supporting mission and ministry while you prepare for retirement. We can also help you establish or transfer IRA and SEPP accounts, even setting up an automatic monthly withdrawal from your checking account to make retirement savings a little bit easier. Give us a call for details!

Sign up for emails and webinars

The third quarter of 2009 brings a new educational option for UCC members, when the Cornerstone Fund begins offering monthly “best practice” emails and webinars. To sign up, visit our website and choose the emails you wish to receive. We'll keep you posted about schedules and special topics.

Flexible, affordable loans

Our real-estate secured loans give churches options

When the Cornerstone Fund opened for business in the mid-1990s, we offered only one product: a fixed-rate five-year balloon mortgage. As our loan portfolio has grown, so have our options. Take a look at the great real estate-secured choices available to churches just like yours —

Adjustable rate loans

Some borrowers know they'll be paying off their loan quickly, perhaps in just a few months. Others want to take advantage of the lowest possible rates. For these borrowers, the Cornerstone Fund offers three adjustable rate mortgage options: one that adjusts every six months, one that adjusts annually, and one that only adjusts every three years. The rate on these loans is determined by a set *margin* over an *index* (see the back page for specifics), and the rate can only adjust by an agreed amount at each adjustment period — with *caps* on the rate adjustment over the prior interest rate, and over the life of the loan, to protect borrowers from precipitous changes in loan interest rates.

Fixed rate loans

Many borrowers prefer not to take chances with interest rate changes, so choose a loan with a rate that doesn't change over the life of the loan, even if that rate is slightly higher than an adjustable rate. A fixed rate loan from the Cornerstone Fund features a *balloon* at the end of five years: the balance is payable in full, or may be renewed at the then-current rate. Churches with three- to five-year capital campaigns often prefer this loan, expecting to pay off the entire balance within five years.

This loan offers another advantage: the opportunity to earn an interest rate rebate of up to 1%. To the degree that a church

and its members and friends match the loan balance with their own Cornerstone Fund investments, the church will earn an annual rebate, starting at the ¼% level. And those annual rebate checks can be used in any way the church sees fit!

Revolving line of credit

Many UCC churches maintain a list of smaller projects they want to complete over the next year or two: a \$10,000 landscaping project here, a \$32,000 renovation project there... So the Cornerstone Fund offers a revolving line of credit of up to \$75,000 that works just like a homeowner's equity line. Your church borrows the funds needed today, repays the line as you are able — with an interest-only option if cash is tight — and has borrowing power available for the next project. The line of credit also offers a great "safety net" for emergency repairs or purchases. Rates change weekly, and compare very favorably to those offered by local banks and savings & loans.

Great packages for UCC churches

While interest rates are important, they are not the only factor a church should consider in choosing a lender. Typical bank fees like appraisals, environmental studies, points, origination fees and more can really run up the total cost of borrowing.

The Cornerstone Fund charges none of these fees! And we give churches a lot of flexibility in choosing their repayment term — up to 30 years if they desire.

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



DOLLARS on demand

Savings accounts are getting no respect these days — except at the Cornerstone Fund. Our Demand Account is currently paying 1.25% APR. And that's on funds that can be accessed quickly, even direct-deposited into your hometown bank account in less than two business days from your request.

A Cornerstone Fund Demand Account is great for "just in case" money, and for kids savings for a special purchase. You can even set up a regular withdrawal from your checking account to help you build savings more quickly. Financial experts recommend every family maintain savings to cover *at least* three months of regular expenses — and some suggest as much as eight months! With a Cornerstone Fund Demand Account, you can support the church while protecting your future.

Working much like a money market, the Demand Account offers terrific flexibility with a competitive return and no penalties or fees for withdrawals.

To open a Demand Account, download an investment application from cornerstonefund.org, or give us a call at 822-822-3863. And start earning some respect for your savings!

Investment Rates

	Interest Rate	Annual Yield (APY)
Demand Account (Min. Deposit \$50)	1.250%	1.254%
Term Investments (Min. Deposit \$500)		
6 months	1.875%	1.884%
12 months	2.375%	2.389%
18 months	2.625%	2.642%
30 months	2.750%	2.769%
60 months	3.375%	3.403%

Rates are current as of June 15, 2009 and are subject to change without notice. Please see our notice at the bottom of page 3.

Loan Rates

	Margin & Index	Rate Caps	Current Rate
Adjustable Rate (No Balloon)			
6 months	2.75% LIBOR	1% / 6%	4.750%
1 year	3.00% US Treasuries	2% / 6%	5.500%
3 years	3.25% US Treasuries	2% / 6%	6.000%
Fixed Rate (Balloon)			
5 years			6.875%
Revolving Line of Credit			
Adjustable			3.875%

All loans are available with payment terms of 5 to 30 years. The interest rate on a Cornerstone Fund loan is set at the time of loan approval and is guaranteed for 60 days. Rates as of June 15, 2009.



Contact us at the
Cornerstone Fund

888 – UCC – FUND
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Investing from the heart. Building for the future.™



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