

**ANALYSIS OF CENTENNIAL
LOAN FUND AND RECOMMENDATIONS
FOR REPLICATING**

**A Report for
Inspired Partnerships**

by

Ernestine Jackson

November, 1992

The Woodstock Institute

The Woodstock Institute is a not-for-profit organization based in Chicago. For the past nineteen years, the Institute has carried out applied research and developed and implemented programs which increase private sector investment in modest-income and minority communities for the benefit of those who live there. It designs programs which bridge the gap between the needs of communities and the resources of banks, savings and loan associations, foundations, and others.

The Institute provides a variety of services to community-based organizations, financial institutions, foundations, and government agencies, including applied research, policy analysis, program design, and evaluation.

Malcolm Bush
President

Kathy Tholin
Vice President

Ernestine Jackson
Vice President

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. METHODOLOGY	3
III. SUMMARY AND ANALYSIS OF THE CENTENNIAL LOAN FUND	5
Background	5
Summarizing the Centennial Loan Fund	8
Marketing	9
Application and Approval Process	9
The Loan Committee	10
The Track Record	11
Typical Borrower Profile	12
Conclusion/Evaluation	13
IV. RECOMMENDATIONS TO THE LOAN COMMITTEE	15
V. RECOMMENDATION FOR REPLICABILITY	19
VI. RECOMMENDATIONS TO INSPIRED PARTNERSHIPS	21
A Model for a Revolving Loan Fund for Churches	22
VII. NEXT STEPS	31
VIII. APPENDICES	
Appendix A: Loan Fund Application Information	
Appendix B: Resolution to Establish Loan Fund	
Appendix C: Roster of Loan Committee	

I. INTRODUCTION

I. INTRODUCTION

In July 1992, Inspired Partnerships contracted with Woodstock Institute to analyze and evaluate the Centennial Loan Fund of the Winnetka (Illinois) Congregational Church for its potential as a replicable model for the benefit of congregations served by Inspired Partnerships. The contract also called for the Institute to provide guidance to Inspired Partnerships in designing a funding program for capital repairs of religious properties.

The specific tasks of the Contract were to:

- Conduct on-site interviews with the Winnetka Congregational Church leadership, Centennial Loan Fund Committee members, and any other appropriate entities at the church;
- Review the loan application process, application materials, and any other documents used in the review and processing of loans;
- Review and evaluate the kinds of skills necessary for the Loan Committee;
- Review and evaluate any marketing and promotional materials used by the Loan Committee;
- Review and summarize the track record of repayment;
- Identify how effectively and efficiently the Fund operates;
- Identify critical administrative procedures that ensure effective utilization of funds;
- Review formal and informal policies that currently govern the Fund;
- Interview selected Loan Fund borrowers;
- Evaluate "typical" borrower profile: size/age of church, what the dollars are used for and how extensive is community outreach;
- Determine the attitude of the membership of Winnetka Congregational Church toward the use of this fund as it relates to its ministry.

The purpose of this report is to provide an indepth analysis of the Centennial Loan Fund and to draw from that analysis the organizing considerations and action steps appropriate for replicating a loan fund to serve as an alternative to traditional sources of capital and credit for churches. The report responds to specific tasks, as outlined above, and culminates with three sets of recommendations.

The first set of recommendations are directed to the Loan Committee of the Centennial Loan Fund and are based on the operational policies and lending guidelines of the Fund. The second set of recommendations highlight the positive aspects of the Centennial Loan Fund and their replicability in establishing other loan funds. The final set of recommendations are directed to Inspired Partnerships and offer specific considerations and action steps to responding to the capital and credit needs of local churches.

II. METHODOLOGY

II. METHODOLOGY

The primary source of information in analyzing and evaluating the Centennial Loan Fund of the Winnetka Congregational Church was interviews conducted with Loan Committee members and borrowers of the Fund.

Interviews with Loan Committee members were conducted in their individual homes, and in one case in a restaurant over lunch. The Church secretary was interviewed in her office. These interviews were informally structured to provide an historical perspective of the Loan Fund's operational and policy development and adjustments. Following are the questions used to structure the interviews.

1. How long have you been active with the Loan Fund?
2. Do you think the Loan Fund has generally accomplished what was intended for it? Have expectations been met?
3. Do you or others who are involved with the Loan Fund have disappointments? If yes, explain.
4. After approximately 15 years of operation, do you think the Loan Fund should change or alter its policies and/or operation? If yes, why and how?
5. Are there other ways the Winnetka Congregational Church could respond to the need served by the Loan Fund -- ways that may be more secure or far reaching?
6. What do you think would happen if this Loan Fund ceased to exist?

Interviews with borrowers were structured to determine how borrowers learned of the Fund, what their expectations were and whether expectations were realistic, the reason and circumstances behind the loan request, and what suggestions they would make related to the policies and/or operation of the Fund. Following are the questions used to structure these interviews.

1. Tell me about the church's history, including how long you have been associated with the church. (The interviewer was interested in learning how the church's congregation, the community surrounding it, and the structure itself had changed or altered over time.)
2. How did you learn of the Centennial Loan Fund?

3. Did you or someone else associated with the church make the first contact with the Loan Fund? How was contact made? And, how did the Loan Fund respond?
4. What was the problem that put the church in search of financing? Explain how the problem was discovered and how it developed over time.
5. What other sources of financing were approached and what were the results?
6. If the church had been unable to borrow from the Centennial Loan Fund, what would have happened? What were the various considerations to addressing the problem?
7. Tell me what was good and bad about the process you underwent in securing the loan from the Centennial Loan Fund?
8. Have you recommended the Loan Fund to other churches?
9. Are there specific recommendations you would like to make to the Centennial Loan Committee, based on your experience?

Information was also gathered from Loan Fund related materials and documents, including pre-selected minutes of Loan Committee meetings, applications to the Loan Fund, and documentation to support loan awards. Included, as Appendix A, are examples of these materials, specifically the Loan Fund brochure and a blank loan application, and samples of executed loan documents.

III. SUMMARY AND ANALYSIS OF THE CENTENNIAL LOAN FUND

III. SUMMARY AND ANALYSIS OF THE CENTENNIAL LOAN FUND

Background

Christ Temple Church on the south side of Chicago is an independent church, once affiliated with the World Council of Community Churches. The current minister has been in place for only a few years. When he assumed the post, the congregation was very small and the Church was surviving from one Sunday collection to the next.

During the 1990/91 winter, the Church's boiler became dysfunctional. When this problem occurred, Christ Temple had less than \$2,000 and approximately 15 active members. A resident of the community, after learning of the problem, donated a boiler taken from an apartment building but charged the congregation \$3,000 for installation. It quickly became apparent that the boiler could not accommodate the property.

A search for money to properly correct the problem was undertaken. Since the previous Pastor had borrowed \$12,000 from South Shore Bank, this was the first lending institution approached. Although the bank was no longer making loans to churches, they agreed to consider a loan to Christ Temple, as a bank customer, but quoted loan terms that were not favorable.

A savings and loan association was then approached for the loan, but this institution wanted to charge a 22 percent interest rate and place a lien on all the Trustees' homes.

Since the Church property is being purchased by Christ Temple from the United Church of Christ, the Pastor approached the administrative unit of the United Church of Christ. The U.C.C. unit rejected both the request for a loan and the alternative to guarantee a loan made by Christ Temple. However, someone in the U.C.C. administrative office referred them to the Winnetka Centennial Loan Fund.

Eventually, application was made with the Winnetka Centennial Loan Fund. The application process took approximately 90 days but a loan for \$20,000 was made. By the time the repairs were made, winter had passed.

The Church now has two new boilers -- one that services the sanctuary and one that services the activity rooms which are zoned. If it had not been for the Winnetka Centennial Loan Fund, this inner city church may have had no alternative for correcting an emergency repair problem.

Religious properties are all too often a burden to the congregation. This is especially true of older inner city religious properties where personal giving is modest and regular maintenance and reserve funds for capital improvements are a financial luxury. It is, however, with these older properties that congregations must contend with aging electrical systems and spalling masonry or untimely roof leaks and disfunctional boilers.

In 1990, it was discovered that a portion of the ceiling in the sanctuary of St. Philippus United Church of Christ was falling in and that the trestles were bowing. The congregation of St. Philippus numbers approximately 130 members, many of whom are senior citizens with long histories of attendance at the Church.

The congregation formed a Restoration Committee and hired an engineer to assess the damage and make a recommendation for repair. Bids for the work were secured and the cost of repair work was estimated at approximately \$350,000. During this process, the engineer continued to adjust the scope of work and the cost estimate, leaving the Restoration Committee uneasy with his expertise for assessing church property deterioration and what the final cost might be.

Since the Restoration Committee regularly reported on the cost and nature of the repair work to be undertaken, it was decided by the congregation that alternatives to the restoration should also be explored. Serious consideration was given to closing the church and joining with another congregation. Then a member of the congregation contacted a contractor who had undertaken some previous work on the church. This contractor and his assistants spent many hours assess the damage and offered several options that were less severe than those proposed by the engineer.

Finally the Restoration Committee terminated the relationship with the engineer, hired a new engineer to work with the contractor who was so helpful and began the necessary repair work. The second bid, after the change in engineers, required a longer work process but the cost was reduced by \$100,000 and accepted by the congregation as a more manageable amount.

In the midst of the restoration work, a letter from the Winnetka Congregational Church marketing the Centennial Loan Fund was delivered to St. Philippus. The letter was addressed to the minister, but he passed it on to the President of the Church Council, who also functioned as chair of

the Restoration Committee. The President contacted the Centennial Loan Fund by telephone and met with Loan Fund Committee members shortly thereafter.

Ultimately, a decision was made to borrow \$20,000 from the Loan Fund. The Loan Committee did an on-site inspection, secured a copy of the contract for the restoration work, and was satisfied with the church's ability to repay a loan. Since St. Philippus is an endowed church and has stock and other securities, the Loan Fund decided to make the loan, using the church's stock as collateral.

At the loan closing, St. Philippus was not represented by legal council, and it was only at the loan closing that the representatives of the church were confronted with the seriousness of the loan or the opportunity to review the loan documents. (The fact that neither the representatives of St. Philippus nor the Centennial Loan Fund Committee viewed the execution of the loan agreement and other documents as a sufficiently significant activity to warrant legal counsel for the borrower supports the aura surrounding the Loan Fund operation as a "faith" activity. Under other circumstances, the individuals involved would probably have not considered execution of legal documents without benefit of legal counsel.)

To meet the total restoration costs, the congregation bought debentures and had several fund raisers. (Debentures are an interest bearing bond issued against the general credit of a corporation with no specific pledge of assets.) The Church was also forced to cash in securities and to dig into other resources. The entire experience was devastating for the congregation, which had no prior history of borrowing, of operating in debt, of being forced with an emergency repair at such a financial level. The consideration of possibly closing the church and joining another congregation only served to further exacerbate the situation.

