

TERM LOAN



Traditional financing for capital projects such as improvements, remodels, or construction of worship spaces. After the project is finished, term loans are amortized over a period of 10-15 years, and the church makes regular loan payments of principal and interest until the loan is paid off.



Short-term financing option typically used for special projects like affordable housing pre-development or solar panel installation. The church makes monthly interest-only payments during the project, and then pays off the principal all at once after a trigger event like the sale of property or the receipt of a grant.

VS

First mortgage position,
title insurance at borrower's expense

15 years

Prime minus 0.5%

0.5% discount on interest rate for churches
with accounts for one year or longer

30% or less

(n/a)

70% or less (require 30% cash on hand)

15% for new construction,
20% for remodeling

Provide budget, income, and expense reports
for 3+ years. Show evidence of sufficient
cash flow to make loan payments and cover
all other expenses, and demonstrate ability
of the operating budget to grow and cover
potential increases in operating costs.

SECURITY

MAX TERM

INTEREST RATE

**RELATIONSHIP
DISCOUNT**

DEBT : INCOME

LOAN : VALUE

LOAN : PROJECT

CONTINGENCY

**REPAYMENT
ABILITY**

First mortgage position,
title insurance at borrower's expense

5 years

Prime plus 1.5%

0.5% discount on interest rate for churches
with accounts for one year or longer

N/A

10% or less

80% or less

15% for new construction,
20% for remodeling

Provide budget, income, and expense
reports for 3+ years. Describe a detailed
exit plan, and contingency plan for
repayment should the preferred exit plan
fall through.