

**LOAN APPLICATION INSTRUCTIONS FOR CLERGY
INVESTMENT FUND**

Revised June 1, 2020

INTRODUCTION. A portion of the funds held by the Investment Fund and other funds of The Episcopal Church in the Diocese of Northern California (Diocese) are available for investment in loans to qualified clergy. Qualified clergy include clergy who are a canonical resident in the Diocese of Northern California and who are in active ministry, active in a compensated position and tied to a church or the diocese. They must remain in this standing throughout the tenure of the loan. This policy establishes a procedure for application and review of proposals for such loans and sets forth standards for their review consistent with the fiduciary responsibility of the Investment Fund Committee and the Board of Trustees of the Diocese and administrative responsibilities of the Bishop and Standing Committee.

PURPOSE OF LOAN:

- I. For the purchase of a home
- II. For the rehabilitation of a home
- III. For personal need

At any stage the applicant may be asked to provide more information or make a presentation in person. For good reason the order of the steps may vary.

REQUIREMENTS:

- I. Purchase of a home
 - a. Sufficient equity in property after lender first security
 - b. May be secured by deed of trust of home following close of escrow (note: not money purchase second)
 - c. Payments by payroll deduction
 - d. Demonstrated ability to pay
- II. Rehabilitation of a home
 - a. Sufficient equity in property
 - b. Secured by deed of trust on home
 - c. Payments by payroll deduction
 - d. Demonstrated ability to pay
- III. Personal need
 - a. Approval of bishop
 - b. Payment by payroll deduction
 - c. Demonstrated ability to pay

APPLICATION:

1. Identify the purpose of loan and amount
2. Provide summary statement on why you want the loan
3. Submit financial statement(s) and outside income verification
4. If loan is for the purchase of a home, the purchase price and anticipated primary loan

STEPS FOR LOANS I & II:

- A. Submit application and supporting documents to the Director of Operations
- B. Director of Operations to submit application to the Project Review Committee.
- C. The Project Review Committee to review and make recommendation to the Bishop, Investment Fund Committee, and the Board of Trustees.

STEPS FOR LOANS III:

- A. Submit application and supporting documents to the Director of Operations
- B. Director of Operations to submit application to the Investment Fund Committee.
- C. The Investment Fund Committee to review and make decision.

PROJECT REVIEW COMMITTEE. Once the application is complete, the Project Review Committee shall evaluate the application and make a recommendation to the Bishop, and the Investment Fund Committee of the Board of Trustees, as follows:

1. The Project Review Committee shall consist of a representative of Standing Committee, a representative of the Investment Fund Committee, the Canon to the Ordinary, the Director of Operations, a representative of the Property Committee, a representative of the Board of Trustees of the Diocesan Corporation, and the Chancellor, and it shall act in consultation with the Bishop.
2. The Committee shall meet, consider the completeness of the application, any initial advice from the Bishop, determine the need, make a request for additional information, and make arrangements to review the application with the applicant.
3. After reviewing the application with the applicant, the Committee shall make a recommendation to Bishop, and Investment Fund Committee or Board of Trustees.
4. An affirmative recommendation shall include a draft loan agreement recommended for adoption by the parties.
5. In making its recommendation, the Committee shall consider the following:
 - a. To what extent is the proffered security sufficient? The Committee may, if it deems it appropriate, require applicant to supply an appraisal of the property or obtain one at applicant's expense.
 - b. To what extent is the loan supported by the strength of the applicant and the appropriate financial data?

- c. To what extent is the loan consistent with the loan investment policies of the Investment Fund, including policies concerning the availability of loan funds and any policies for allocating investments among various types or sizes of loans?
 - d. To what extent is the loan consistent with administrative policies or priorities of the Diocese, including policies or priorities concerning types of loans or the allocation of lending capacity among current or reasonably anticipated applicant?
6. If, in the absence of established policies or priorities, it appears to the Committee that applications pending or reasonably anticipated may exceed available loan funds, the Committee shall call the matter to the attention of the Bishop and Standing Committee, so that they may set up a process for determining priorities among applicants, and the Committee shall consider those policies and priorities in making its recommendation.

FURTHER ACTION. The Investment Fund Committee of Board of Trustees, in the absence for good reason to the contrary, will act first on the recommendation by the Committee and forward its action to Bishop for further action. The last to act shall forward the matter to the Director of Operations to close the loan.

It is important to contact the Director of Operations early in the application process to work out a timeline for the various meetings required.

*Information can be obtained from The Episcopal Church Center website at:
www.episcopalchurch.org/page/studying-your-congregation-and-community