Attempting to raise the money for necessary maintenance or untimely repairs can be an unbelievable frustration. When personal giving is already modest, attempts to raise money for capital improvements from members of the congregation may produce slow results or create irreparable stress. Traditional lenders are reluctant to lend to religious institutions. If they do decide to lend, interest rates and requirements for collateral may be prohibitive. These untenable situations may be the final strain for some inner-city churches.

One alternative to financing church property improvements, for churches within the Chicago city limits, is the Winnetka Centennial Loan Fund. The experience of this loan fund suggests that the church-to-church loan fund model is

viable, but other variations of this model for addressing the capital and credit needs of churches should be considered and explored. The Winnetka Centennial Loan Fund does not, nor could it, fulfill completely the need for alternative access to capital and credit for inner-city churches. As well, there are churches outside the Chicago city limits, within the Chicago metropolitan area, that are also experiencing difficulty with access to capital and credit. A few of these churches have made inquiries to the Centennial Loan Fund, but they do not meet the Loan Fund guidelines due to their location. Therefore, "alternatives" may include encouraging other churches to replicate the Centennial Loan Fund. Or, a not-for-profit intermediary, with capitalization greater than \$100,000 and the objectivity that may be lacking in the church-to-church model, is another alternative. These alternatives will be explored in greater depth later in this report.

Summarizing the Centennial Loan Fund

In 1975, the Winnetka Congregational Church celebrated its centennial. In anticipation of the celebration, the Church decided to undertake some capital improvements and to use the celebration as an opportunity to do something for others. A capital fund drive was organized to which the congregation contributed \$300,000; \$200,000 was allocated to church property improvement and \$100,000 to capitalize a loan fund.

A resolution (see Appendix B) to establish the Centennial Loan Fund was adopted by the congregation. Control and administration of the Loan Fund was vested in a committee, appointed by the Church Council, and named the Centennial Loan Committee.

The resolution calls for the Loan Committee to consist of nine members drawn from the Church congregation but consisting of one representative of the Board of Trustees, one representative of the Board of Missions, one representative of the Women's Society Benevolence Committee, with the remaining members selected from those Church members who are generally knowledgeable and interested in the work for which the Committee was appointed. Members of the Loan Committee are appointed for three-year terms; expired terms are to be filled by the Church Council each year.

The purpose of the Centennial Loan Fund is to function as a revolving loan fund. Loans are made to Chicago inner-city Protestant churches to meet significant capital improvement needs. Loan amounts generally do not exceed \$20,000, amortized over a maximum of five years, at an interest rate less than the prevailing market rate. Interest rates have never exceeded five percent and are currently made at four percent.

As of September 30, 1992, current outstanding loans totaled \$125,555. At that time, the Loan Fund was maintaining approximately \$48,000 in a Kemper Money Market and had a cash account balance of approximately \$23,000. This places the Loan Fund value at approximately \$196,986, almost double the original capitalization amount.

Marketing

The Centennial Loan Fund has produced a very attractive brochure which is used for public distribution to inform local churches of the availability of capital to finance church property repairs. On occasion when loan requests to the Fund are slow, the Loan Committee may do a special mailing to Chicago Protestant churches to inform them of the Loan Fund. This special mailing has only occurred on one or two occasions since the inception of the Loan Fund. Surprisingly, borrowers of the Loan Fund do not seem to readily inform other congregations of the existence of the Loan Fund or their experience with it.

Application and Approval Process

The application process to the Centennial Loan Fund is quasi-informal. Potential borrowers may call or write the Winnetka Congregational Church office and request an application form. (A copy of the application form is included in Appendix A.) Before an application form is made available to the potential borrower, someone from the Loan Fund Committee, usually the Chairman, responds to the request via telephone to determine the appropriateness of the potential loan request.

An application package submitted for consideration to the Loan Committee must include a completed application form, financial statement of income and expenses for the previous three years and a current budget. A statement of how the loan will be repaid must accompany the application package.

When the completed loan application is received by the Loan Committee, a visit to the potential borrower is scheduled. Usually one or two members of the Committee visit the church and meet with the appropriate representatives (i.e., the minister, treasurer, Trustees, etc.). While these site visits permit Loan Committee members to view the needed repair work, the visits mostly allow the Committee to confirm the fiscal stability of the applicant church. The Committee is interested in the fiscal stability of the applicant church as a measure of ability to repay the loan. Fiscal integrity of the church is determined from a review of the church's books, noting income, expenses, and indebtedness, how financial information is reported to the congregation, and how title to church property is held.

These site visits confirm the type of building occupied by the church. A review of the church's books reveals the level of sophistication of record keeping and if assistance may be needed in this area, and the overall financial status of the church. The site visits also allow Loan Committee members to meet separately with the minister and church officials, to confirm congregation size and demographics, and to determine the leadership structure. Loan Committee members feel these visits, and the application process itself, have been instrumental in helping churches to address property title irregularities and to establish more efficient fiscal systems.

The Committee, after reviewing the completed application form and accompanying documentation and hearing a verbal report of the Committee members' visit, votes on the loan request.

It is unclear what the procedure or sequence of events are after the Loan Committee votes to accept or reject the request for a loan. Some Loan Fund files reveal that a letter was sent to inform the potential borrower of the Committee's decision to make the loan. It is not known if written acknowledgement is made to all potential borrowers, regarding acceptance or rejection of the loan request. It is unclear the type and range of reasons for denial of a loan request. It is unclear how long the loan application process normally takes. While there is a closing process, it is unclear how borrowers are prepared for the process and whether there is standardization in the documents that secure a loan.

The Loan Committee

In one sense, the Winnetka Centennial Loan Fund committee is directed by religious philosophy, and seemingly functioning based on faith. The mission of the Loan Fund is to help other churches. However, there are definite business-like overtones in their decision-making process. As one Loan Committee member stated: "We have no desire to own another church but we do want the churches who need our help to understand that we are not giving the money away." Nevertheless, the "based on faith" attitude permeates the operation of the Loan Fund and is probably the guiding light for the quasi-informality of the Fund.

The current Loan Committee roster contains the names of eleven persons. (A copy of roster is included in Appendix C.) One is the minister; two other persons hold advisory member status and have the option of voting or not. Both advisory members have a long history of involvement with the Loan Fund. Among the Committee members are persons with skills in real estate appraisal, accounting, and the law. The primary, collective asset of the Committee, however, is the commitment, dedication, and determination of its members.

The Track Record

Over the approximately 17 years of its existence, the Centennial Loan Fund has made 30 loans and experienced only one default, of \$14,000. More than half of the 30 loans have been fully repaid. The smallest loan made by the Committee was \$1,750; the quickest repayment period was two months.

Loan Committee members verbally indicated that loans are not made to churches that qualify for bank loans or have access to denominational financing. In practice, however, loans have been made to churches that have qualified for bank financing. For example, Christ Temple had had a prior loan with South Shore Bank and could have secured another loan with this bank but the loan terms were not favorable.

The statement by Loan Committee members regarding lending to churches that qualify for bank financing was neither qualified by Committee members nor fully verified by the interviewer. Access to full Loan Fund records was not granted. In fact, it was never clarified where complete records of the Loan Fund are maintained. It is believed by the interviewer that the distinction in access to denominational financing relates to loans as opposed to grants. In other words, at least one loan made by the Centennial Loan Fund was leveraged with grant dollars from the denominational source.

Currently, four outstanding loans, representing a total balance of \$48,052, are in arrears or have required restructuring. For example:

Peoples Church at 941 West Lawrence Avenue is the one exception to the Loan Fund's loan amount guideline. The Centennial Loan Fund made a loan of \$30,000 to Peoples Church in October 1984. The loan was made to renovate half of the fourth floor of the building in which the Peoples Church is located, in order for the Church to generate additional income from the building. The plan was to rent the fourth floor space to a local college.

In the time since this loan was made to Peoples Church, the building in which the church is located has been renamed the Preston Bradley Center, after the founder of Peoples Church. The building now has its own Board of Directors and is managed as an entity independent from the church. Currently, Peoples Church occupies the main floor and balcony/second floor of the building. On the third floor is an Hispanic Episcopal Church counseling program. The fourth floor is occupied by REST (Residents for Emergency Shelter); and, on the fifth floor is a theater/performing arts program. In the basement is a shelter for men.

The total renovation project was projected in excess of \$130,000. In addition to the loan from the Centennial Loan Fund, Peoples Church also secured \$100,000 from the Chicago Community Trust (\$90,000 of which was eventually forgiven) and a \$30,000 grant from the Board for Homeland Ministries of the United Church of Christ. All funds were to be repaid largely through income from the space rental to the college that was to occupy the fourth floor.

All of this was negotiated by a former minister of Peoples Church. By the time the current minister assumed responsibility for the church, it was clear the project could not proceed as it was originally envisioned.

Since Peoples Church has had great difficulty repaying the loan from the Centennial Loan Fund, the terms of the loan have been restructured so that Peoples Church can make regular monthly payments as opposed to the lump sum payment that was originally agreed to. Even with restructuring, the Peoples Church loan is reflected on the Centennial Loan Fund books as \$18,950 in arrears as of September 30, 1992.

The three other loans in arrears are:

1. Living Light Outreach Ministries, 1414 West 63rd Street, received a loan of \$10,000 in December 1989. As of September 30, 1992, Living Light's current balance was \$6,235; with \$1,656 in arrears. Living Light, a prison and street ministry, was founded by a husband and wife team, who were formerly involved in drugs and prostitution.
2. Bible Way Evangelistical Church, 4540 S. Cicero Avenue received a loan for \$10,000 in March 1990. As of September 30, 1992 the balance on this loan was \$7,546 and \$2,297 in arrears.
3. Mt. Pisgah Missionary Baptist Church, 4600 South Dr. Martin Luther King Drive, received a loan of \$15,000 in May 1990. As of September 30, 1992 the balance of this loan was \$10,321 and \$1,949 in arrears.

Typical Borrower Profile

The typical borrower from the Centennial Loan Fund seems to be a small congregation, in an older church facility. Assets are either non-existent or small or the scope of necessary property improvement is beyond the limit of existing assets

and bank financing, for one reason or another, is unattainable. The typical borrower is usually in an emergency situation, in need of financing to correct a situation that threatens the safety of the building or the congregation or both.

Conclusion/Evaluation

The Centennial Loan Fund is clearly filling a gap and serving a need. It is functioning with volunteers from the Church's congregation who are enthusiastic and committed to their responsibility as members of the Loan Committee. The Committee members who were interviewed for this assessment were anxious to participate and forthright in their responses to questions asked.

All of the borrowers interviewed were glowing in their appreciation that the Fund exists and was available to them at the time of crisis. Not one of the borrowers, however, indicated that they had shared their knowledge of the existence of the Loan Fund with others. In fact, one minister clearly stated his reluctance to tell other ministers about the Loan Fund for fear it would be abused or no longer available should his church experience another crisis situation.

There are probably many more churches that could benefit from the Centennial Loan Fund than are aware of its existence. Marketing of the Fund has not been consistent and the marketing that has occurred was assumed as a responsibility by one member of the Loan Committee.

There appear to be no written comprehensive guidelines for the operating procedures or policies of the Loan Fund. Each Committee member offered his or her interpretation of Loan Fund policies and procedures and while there were no glaring discrepancies of the overall process, there were differences in perception of operational details. For example, not all of the Committee members were aware of how loans are secured or how interest rates are calculated.

Until recently, the financial records of the Loan Fund were maintained manually by a member of the Loan Committee. This task is now assumed by the Church secretary and all loan fund financial matters have been computerized.

It is interesting to note that the growth of the Loan Fund's capital is not due solely to interest income on loans, but can be attributed to the investment of uncommitted funds and the high interest rate phenomena of the 1980s.

IV. RECOMMENDATIONS TO THE LOAN COMMITTEE

IV: RECOMMENDATIONS TO THE CENTENNIAL LOAN COMMITTEE

Following is a list of suggestions for consideration by the Centennial Loan Committee, based on this investigation of the Loan Fund's operation and policies.

- 1. Strengthen the application and approval process and record keeping by establishing written guidelines to ensure consistency in implementation.**

Although there are policies and guidelines for the operation of the Centennial Loan Fund, a written document consisting of these would assure adherence, offer focus for periodic review and evaluation, and serve as an orientation tool for new members to the Loan Committee. As well, a separate document, extracting points from the guidelines could be attached to the application form to ensure that potential borrowers submit the appropriate information and are well prepared for loan closings.

These written guidelines could contain the mission statement of the Loan Fund, loan policies, criteria for borrower selection, and operating procedures. A separate document, to accompany the Loan Fund application, could be designed as a checklist of those items necessary for review in determining credit worthiness. A second checklist could itemize those documents to be executed at loan closing and other expectations.

- 2. Advise borrowers of their right to counsel for loan closing.**

Since loan closing can be an intimidating experience, it should be suggested that the borrowers seek professional advice. Borrowing money from the Centennial Loan Fund places certain legal responsibilities on both the Church and its loan fund and the borrower. Professional advice for the loan closing can ensure that the interest of the borrower has been protected. Indirectly, it will also protect the interest of the Loan Fund and instill a business-like atmosphere to further support the fact that these are loans and not grants.

It may also be of value to request that the borrower provide information and/or documentation of the permits and other stipulations associated with the repair work and how they plan to assure that these requirements are adhered to.

3. Reconsider the loan payment process and whether it is wise for the Loan Fund to make payment directly to the contractor.

The Centennial Loan Fund has at least one example of loan proceeds being paid directly to the contractor as opposed to the borrower (the Church requesting the loan). When loan funds are paid directly to the contractor the Loan Fund is assured that funds are used for their intended purpose. The church, however, needs to oversee the contractor. If the Fund chooses to pay the contractor directly, it should do so only under the direction of the borrower by having the borrower execute a document so directing payment to the contractor. This may require more than one payout of loan proceeds.

4. Provide periodic statements to the borrowers regarding the status of loan repayment.

More than one borrower from the Centennial Loan Fund indicated that a year-end statement or some periodic payment status indicator would be helpful. Such a process could alleviate discrepancies between the Loan Fund and the borrowers or allow for early resolution of any discrepancies in amounts paid and received.

5. Periodically review the Loan Fund policies and portfolio to determine, among other considerations:

Whether work financed by Loan Fund is undergoing the appropriate approvals and inspections, and whether permits have been appropriately secured;

What percent of current loans could be classified as "at risk" of default and what the circumstances are that create "at risk" situations;

What steps can be taken to minimize the number of loans "at risk" and what the differential factors are for loans at risk of default; and

As traditional banking policies change, what changes may also be wise for consideration by the Loan Fund.

6. Consider incorporating the services of Inspired Partnerships into the lending assessment process and/or as a referral for churches that approach the Loan Fund.

Inspired Partnerships' technical services program provides objective on-site consulting and analysis of church building problems. In addition, Inspired Partnerships has a referral service to provide congregations with skilled construction professionals and crafts people who are experienced in working with religious buildings.

Another program, the Chicago Religious Property Stewardship Program (CRPSP), provides an 11-month training session for clergy and lay leaders, covering the inspection and maintenance of older houses of worship, the design and implementation of successful capital campaigns, energy cost savings measures, and evaluation for community needs for mission programs. Each participating congregation receives a building condition report documenting the current state of their facilities, and an energy audit with recommendations for reducing energy use.

As a complement to the CRPSP, Inspired Partnerships also holds one-day training workshops for Chicago congregations. These sessions cover topics such as inspection and maintenance for houses of worship, energy conservation for older houses of worship, and fund raising for houses of worship.

7. Consider opportunities for expanded presence.

It is commendable that in twenty years the capital of the Loan Fund has grown and that the value of the Fund has almost doubled. One way of expanding the presence of the Loan Fund is to develop a written case study of the Fund's 17-year experience for distribution nationwide to other churches of similar financial stability.

Another way of expanding the presence of the Fund is to allocate additional resources. Additional funds could greatly enhance the ability of the Fund to assist a greater number of churches. For example, an invitation could be made to other programs of the Church to invest in the Loan Fund.

8. Consider alternative steps to assure the intent of the Loan Fund continues.

One alternative to the direct lending program currently administered through the Centennial Loan Fund is a linked deposit program. Linked deposits are funds which are deposited with a traditional financial institution, often at reduced interest rates, to leverage a specific lending program such as lending to small and/or inner-city churches. Linked deposit programs target lending to particular areas of need that are traditionally underserved, or ignored by the private market, because of the perception that the loans are more risky and/or unprofitable. In other words, linked deposit programs seek to promote loans that are difficult to obtain or might not be possible without reduced loan costs.

Establishing a linked deposit program requires a close relationship with a bank and a clear commitment from the bank to lend to churches and to

develop underwriting standards that maintain the bank's integrity for safety and soundness but support proactive lending to churches.

A linked deposit is an alternative, with several advantages, to direct lending. Interest earned on the deposit can be used to write down the interest rate for the type of lending the Loan Fund has performed. The bank is responsible for processing the loans thereby assuming all administrative responsibilities. Or, the linked deposit can be used as a guarantee for loans made by the bank to churches.

Disadvantages to the linked deposit program are: interest earnings are given up if the deposit is used to write down interest rate on loans to churches; the linked deposit in full is a pledge when the deposit is used as a guarantee and will need to be specifically structured if any benefit is to accrue to the depositor; and, lending flexibility and control and the informality between lender and borrowers which currently exists is removed.

An example of how the linked deposit concept works is the program established by the Episcopal Diocese of Indianapolis. The Diocese made a \$250,000 linked deposit in a bank in Indianapolis, to support homeownership and property restoration. Screening of the loan applicants, assessment of the restoration or repair work to be undertaken, and the preparation of community residents for homeownership is conducted by a local community based organization. With the community organization's involvement, the bank makes loans either to the community organization for the repair work or to individuals and secures the loan with a lien on the property. The Diocesan funds stand as a guarantee for the loan.

9. Initiate a models campaign to encourage lenders to address the credit needs of churches.

Loan funds like Centennial are both an example and an opportunity for traditional lenders. Under the Community Reinvestment Act of 1977, banks and savings and loan associations are required to service the financial needs of the community in which they are located. Since churches are an integral part of communities, often providing space for services and activities within neighborhoods, meeting the credit needs of churches falls within the spirit of the Community Reinvestment Act. The experience of the Centennial Loan Fund is an example to traditional lenders that there is a need for supportive lending to churches and that churches are able to repay these loans.

V. RECOMMENDATION FOR REPLICABILITY

V. RECOMMENDATION FOR REPLICABILITY

The Centennial Loan Fund has operated successfully for 17 years. It has made loans and except for one default and four currently troubled loans, the borrowers have repaid the money. The Fund has grown and is now almost double in value to the original capitalization amount.

In terms of mission, operational design, and lending experience, this Loan Fund offers great potential for replication. If it can be proven that small churches are experiencing great difficulty in securing financing for property maintenance, a loan fund, with greater capability than the Centennial Loan Fund and specifically designed to serve the need of inner city churches, would be beneficial. In other words, replication of the Centennial Loan Fund model is most applicable to churches with similar resources, desires to assist others, and commitment as the Winnetka Congregational Church.

Although there are areas which could be improved, the Centennial Loan Fund offers several factors that are particularly positive and worth replicating. For example:

The focus of their mission

The Centennial Loan Fund limits its lending to Protestant churches within the city of Chicago that are unable to qualify for bank lending. This limitation to Chicago Protestant churches is a manageable range of the lending service area for the type and size of this Loan Fund.

The attitude regarding lending

The Loan Committee is clear on the mission of the Loan Fund; it is a lending service, not a grants program. Although the Winnetka Congregational Church initiated the Loan Fund in order to do something good for others, they were realistic in designing a program that is sustainable. The Church also has a grants program to which the Loan Committee may make referrals but the Loan Committee seems confident in its role as lender.

The involvement of volunteers on a Loan Committee and the selection of those volunteers in such a way as to link the Loan Fund with other segments of the Church's organizational structure

The Loan Committee consists of members who are representative of other Church committees. Therefore, if a loan request does not meet the Loan Fund's criteria, it may be referred for example to the Women's Society

Benevolence Committee for a grant. The Loan Committee member who represents the Women's Society Benevolence Committee is in a position to have first hand knowledge of the situation and to function as an advocate. This also means the Loan Committee can maintain the purpose of the Fund and still offer appropriate alternatives to addressing a need.

The loan terms

The Centennial Loan Fund sets loan amount limits that are reasonable given the size of their total portfolio. Acknowledgement of this limitation coupled with reasonable and appropriate term maximum (a maximum five year term) and interest rates that are lower than market rates are excellent standards for consideration in replicating this loan fund. Centennial's interest rates have never exceeded five percent; they are currently at four percent.

Securing the loan with a lien on the property or by securing other church collateral.

Summary

With the history of this experience, there are some improvements in operation that can be made if this loan fund model is replicated. A few of these considerations are:

1. Including potential borrowers and individuals with technical expertise with church property on the committee that designs and implements the loan fund;
2. Establishing clear operating policies and putting them in writing; and
3. Determining short and long range goals for the size and scope of lending to be undertaken by the Fund. In other words, will the Fund start small and grow within a designated period of time to a certain level or is the plan to start and maintain the Fund at a specific level of capitalization and operation.

There are, however, many aspects to establishing and operating a loan fund that should also be considered in replicating the Winnetka Centennial Loan Fund, as noted in Section VI of this report.

VI. RECOMMENDATIONS TO INSPIRED PARTNERSHIPS

VI. RECOMMENDATIONS TO INSPIRED PARTNERSHIPS

It is no secret that traditional sources of capital and credit (banks) are reluctant to lend to churches. If these traditional sources do agree to lend to churches, it is often based, in part, on a requirement of sufficient collateral. This requirement of collateral may mean that personal assets of board members or trustees must stand as the loan guarantee. If the church has assets that can be easily sold, these may also be required to satisfy the requirement of sufficient collateral. While the congregations of wealthier churches are willing and able to guarantee a loan to the church, congregations in many inner-city churches are either unwilling or unable to respond to a collateral requirement involving their personal assets.

Banks, of course, are not the only available sources of capital and credit for churches. Other sources include denominational resources, inter-congregational resources, the public sector, private foundations, and a few alternative nonprofit financial institutions. In its publication, Addressing The Capital and Credit Needs of Local Congregations In Chicago (June 1991), Woodstock Institute assessed all available sources of capital and credit for churches and found barriers to, and limitations with, all sources. A companion piece, Recommendations To Inspired Partnerships (June 1991), outlines possible steps that might be taken to address various means of assisting churches. The focus of the recommendations was to direct Inspired Partnerships to develop the capability to function as a bridge between the needs of local congregations and the potential sources of credit and subsidy. Several of those recommendations are now in place exemplified by Inspired Partnerships' technical assistance and training sessions for clergy and church lay leaders.

With this report, Woodstock Institute provides guidance to Inspired Partnerships in designing a financing program for capital repairs of religious properties, inspired by the Winnetka Centennial Loan Fund model. In fact, this Report offers suggestions of steps that should be taken before one of the several strategies for structuring a financing mechanism for churches is considered.

Although the impetus for this guidance is the revolving loan fund model, there are issues which must be investigated and resolved before a final decision is made. Inspired Partnerships must identify potential borrowers and assess the range and types of capital needs. As well, the field of potential investors must be identified and a strategy for capitalization of a loan fund devised. Until a definitive position can be articulated regarding the range and types of capital and credit needs of churches, it will be difficult to devise a capitalization strategy and test it with potential investors.

Assuming that investigation of the capital and credit needs of churches produces a strong case, the capitalization model that supports the Local Initiative Support Corporation (LISC) should be explored for possible replicating to establish an alternative financial institution to support the capital and credit needs of churches. The LISC model draws loans and grants from a wide spectrum of sources including foundations, major corporations, religious institutions, and government. The LISC model has successfully generated operating funds. A final element for consideration in making a decision regarding the structure of a financing mechanism to support church property needs is identifying the sources for and/or ways of generating operating funds.

Given the above recommended actions, following is a model for creating a revolving loan fund, including several potential strategies for the structure of such a fund.

A Model for a Revolving Loan Fund for Churches

A revolving loan fund (RLF) can be established as a not-for-profit corporation. Its lending can be directed to a particular locality. It may accept low-interest loans from individuals and institutions and use this capital to make loans, on affordable terms. Or, it may secure grants from foundations and other sources for the purpose of creating a loan pool.

A revolving loan fund for churches could have three functions: (1) mobilizing and allocating capital for church improvements and development efforts; (2) working to educate churches, potential investors, and other financial institutions on matters relating to community investment (presenting the church, its property, and development projects as community benefits); and (3) seeking to influence the evolution of basic economic institutions and values that respond to, and support, the church as a community institution.

Step One: Creating a "Steering Committee"

The Steering Committee can make or break a loan fund. Finding the right people to make up this group involves two major considerations:

1. The committee should be a balanced group: It should include people from three important groups:
 - a. Potential lenders-- these people are either personally interested in making loans or are associated with an organization

interested in investing by making loans to churches (churches, banks, foundations). These people will provide the knowledge and contacts needed to assess potential sources of capital in the area and to design a Fund that can approach these sources effectively.

- b. Potential borrowers-- these people provide a first-hand knowledge of the needs.
 - c. Technical assistance providers-- these participants are crucial in the initial planning stages, providing legal and financial advice, and other expertise in areas such as government regulation or accounting procedures. It would be helpful if this category contained either an architect or engineer or contractor with expertise in church properties, with the understanding that any individual with this expertise who sits on the committee removes his or herself from the pool of resources for actual work with churches.
2. The Steering Committee should also be balanced in other regards, striving for geographical balance, male-female balance, and a balanced representation of minority and ethnic groups. Collectively, these people should be willing and able to put a significant amount of time and energy into the task of organizing a Fund.

Step Two: Committee Organization

- 1. Have the first few meetings be informational meetings, before a steering committee is even established. Bring someone in from the outside who is familiar with loan funds, and who can make this outside knowledge applicable to your situation.
- 2. What should eventually emerge from these initial informational meetings is a group of interested people who can then take the following steps:
 - a. Agree on a process. What work does the group hope to get done and how will it get done?
 - b. Along with the Steering Committee establish smaller sub-committees that can each focus on a specific topic or problem.

- c. Get staff support: While volunteers are essential to the development of a strong RLF, staff support will greatly facilitate the development process.

Step Three: Responsibilities of Committee

Before capital can be leveraged and loans made, the Steering Committee must see to the following organizational tasks:

1. Assess technical assistance available to borrowers
2. Draft a statement of purpose and identify the RLF's geographical scope (see below)
3. Evaluate the basic structural options (Will the Fund be a membership organization? Composition of Board of Directors? Basic roles of members, board, officers, committees, staff?)
4. Decide on the structure
5. Research state and local regulations

Depending on the decision made from the choices presented in Step Four, the following may be applicable:

6. Draft tentative lending criteria
7. Draft articles of incorporation
8. Draft bylaws
9. Prepare application for tax-exemption and file for incorporation or establish the appropriate relationship with affiliate organization(s). If the Fund becomes a project of Inspired Partnerships, then no tax status is needed. Inspired Partnerships, however, would have to figure out how finances of the RLF will be dealt with in relationship to Inspired Partnerships finances (e.g., will Inspired Partnerships have to make up loan losses).
10. Plan fundraising and capitalization strategies
11. Prepare tentative operating budget
12. Draft tentative Fund manager job description

Statement of Purpose: Among the most important questions to be considered in drafting a purpose statement are those concerning the particular kind of churches and/or religious institutions and projects that the Fund will seek to finance and assist. The purpose should naturally focus on those needs that are most urgent and least adequately met by existing institutions, and that can be met with local resources from the RLF. The statement should also be worded in relatively general terms, and should be broad enough to cover all activities envisioned for the Fund, even those that are not planned for the first several years. The Statement should also be in accordance with the IRS definition of "charitable purposes," which will qualify your organization for tax-exempt status.

Step Four: Deciding Upon the Structure or Strategy of the Fund

In many ways, this should be Step One. One strategy is to encourage other churches with wealthy congregations to replicate the Centennial Loan Fund. The mission and policies of the Centennial Loan Fund are excellent starting points for replication. Inspired Partnerships should, however, work with agreeable churches to develop sound operating guidelines, based on the experiences of the Centennial Loan Fund and the information presented in this section of the report.

If a more broad based approach is appropriate, a RLF can be established on any of several different structural bases. It may be a program within an existing nonprofit corporation, or it may be a new nonprofit organization. If it is a new entity it may be totally independent of existing organizations, or it may be affiliated with one or more existing organization. The following provides a view of all of these options.

1. Establishing a fund within an existing nonprofit corporation: Chicago is rich with existing loan funds that could possibly expand their guidelines (or establish a separate program within their organization) to include lending to churches. One such organization for consideration is the Illinois Facilities Fund, which was established to lend money to community-based organizations for facilities improvement or development. Another possible organization is the Chicago Community Loan Fund, which finances community development project.

The financial resources of a RLF established within an existing corporation are maintained as a restricted fund on the books of the host corporation. The assets of such a Fund are the assets of the host corporation, and are usually regulated by special policies established by the Board of Directors of the host corporation. This relationship

between a RLF and a host corporation has its benefits. The initial startup is greatly facilitated by the resources and contacts of the host.

Capital is more readily available as the established reputation of the host corporation makes investors feel more secure. Paperwork is drastically diminished, as the RLF does not have to apply for tax-exempt status in its own right. The host corporation can provide accounting services for the Fund, or offer technical assistance for the Fund and its borrowers.

There are, however, disadvantages in establishing the Fund within another corporation. The RLF loses its autonomy to some extent, as the Fund will always be subject to the control of the Board of Directors of the host corporation. This can be especially disadvantageous if the Board doesn't represent the concerns and priorities of others directly involved in the Fund. Another concern is shared liability. Because the assets of the Fund are the assets of the corporation, the debts of the corporation become the debts of the Fund, and can be collected legally from the RLF. Finally, a possible disadvantage of the host relationship is that, although the Fund can benefit from the host's reputation, it can also be limited by it.

2. The affiliated corporation: Establishing the Fund as a corporation related to another nonprofit corporation (say, Inspired Partnerships) combines some of the advantages of establishment with a host with some of the advantages of an independent Fund. In this case compared to #1, the fund gains affiliation with an organization closely identified with its mission, but loses the connection with an organization with expertise in the functions of a loan fund, including administration and underwriting. A fund established as a program of Inspired Partnerships could, however, choose to contract with existing loan funds for some or all of these services. An important advantage compared to #3 below, is gaining IRS classification as a "supporting corporation," which gives the Fund a tax-exempt status, as well as the boons of starting up with an already established organization. The overall success of the Fund, however, depends upon the relationship between the two corporations. The affiliated corporation, like the host corporation to some extent, still controls the Fund through its selection of the Board of Directors, the extent of its involvement in the formation and running of the Fund, and its reputation. Finding neutral affiliate can be difficult. If there is not general agreement that an appropriate host or parent exists, it may be best to incorporate the Fund independently.
3. The Independent Nonprofit Corporation: In establishing a RLF for Churches, the independent corporation may be the best structure in

which to mix and balance the perspectives of lenders and borrowers. It ensures that Board and staff whose primary concern is the success of the Fund. There is no question of shared liability, tainted reputations, or shared responsibilities. While the startup, attainment of tax-exempt status, and initial capitalization is more difficult and time consuming without the help of a host or parent corporation, the long term advantage of complete autonomy may outweigh the preliminary obstacles.

Clearly, the choice of strategy must be guided by many factors. Research into the capital needs and potential sources of capital should be designed to also help in evaluating the appropriate structure for any fund. In part, the decision may also be influenced by the scale, both initial and long-term, envisioned for this effort. A loan fund envisioned to start or remain relatively small might be best housed in an existing program. A large-scale effort might better justify the additional time and expense of an independent organization. A smaller-scale startup could piggyback onto an existing program for quick and cost-effective initial operations, and "graduate" into a different organizational structure as growth permits and demands. The Nonprofit Financial Center, for example, began as a project of the Community Renewal Society, later expanding into independent operation.

Step Five: Preparing for Startup

If it is decided by the Steering Committee to establish a new nonprofit corporation, a subcommittee of the Steering Committee should approach the task of drafting articles of incorporation and bylaws and prepare a Statement of Purpose. The articles and bylaws should address the following interrelated issues:

1. **Membership:** Will membership in the corporation be limited to the Board of Directors or will it include a larger group?
2. **The Board of Directors:** Major structural questions concerning the Board include determining its size, composition, electoral process, term lengths, and frequency and format of meetings.
3. **Officers:** How many? What responsibilities do the officers have?
4. **Establishment of Committees:** It is recommended that three committees are formed: a Loan Committee, a Nominating Committee, and a Fundraising and Capitalization Committee
5. **Appointment of a Fund Manager:** As the funds grow, additional staff may be necessary.

Step Six: Start-Up

Now that the structure and internal organization of the Fund has been established, it is time to prepare for the activities of the Fund. This includes developing a budget, projecting income and need for outside support, and raising operating funds.

1. **Budgeting:** Before a Fund manager is appointed, a subcommittee should develop a preliminary budget, and as with all budgets, it should be reviewed by the Board of Directors. Both a first-year, and a multi-year budget should be prepared, for many funding sources may want to see longer term budgets as evidence that the Fund is addressing future needs. A tentative five-year, or longer, budget will also help establish when (if ever) the Fund may become self-sufficient. The following expenses, along with staff salaries, should be considered when formulating a budget: office space and facilities, legal expenses, insurance, computers, and an accounting system called "loan loss reserve" which projects long term loan loss.
2. **Projecting income and need for outside support:** Several factors are involved in determining the income of a RLF. Aside from grants and donations, income will come primarily from interest and fees charged to borrowers (and technical assistance recipients, if this is part of the strategy). In order to predict net interest income, two things must be looked at: the amount of capital that will be earning interest, and the "spread" between the average rate of interest that the Fund pays on this capital and the average rate that it receives on loans and holding accounts. Following is a brief list of factors involved in determining income: setting capitalization goals, establishing a policy on interest mark-up, predicting holding account rates, predicting interest income from total capital, and determining fees. Once an estimate of the Fund's income has been derived, the amount of outside support needed can be projected.
3. **Raising operating funds:** There are a variety of funding sources available for RLFs. The following categories of such sources should be explored: individuals, foundations, religious organizations, local and state governments, corporations, and civic organizations. Smaller donations may also be garnered through grassroots fundraising, conducted primarily through personal contacts and community relations. Once a source, from any category, has been identified, a strategy should be developed and a general proposal should be proposed. Depending upon the funder and the application, this proposal should be altered to meet desired standards. Specific programs will also require new proposals.

Step Seven: Capitalization

A base of permanent capital must be sought before the Fund is operational. It is important to develop and test a capitalization strategy as soon in the development process as possible. The first step, as with fundraising, is to identify potential lenders. Like the sources for fundraising, these lenders can be individuals, religious organizations, foundations, or other sources such as banks, pension funds, or nonprofit organizations. It is best to seek loans from a variety of sources.

The next step is to prepare written materials which can be distributed to potential lenders. A basic brochure should describe the Fund, the needs it meets, and the investment opportunities it offers. More specialized material, describing the need for capital, the effect the Fund will have on the religious community, and the role RLFs have played in community economic development should also be prepared. Reaching potential lenders can thus be accomplished by distributing these materials through mailings, holding community investment forums, and making presentations at a variety of neighborhood, religious, or corporate meetings. It should also be emphasized that the successful capitalization of a RLF will require patient, methodical, long-term follow-through of these initial contacts.

Once a potential lender has expressed a desire to make a loan to the Fund, it is time to negotiate the terms of the loan. Before a loan is even negotiated, however, the Board of Directors should determine whether or not to accept it. The primary issue in accepting loans is the usefulness of the capital. The terms of the loan must be workable for the Fund, and the Fund must be able to handle the capital without unacceptable expense. The next step is to determine the loan amount, the time period of the loan, the rate of interest, repayment schedules, demand clauses, security, and restrictions on use.

Step Eight: Identifying and Serving Borrowers

Before specific plans are developed for a lending program, the Board of Directors must assess the resources and opportunities that are available to the Fund, and decide how they can best be utilized. The first consideration should be how lending practices are affected by the nature of the Fund's capital resources. The following are examples of how capital determines lending practices:

1. Loans to borrowers based on loans from lenders-- loans made by the Fund must be matched with loans made to the Fund.
2. Cash flow and liquidity-- the amount of cash a fund has available determines the loans it can make. To avoid cash flow problems, the Fund should allow a cushion of time between the date when money is

- scheduled to be repaid by the borrower and the date when it must be repaid by the Fund to the original lender.
3. Interest mark-up-- the Fund will usually charge its borrowers several points of interest beyond what it must pay the lender.
 4. Mixing money, averaging rates-- an appropriate interest rate for a borrower can often be arranged by mixing money that has been loaned to the Fund at a higher rate with money that has been loaned at a lower rate.
 5. Number of borrowers vs. amounts loaned--a RLF can either give large amounts of money to a few borrowers, or smaller loans to several borrowers.
 6. Length of term vs. number of loans-- a RLF must also decide whether to make several short-term loans, or a few long-term loans.

Having determined how a Fund's capital affects its lending practices, the Fund must now turn its attention to borrower outreach. A RLF must identify, encourage, and assist potential loan applicants who might not otherwise come to the Fund for help.

When potential borrowers have been identified, they must then go through the application process. Once this is completed, the Fund must evaluate the loan proposals. Criteria to be used for evaluating the loan proposals should be developed; one criterion should be financial feasibility. The terms of the loan should also be negotiated, including the loan amount, the time period of the loan, the rate of interest, repayment schedule, and late payment penalties. Finally, it is necessary to evaluate the security of a loan, for a RLF cannot afford to make loans that are not secured by collateral, or that do not provide some means for the Fund to recover the value of the loan in the event of a default.

Step Nine: Banking, Record-Keeping, and Reporting

Once a RLF has acquired capital, identified borrowers, and made loans, it is now responsible for managing, recording, and reporting the flow of money into and out of the Fund. A thorough and efficient procedure must be implemented in order to ensure accuracy and the Fund's success. Consideration should be given to organization of files, the recording of loan transactions, funds available, and in assisting with the recording of other financial material, such as IRS requirements, fundraising, etc. If a fund is having success in maintaining an organized, effective banking and record-keeping system, it may want to think about expanding, and leveraging capital from other sources.

VII. NEXT STEPS

VII. NEXT STEPS

Next steps for Inspired Partnerships are:

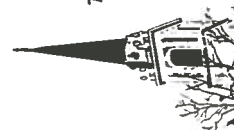
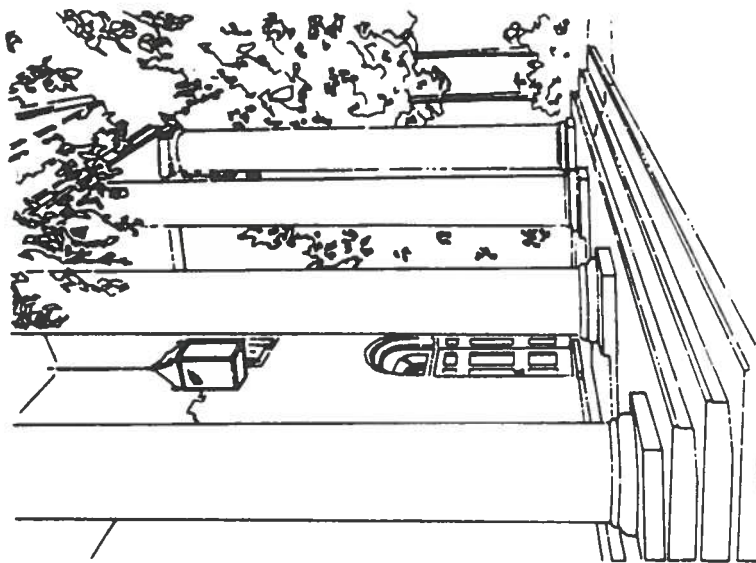
1. Have an informal conversation with South Shore Bank to explore and understand why they have discontinued lending to churches.
2. Investigate the scope and scale of need for access to capital and credit for churches. In other words, are the financing needs of churches primarily for emergency repairs and minor capital improvements or are churches in need of larger pools of financing in order to develop and build or add-on to existing property. Or, are churches in need of development financing to assist them in generating income from property or respond to community service needs. It would be helpful to test a discovery process, for generating the appropriate information, with the 28 to 30 churches that have borrowed from the Centennial Loan Fund.
3. Identify potential investors and develop a strategy for capitalization.
4. Establish a steering committee to oversee and stimulate the investigation process and to direct the initial decision making process.
5. Document the results of the investigation for inclusion in the written capitalization plan.
6. Refine the financing model to respond to the needs as defined by the investigation of potential borrowers' needs.

Woodstock Institute is willing to assist Inspired Partnerships in the most appropriate way but feels its expertise would best be used to guide Inspired Partnerships in determining a strategy for the above action steps and in accessing non-religious sources regarding capitalization.

VIII. APPENDICES

APPENDIX A

**An Introduction
to the
Centennial Loan Fund
of
The Winnetka
Congregational Church**



The Winnetka Congregational Church
Since 1874 . . . A House of Worship for All People
725 PINE STREET • WINNETKA, ILLINOIS 60093

**725 Pine Street
Winnetka, Illinois 60093
708-441-3400**

CENTENNIAL LOAN FUND

The Winnetka Congregational Church established a loan fund during the year 1975 as a part of its Centennial Celebration. This Fund is considered a revolving loan fund and Protestant churches situated in the City of Chicago may borrow from this Fund for the purpose of meeting significant needs of such churches. The Fund is administered by a committee of the Winnetka Congregational Church.

Borrowings are made from the Fund when it is impossible or burdensome for churches to borrow from conventional sources and the purpose of the borrowing is deemed significant to the life of the church. Loans have been made for various purposes, including:

- Replacement of boilers
- Completing of a building program
- Making repairs and alterations
- Acquiring properties
- Surfacing a parking lot
- Constructing a new roof
- Rehabilitating windows
- Painting and decorating church properties
- Purchase of Sunday School programs and equipment

and for many other programs and purposes, all of which could be considered as necessary to enhance the effectiveness of the life and work of the church.

Loans are made with the expectation that they will be repaid within a reasonable time period, generally limited to a maximum of five years, and are to bear interest at a rate less than the prevailing market rate. In the past, loans have borne interest at rates no higher than five percent per annum. Loans are generally limited in an amount not to exceed \$20,000.00, are to be amortized over the life of the loan and are repayable at such times as may be mutually agreed upon. Loans are made directly to the borrower and are evidenced by a written instrument.

Applications for loans should be in writing and should set forth a description of the purpose of the borrowing and the total estimated cost.

The application should also include:

- Name, address and telephone number of the borrower and of its minister.
- Church denomination or affiliation.
- Description of the Church's activities, its membership, the number attending church services.
- Sunday School programs, if any.

Applicant should attach the church budget or financial statement for the past three years and include information to indicate the ability of the church to make repayment of the loan in accordance with its terms.

Applications or inquiries should be directed to the Winnetka Congregational Church, attention: Centennial Loan Fund Committee.

Winnetka Congregational Church

**Loan Application
Centennial Loan Fund**

Name of Church:

Address:

Phone:

Denominational Affiliation, if any:

Name of Pastor:

Phone - Day:

Evening:

Date of founding of this congregation:

Pastor has served this congregation since

Number of members:

Number of young people served in Sunday School or youth programs:

Give a brief history of the church.

What programs does the church sponsor - either for its own members or the community?

Make a brief statement about the mission of the church and how you reach out for members.

For what purpose do you wish a loan from the Centennial Loan Fund?

Amount of loan sought:

List of the real estate held by the church.

Mortgage or other indebtedness on the above:

Total of additional indebtedness of the church:

Names of financial institutions or church organizations or other creditors with amounts owing:

Are payments to above creditors current?

Financial statements of income and expenses for the previous three years should be attached to this application. We prefer that this be the report you may have submitted to your members if this is your practice.

How would you anticipate paying off this loan (amount per month or quarter over no more than five years)?

Would you be willing to give a mortgage (either first or second) as collateral for this loan?

Give the names, addresses and phone numbers of the individuals authorized to sign mortgage documents on behalf of your church. Give titles if any.

A copy of your program for services or bulletin sent to members is appreciated if your church has these.

Please list the lay leader in your church. Include their names, addresses and phone numbers.

Signature and title of person submitting application

Date: _____

BE SURE NAME, BUSINESS AND ADDRESS MATCH YOUR FILE.

ANSWERING INQUIRY

SUBSCRIBER: 023-001468L
THE WINNETKA BANK

250 IN THIS REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATEVER

FULL REPORT FOR FINANCIAL ANALYSIS

DUNS: 03-964-5635
EMMANUEL BAPTIST CHURCH OF GOD
WITH US

DATE PRINTED
OCT 25 1989

SUMMARY
RATING ER5
FORMERLY
ER6
STARTED 1973
PAYMENTS SEE BELOW
SALES \$600,000(PROJ)
EMPLOYS 29
HISTORY CLEAR

8301-45 DAMEN AVE
CHICAGO IL 60620
TEL: 312 239-6828

SIC NO.
86 61

CHIEF EXECUTIVE: REV LACY K. CURRY, PRES & PASTOR

PAYMENTS REPORTED	(Amounts may be rounded to nearest figure in prescribed ranges)	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
10/89	Ppt	1000	-0-	-0-	N30	1 Mo	

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

FINANCE 10/23/89

On OCT 23 1989 Rev Curry, president, deferred financial statement.
He submitted the following partial estimates dated OCT 23 1989:
Projected annual sales are \$ 600,000.

HISTORY 10/23/89

REV LACY CURRY, PRES & PASTOR
DIRECTOR(S): THE OFFICER(S) and 52 other member of executive board.
Incorporated Illinois Jan 1973 as a non-profit corporation.

Business started 1973 by Rev Curry.

The church is governed by an unactive board made up of 52 men & women who represent the congregation. There is also a trustee board which is chaired by Joe L Linton and a deacon board which is chaired by Willie Tribble.

REV CURRY born 1926. Graduated from University of Denver, Denver, CO with a BA. Received a masters of Devinity Degree from American Baptist Seminary of the West, Berkley, CA. 1950-60 was professional baseball player for Brooklyn Dodgers. 1960-64 appeared as paster of St John Baptist Church, Tulare, CA. 1964-68 was paster of New Zion Baptist Church, Ogden, UT. 1968-73 was pastor of Mt Calvary Baptist Church, Chicago, IL. 1973 to present active here.

OPERATION 10/23/89

Baptist church (100%).

EMPLOYEES: 29 including officers.

FACILITIES: Owns 36,000 sq. ft. in two story brick building.

LOCATION: Residential section on main street.

10-25(503 /503) 00000

023 239

SEE REVERSE SIDE FOR GLOSSARY OF TERMS

ROBERTSON & WALL

ATTORNEYS AT LAW

670 NORTH CLARK STREET - SUITE 300
CHICAGO, ILLINOIS 60610-3736

DAVID H. ROBERTSON, JR.
JEANINE M. WALL

TELEPHONE (312) 943-7866
FAX (312) 664-7662

OF COUNSEL
JOSEPH A. VITELL
ALBERT ANDRIN

October 26, 1991

Rev. Gary Halstead
St. Philippus U.C.C. Church
2040 W. 36th St.
Chicago, IL 60609

Re: Winnetka Congregational Church Centennial Loan Fund
proposed loan to St. Philippus UCC

Dear Rev. Halstead:

I am a member of the Centennial Loan Fund Committee. Mr. Whipple and Mrs. Pinkerton presented their report to our committee today. I am pleased to advise you that the committee voted to approve the loan application of St. Philippus. The terms of the loan are as follows:

Loan amount: \$20,000.00
term: 4 years/48 months
interest rate: 4%
security: transfer of the Ameritech stock as collateral

We also require the following items:

Resolution of the church trustees approving the loan;
Certificate of good standing of the corporation by the
Secretary of State;
Installment note to be signed by authorized member of the
congregation or clergy.

Please call me at the above number so we may discuss this matter and determine the timing of the closing of the loan. We look forward to your call.

Very truly yours,

ROBERTSON & WALL

David H. Robertson, Jr.

INSTALLMENT PROMISSORY NOTE

\$20,000.00

Chicago, Illinois

December 5, 1991

FOR VALUE RECEIVED, we promise to pay to the WINNETKA CONGREGATIONAL CHURCH, the principal sum of TWENTY THOUSAND DOLLARS, (\$20,000.00), and interest from December 5, 1991, on the balance of principal remaining from time to time unpaid at the rate of FOUR PERCENT (4%) per annum payable in installments (including principal and interest) as follows:

FOUR HUNDRED FIFTY-ONE and 58/100 DOLLARS (\$451.58) or more on the 5th day of January, 1992, and a like sum on the 5th day of each month thereafter until this note is paid in full, except that the final payment of principal and interest, if not sooner paid, of \$451.66, shall be due on the 5th day of December, 1996.

All such payments on account of the indebtedness evidenced by this note shall be applied first to interest on the unpaid principal balance and the remainder to principal.

The principal of each of said installments unless paid when due shall bear interest after maturity at the rate of twelve per cent (12%) per annum. All said payments shall be made at such banking house or trust company in the State of Illinois as the legal holder of this note may, from time to time, appoint in writing, and in the absence of any such appointment, then at the office of the WINNETKA CONGREGATIONAL CHURCH, 725 PINE ST., WINNETKA, ILLINOIS 60093.

We further covenant and agree that upon the happening of any of the following events without the written approval of the holder

of this note first being obtained, the holder of this note may elect to declare all remaining sums secured hereby to be due and payable immediately:

1. A sale or conveyance of the subject property or any interest therein, or
2. Any transfer of title, or
3. A sale of the subject property by a Contract for Deed.

It is agreed that at the election of the holder hereof and without notice, the principal sum remaining unpaid hereon, together with accrued interest thereon, shall become at once due and payable at the place of payment aforesaid in case of default in the said payments when due or in case default shall occur and continue for three days (in which event election may be made at any time after the expiration of three days, without notice) in the performance of any agreement contained in this note.

All parties hereto severally waive presentment for payment, notice of dishonor, protest, and notice of protest.

ST. PHILIPPUS UNITED CHURCH OF CHRIST
2040 W. 36th Street
Chicago, Illinois 60609

By: Carol L. Cole, President

Attest: Barbara Anne Jantz - Vice President

CAUTION: Consult a lawyer before using or acting under this form. All warranties, including merchantability and fitness, are excluded.

In consideration of a loan in the amount of \$20,000.00 from the Winnetka Congregational Church to St. Philippus U.C.C. and other good and sufficient consideration

receipt whereof is hereby acknowledged, the undersigned Assignor, ST. PHILIPPUS U.C.C.

of CHICAGO, ILLINOIS, does hereby

sell, assign, transfer and set over to the Assignee, WINNETKA CONGREGATIONAL CHURCH

of WINNETKA, ILLINOIS, the

following: CERTAIN SHARES OF STOCK EVIDENCED BY CERTIFICATE No.

ISSUED BY: SEE RIDER TO ASSIGNMENT, ATTACHED

THIS ASSIGNMENT IS FOR PURPOSES OF COLLATERAL ONLY TO THE NOTE DATED DECEMBER 5, 1991, BY ST. PHILIPPUS U.C.C. IN FAVOR OF THE WINNETKA CONGREGATIONAL CHURCH. UPON THE FULL SATISFACTION OF THE NOTE THE ABOVE CERTIFICATES SHALL BE RETURNED TO ST. PHILIPPUS U.C.C., IMMEDIATELY ALONG WITH THE CANCELLED NOTE.

The Assignee is hereby empowered, in the name of the Assignor, but at the Assignee's own cost, to sue for, collect and give acquittance for the foregoing, to the use of the Assignee, in which event the Assignee shall be obligated to indemnify and save harmless the Assignor from all costs and expenses incurred as a result of the exercise of any such power.

IN WITNESS WHEREOF, the Assignor has signed and sealed this assignment at _____

CHICAGO, ILLINOIS this 5th day of DECEMBER

19 91.

ST. PHILIPPUS UNITED CHURCH OF CHRIST

BY: Carol L. Cole, President [SEAL]

ATTEST: Barbara Anne Jutz - Vice Pres. [SEAL]



St. Philippus United Church of Christ

(Evangelical and Reformed)

2040 West 36th Street
CHICAGO, ILLINOIS 60609

OFFICE TELEPHONE
847-0377

RIDER TO ASSIGNMENT

12-5-91

The following stock certificates are being used as collateral for the \$20,000 loan from Winnetka Congregational Church Centennial Loan Fund. All stock was valued on 11-1-91.

50 SH. Ameritech valued at \$3087.50

CERTIFICATE # ZQ 8095-5244 for 17 shares, CERTIFICATE # ZQ 8202-9862 for 8 shares and CERTIFICATE # ZQ 6100-2250 for 25 shares.

170 SH American Telephone and Telegraph valued at \$6566.25
CERTIFICATE # 7145-5429.

68 SH. Bell ATLANTIC CORP valued at \$3162.00

CERTIFICATE # ZQ 8096-0463 for 17 shares, CERTIFICATE # ZQ 2607-4923 for 17 shares, CERTIFICATE # ZQ 552660-0617 for 34 shares.

68 shares PACIFIC TELESIS GROUP valued at \$2890.00

CERTIFICATE # ZQ 8084-7341 for 17 shares, CERTIFICATE # ZQ 8163-8060 for 17 shares and CERTIFICATE # ZQ 8288-9461 for 34 shares

51 shares Southwestern Bell Corp. valued at \$3079.13

CERTIFICATE # ZQ 8089-9754 for 17 shares, and
CERTIFICATE # ZQ 8180-0258 for 34 shares

34 shares of U.S. WEST INC. valued at \$1219.75

CERTIFICATE # ZQ SX 8263-6571

TOTAL \$20,004.63

Received By [Signature] FOR W.C.C.

A M O R T I Z A T I O N S C H E D U L E

AMOUNT OF LOAN 20,000.00 INTEREST RATE 4.0000
 PAYMENT AMOUNT 0.00 1ST PYMT DATE 1/01/92

PYMT NO.	PAYMENT DATE	PAYMENT AMOUNT	INTEREST	PRINCIPAL	BALANCE	YEARLY INTEREST	YEARLY PRINCIPAL
1	1/01/92	451.58	66.67	384.91	19,615.09		
2	2/01/92	451.58	65.38	386.20	19,228.89		
3	3/01/92	451.58	64.10	387.48	18,841.41		
4	4/01/92	451.58	62.80	388.78	18,452.63		
5	5/01/92	451.58	61.51	390.07	18,062.56		
6	6/01/92	451.58	60.21	391.37	17,671.19		
7	7/01/92	451.58	58.90	392.68	17,278.51		
8	8/01/92	451.58	57.60	393.98	16,884.53		
9	9/01/92	451.58	56.28	395.30	16,489.23		
10	10/01/92	451.58	54.96	396.62	16,092.61		
11	11/01/92	451.58	53.64	397.94	15,694.67		
12	12/01/92	451.58	52.32	399.26	15,295.41	714.37	4,704.59
13	1/01/93	451.58	50.98	400.60	14,894.81		
14	2/01/93	451.58	49.65	401.93	14,492.88		
15	3/01/93	451.58	48.31	403.27	14,089.61		
16	4/01/93	451.58	46.97	404.61	13,685.00		
17	5/01/93	451.58	45.62	405.96	13,279.04		
18	6/01/93	451.58	44.26	407.32	12,871.72		
19	7/01/93	451.58	42.91	408.67	12,463.05		
20	8/01/93	451.58	41.54	410.04	12,053.01		
21	9/01/93	451.58	40.18	411.40	11,641.61		
22	10/01/93	451.58	38.81	412.77	11,228.84		
23	11/01/93	451.58	37.43	414.15	10,814.69		
24	12/01/93	451.58	36.05	415.53	10,399.16	522.71	4,896.25
25	1/01/94	451.58	34.66	416.92	9,982.24		
26	2/01/94	451.58	33.27	418.31	9,563.93		
27	3/01/94	451.58	31.88	419.70	9,144.23		
28	4/01/94	451.58	30.48	421.10	8,723.13		
29	5/01/94	451.58	29.08	422.50	8,300.63		
30	6/01/94	451.58	27.67	423.91	7,876.72		
31	7/01/94	451.58	26.26	425.32	7,451.40		
32	8/01/94	451.58	24.84	426.74	7,024.66		
33	9/01/94	451.58	23.42	428.16	6,596.50		
34	10/01/94	451.58	21.99	429.59	6,166.91		
35	11/01/94	451.58	20.56	431.02	5,735.89		
36	12/01/94	451.58	19.12	432.46	5,303.43	323.23	5,095.73
37	1/01/95	451.58	17.68	433.90	4,869.53		
38	2/01/95	451.58	16.23	435.35	4,434.18		
39	3/01/95	451.58	14.78	436.80	3,997.38		
40	4/01/95	451.58	13.32	438.26	3,559.12		
41	5/01/95	451.58	11.86	439.72	3,119.40		
42	6/01/95	451.58	10.40	441.18	2,678.22		
43	7/01/95	451.58	8.93	442.65	2,235.57		

A M O R T I Z A T I O N S C H E D U L E

		AMOUNT OF LOAN		20,000.00	INTEREST RATE	4.0000		
		PAYMENT AMOUNT		0.00	1ST PYMT DATE	1/01/92		
PYMT NO.	PAYMENT DATE	PAYMENT AMOUNT	INTEREST	PRINCIPAL	BALANCE	YEARLY INTEREST	YEARLY PRINCIPAL	
44	8/01/95	451.58	7.45	444.13	1,791.44			
45	9/01/95	451.58	5.97	445.61	1,345.83			
46	10/01/95	451.58	4.49	447.09	898.74			
47	11/01/95	451.58	3.00	448.58	450.16			
48	12/01/95	451.66	1.50	450.16	0.00	115.61	5,303.43	*****

***** TOTAL FOR LOAN ***** 1,675.92 20,000.00



TRUST DEED

9 1 5 4 9 1

91549148

768332

CTTC 7

THE ABOVE SPACE FOR RECORDER'S USE ONLY

THIS INDENTURE, made October 4 19 91, between

DEPT-01 RECORDING
T4444 TRAN 5562 10/21/91 13441
4770 D *-91-549148

REVIVAL CENTER CHURCH OF GOD IN CHRIST

herein referred to as "Mortgagors," and CHICAGO TITLE AND TRUST COMPANY, an Illinois corporation doing business in Chicago, Illinois, herein referred to as TRUSTEE, witnesseth:

THAT, WHEREAS the Mortgagors are justly indebted to the legal holders of the Instalment Note hereinafter described, said legal holder or holders being herein referred to as Holders of the Note, in the principal sum of

Eleven Thousand Nine Hundred Forty-Seven and 38/100 (\$11,947.38)--- Dollars, evidenced by one certain Instalment Note of the Mortgagors of even date herewith, made payable to THE ORDER OF BEARER WINNETKA CONGREGATIONAL CHURCH, WINNETKA, ILLINOIS

and delivered, in and by which said Note the Mortgagors promise to pay the said principal sum and interest from October 4 1991 on the balance of principal remaining from time to time unpaid at the rate of four (4) per cent per annum in instalments (including principal and interest) as follows:

Five Hundred and no/100 (\$500.00)----- Dollars or more on the 10th day of Oct. 19 91, and Five Hundred and no/100 (\$500.00)----- Dollars or more on the 10th day of each month thereafter until said note is fully paid except that the final payment of principal and interest, if not sooner paid, shall be due on the 10th day of Oct. , 1996 . All such payments on account of the indebtedness evidenced by said note to be first applied to interest on the unpaid principal balance and the remainder to principal; provided that the principal of each instalment unless paid when due shall bear interest at the rate of twelve (12) per annum, and all of said principal and interest being made payable at such banking house or trust company in Winnetka Illinois, as the holders of the note may, from time to time, in writing appoint, and in absence of such appointment, then at the office of THE WINNETKA CONGREGATIONAL CHURCH, -725 Pine Street, Winnetka, Illinois 60093

NOW, THEREFORE, the Mortgagors to secure the payment of the said principal sum of money and said interest in accordance with the terms, provisions and limitations of this trust deed, and the performance of the covenants and agreements herein contained, by the Mortgagors to be performed, and also in consideration of the sum of One Dollar in hand paid, the receipt whereof is hereby acknowledged, do by these presents CONVEY and WARRANT unto the Trustee, its successors and assigns, the following described Real Estate and all of their estate, right, title and interest therein, situate, lying and being in the City of Chicago COUNTY OF Cook AND STATE OF ILLINOIS, to wit:

Lots eleven (11), twelve (12) and thirteen (13) in Hamline's Subdivision of the South West quarter of Block fifty two (52) in Canal Trustees' Subdivision of Section seven (7), Township thirty nine (39) North, Range fourteen (14), East of the Third Principal Meridian, in Cook County, Illinois.

Commonly known as 1958 W. Washington Blvd., Chicago, IL. 60612

P.I.N. 17-07-421-022

which, with the property hereinafter described, is referred to herein as the "premises," TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagors may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, storm doors and windows, floor coverings, inador beds, awnings, stoves and water heaters. All of the foregoing are declared to be a part of said real estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed in the premises by the mortgagors or their successors or assigns shall be considered as constituting part of the real estate.

TO HAVE AND TO HOLD the premises unto the said Trustee, its successors and assigns, forever, for the purposes, and upon the uses and trusts herein set forth, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the Mortgagors do hereby expressly release and waive.

This trust deed consists of two pages. The covenants, conditions and provisions appearing on page 2 (the reverse side of this trust deed) are incorporated herein by reference and are a part hereof and shall be binding on the mortgagors, their heirs, successors and assigns.

WITNESS the hand s and seal s of Mortgagors the day and year first above written.

REVIVAL CHURCH OF GOD IN CHRIST

[SEAL]

BY Benjamin Bowman, its President

ATTEST:

Lolita Bowman, its Secretary [SEAL]

STATE OF ILLINOIS,

I, the undersigned

County of Cook

SS.

a Notary Public in and for and residing in said County, in the State aforesaid, DO HEREBY CERTIFY THAT BENJAMIN BOWMAN AND LOLITA BOWMAN

who are personally known to me to be the same persons whose names are subscribed to the foregoing Instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said Instrument as their free and voluntary act for the uses and purposes therein set forth.

"OFFICIAL SEAL" Given under my hand and Notarial Seal this 4th day of OCTOBER 1991. David H. Robertson, Jr. Notary Public, State of Illinois My Commission Expires 7/3/93

Notary Public

THE COVENANTS, CONDITIONS AND PROVISIONS REFERRED TO ON PAGE 1 (THE REVERSE SIDE OF THIS TRUST DEED):

1. Mortgagors shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or destroyed; (b) keep said premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien hereof; (c) pay when due any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Trustee or to holders of the note; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said premises; (e) comply with all requirements of law or municipal ordinances with respect to the premises and the use thereof; (f) make no material alterations in said premises except as required by law or municipal ordinance.
2. Mortgagors shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the premises when due, and shall, upon written request, furnish to Trustee or to holders of the note duplicate receipts therefor. To prevent default hereunder Mortgagors shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagors may desire to contest.
3. Mortgagors shall keep all buildings and improvements now or hereafter situated on said premises insured against loss or damage by fire, lightning or windstorm (and flood damage, where the lender is required by law to have its loan so insured) under policies providing for payment by the insurance companies of moneys sufficient either to pay the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the holders of the note, under insurance policies payable, in case of loss or damage, to Trustee for the benefit of the holders of the note, such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to holders of the note, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the respective dates of expiration.
4. In case of default therein, Trustee or the holders of the note may, but need not, make any payment or perform any act hereinbefore required of Mortgagors in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorney's fees, and any other moneys advanced by Trustee or the holders of the note to protect the mortgaged premises and the lien hereof, plus reasonable compensation to Trustee for each matter concerning which action herein authorized may be taken, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at a rate equivalent to the post maturity rate set forth in the note securing this trust deed, if any, otherwise the prematurity rate set forth therein. Inaction of Trustee or holders of the note shall never be considered as a waiver of any right accruing to them on account of any default hereunder on the part of Mortgagors.
5. The Trustee or the holders of the note hereby secured making any payment hereby authorized relating to taxes or assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.
6. Mortgagors shall pay each item of indebtedness herein mentioned, both principal and interest, when due according to the terms hereof. At the option of the holders of the note, and without notice to Mortgagors, all unpaid indebtedness secured by this Trust Deed shall, notwithstanding anything in the note or in this Trust Deed to the contrary, become due and payable (a) immediately in the case of default in making payment of any instalment of principal or interest on the note, or (b) when default shall occur and continue for three days in the performance of any other agreement of the Mortgagors herein contained.
7. When the indebtedness hereby secured shall become due whether by acceleration or otherwise, holders of the note or Trustee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Trustee or holders of the note for attorneys' fees, Trustee's fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Trustee or holders of the note may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at a rate equivalent to the post maturity rate set forth in the note securing this trust deed, if any, otherwise the prematurity rate set forth therein, when paid or incurred by Trustee or holders of the note in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which either of them shall be a party, either as plaintiff, claimant or defendant, by reason of this trust deed or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any threatened suit or proceeding which might affect the premises or the security hereof, whether or not actually commenced.
8. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the note; fourth, any overplus to Mortgagors, their heirs, legal representatives or assigns, as their rights may appear.
9. Upon, or at any time after the filing of a bill to foreclose this trust deed, the court in which such bill is filed may appoint a receiver of said premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagors at the time of application for such receiver and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not and the Trustee hereunder may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagors, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The Court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) The indebtedness secured hereby, or by any decree foreclosing this trust deed, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (b) the deficiency in case of a sale and deficiency.
10. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the note hereby secured.
11. Trustee or the holders of the note shall have the right to inspect the premises at all reasonable times and access thereto shall be permitted for that purpose.
12. Trustee has no duty to examine the title, location, existence or condition of the premises, or to inquire into the validity of the signatures or the identity, capacity, or authority of the signatories on the note or trust deed, nor shall Trustee be obligated to record this trust deed or to exercise any power herein given unless expressly obligated by the terms hereof, nor be liable for any acts or omissions hereunder, except in case of its own gross negligence or misconduct or that of the agents or employees of Trustee, and it may require indemnities satisfactory to it before exercising any power herein given.
13. Trustee shall release this trust deed and the lien thereof by proper instrument upon presentation of satisfactory evidence that all indebtedness secured by this trust deed has been fully paid; and Trustee may execute and deliver a release hereof to and at the request of any person who shall, either before or after maturity thereof, produce and exhibit to Trustee the note, representing that all indebtedness hereby secured has been paid, which representation Trustee may accept as true without inquiry. Where a release is requested of a successor trustee, such successor trustee may accept as the genuine note herein described any note which bears an identification number purporting to be placed thereon by a prior trustee hereunder or which conforms in substance with the description herein contained of the note and which purports to be executed by the persons herein designated as the makers thereof; and where the release is requested of the original trustee and it has never placed its identification number on the note described herein, it may accept as the genuine note herein described any note which may be presented and which conforms in substance with the description herein contained of the note and which purports to be executed by the persons herein designated as makers thereof.
14. Trustee may resign by instrument in writing filed in the office of the Recorder or Registrar of Titles in which this instrument shall have been recorded or filed. In case of the resignation, inability or refusal to act of Trustee, the then Recorder of Deeds of the county in which the premises are situated shall be Successor in Trust. Any Successor in Trust hereunder shall have the identical title, powers and authority as are herein given Trustee.
15. This Trust Deed and all provisions hereof, shall extend to and be binding upon Mortgagors and all persons claiming under or through Mortgagors, and the word "Mortgagors" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the note or this Trust Deed. The word "note" when used in this instrument shall be construed to mean "notes" when more than one note is used.
16. Before releasing this trust deed, Trustee or successor shall receive for its services a fee as determined by its rate schedule in effect when the release deed is issued. Trustee or successor shall be entitled to reasonable compensation for any other act or service performed under any provisions of this trust deed. The provisions of the "Trust And Trustees Act" of the State of Illinois shall be applicable to this trust deed.

IMPORTANT!

FOR THE PROTECTION OF BOTH THE BORROWER AND LENDER THE INSTALMENT NOTE SECURED BY THIS TRUST DEED SHOULD BE IDENTIFIED BY CHICAGO TITLE AND TRUST COMPANY, TRUSTEE, BEFORE THE TRUST DEED IS FILED FOR RECORD.

Identification No.

768332

CHICAGO TITLE AND TRUST COMPANY,

Trustee.

By

Assistant Secretary/Assistant Vice President

MAIL TO: ☒ DOCUMENT PREPARED BY
DAVID H. ROBERTSON, JR.
670 N. CLARK #300
CHICAGO, IL 60610
☐ PLACE IN RECORDER'S OFFICE BOX NUMBER

FOR RECORDER'S INDEX PURPOSES
INSERT STREET ADDRESS OF ABOVE
DESCRIBED PROPERTY HERE

91549148



Instalment Note

(Use with Trust Deed Form CTC 7)

\$ 11,947.38 Chicago Illinois October 4 19 91

FOR VALUE RECEIVED, we CHURCH, WINNETKA, ILLINOIS promise to pay to THE ORDER OF BEARER WINNETKA CONGREGATIONAL

the principal sum of Eleven Thousand Nine Hundred Forty-Seven and 38/100 (\$11,947.38) Dollars and interest from Oct. 4 1991, on the balance of principal remaining from time to time unpaid at the rate of four per cent per annum payable in instalments (including principal and interest) as follows: Five Hundred (\$500.00) ----- Dollars or more on the 10th day of Oct. 19 91, and Five Hundred (\$500.00) ----- Dollars or more on the 10th day of each month thereafter until this note is fully paid except that the final payment of principal and interest, if not sooner paid,

shall be due on the 10th day of Oct. 1996. All such payments on account of the indebtedness evidenced by this note shall be first applied to interest on the unpaid principal balance and the remainder to principal.

The principal of each of said instalments unless paid when due shall bear interest after maturity at the rate of twelve (12) per cent per annum. Said payments are to be made at such banking house or trust company in Winnetka, Illinois, as the legal holder of this note may, from time to time, in writing appoint, and in the absence of such appointment, then at the office of

The Winnetka Congregational Church
725 Pine Street
Winnetka, Illinois 60093

We covenant and agree that upon happening of any of the following events without the written approval of the holder of this note first had and obtained, the holder of this note may elect to declare all remaining sums secured hereby immediately due and payable:

1. A sale or conveyance of the subject property or any interest therein, or
2. Any transfer of title, or
3. A sale of the subject property by a Contract for Deed

The payment of this note is secured by trust deed, bearing even date herewith, to Chicago Title and Trust Company, Trustee, on real estate in the County of Cook, Illinois; and it is agreed that at the election of the holder or holders hereof and without notice, the principal sum remaining unpaid hereon, together with accrued interest thereon, shall become at once due and payable at the place of payment aforesaid in case of default in the payment of principal or interest when due in accordance with the terms hereof or in case default shall occur and continue for three days (in which event election may be made at any time after the expiration of said three days, without notice) in the performance of any other agreement contained in said trust deed.

All parties hereto severally waive presentment for payment, notice of dishonor, protest and notice of protest.

Identification No. _____
CHICAGO TITLE AND TRUST COMPANY, Trustee.
By _____ Assistant Secretary Assistant Vice President

REVIVAL CENTER CHURCH OF GOD IN CHRIST

By: Benjamin Bowman its President
Attest: Lolita Bowman

Lolita Bowman, its Secretary

IMPORTANT!

THIS IS A VALUABLE DOCUMENT! WHEN FULLY PAID, THIS NOTE AND THE TRUST DEED SECURING IT MUST BE SURRENDERED TO THE PARTY OBLIGED TO MAKE THE FINAL PAYMENT. THAT PARTY MUST IMMEDIATELY THEREAFTER PRESENT THIS NOTE AND THE TRUST DEED SECURING IT TO CHICAGO TITLE AND TRUST COMPANY, TRUSTEE, IN ORDER TO OBTAIN A RELEASE DEED.

9 1 5 4 9 1 4 7



LL -Call
RELEASE DEED

91549147

F. 217 R. 12/73

THE ABOVE SPACE FOR REGISTRARS USE ONLY

KNOW ALL MEN BY THESE PRESENTS That CHICAGO TITLE AND TRUST COMPANY, a
corporation of the State of Illinois, as Trustee

in consideration of one dollar, and other good and valuable considerations, the receipt whereof is hereby
acknowledged, does hereby release, convey and quit-claim unto

Revival Center Church of God in Christ

the heirs, legal representatives (or if a corporation, its successors) and assigns, all the right, title, interest,
claim, or demand whatsoever which the grantor may have acquired in, through or by a certain Trust Deed,
recorded in the Recorder's Office (or if the property is registered, filed in the Registrar's Office) of Cook
County, in the State of Illinois, as Document Number 89 185 577

to the premises situated in the County of Cook, State of Illinois, described as follows, to-wit:

Lots 11, 12 and 13 in Hamline's Subdivision of the South West quarter of Block 52 in Canal
Trustees' Subdivision of Section 7, Township 39 North, Range 14, East of the Third Principal
Meridian, in Cook County, Illinois.

PIN 17-07-421-022-0000

Address 1958 W. Washington Blvd.
Chicago, Il.

DEPT-01 RECORDING
T44444 TRAN 5562 10/21/91 13:44
44769 : D * - 9 1 - 5 4 9 1 4
COOK COUNTY RECORDER

together with all the appurtenances and privileges thereunto belonging or appertaining.

IN WITNESS WHEREOF, Said CHICAGO TITLE AND TRUST COMPANY, as Trustee as afore-
said, has caused these presents to be signed by its Assistant Vice-President, and attested by its Assistant
Secretary, and its corporate seal to be hereto affixed,

(Date)

OCT 17 1991

CHICAGO TITLE AND TRUST COMPANY
as Trustee as aforesaid:



By

Attest

Assistant Vice-President

Assistant Secretary

FOR THE PROTECTION OF THE
OWNER, THIS RELEASE SHALL
BE FILED WITH THE RECORDER
OF DEEDS IN WHOSE OFFICE
THE MORTGAGE OR DEED OF
TRUST WAS FILED.

STATE OF ILLINOIS,)
COUNTY OF COOK) SS.

I, the undersigned, a Notary Public in and for the County and State
aforesaid, DO HEREBY CERTIFY, that the above named Assistant Vice
President and Assistant Secretary of the CHICAGO TITLE AND TRUST
COMPANY, Grantor, personally known to me to be the same persons
whose names are subscribed to the foregoing instrument as such Assistant
Vice President and Assistant Secretary respectively, appeared before me
this day in person and acknowledged that they signed and delivered the
said instrument as their own free and voluntary act and as the free and
voluntary act of said Company for the uses and purposes therein set forth;
and the said Assistant Secretary then and there acknowledged that said
Assistant Secretary, as custodian of the corporate seal of said Company,
caused the corporate seal of said Company to be affixed to said instrument
as said Assistant Secretary's own free and voluntary act and as the free and
voluntary act of said Company for the uses and purposes therein set forth.

Given under my hand and Notarial Seal

Date
Notary Public

OCT 17 1991

NAME

D
E STREET
V MAIL
E CITY
R
Y INSTRUCTIONS

Robertson and Wall
670 N. Clark
Chicago, Il. 60610

OR

FOR INFORMATION ONLY
INSERT STREET ADDRESS OF ABOVE
DESCRIBED PROPERTY HERE

"OFFICIAL SEAL"
Jean M. Boler
Notary Public, State of Illinois
My Commission Expires 11/16/91

APPENDIX B

RESOLUTION TO ESTABLISH A LOAN FUND COMMITTEE

WHEREAS as a part of the celebration by the Winnetka Congregational Church ("Church") of its organization and existence for 100 years, funds were solicited from members of the Church by gifts and pledges to a separate capital fund known as the "Centennial Fund" of the Church; and

WHEREAS the stated objectives of the Fund were two-fold, one to provide the principal amount of \$200,000 for the purpose of making capital improvements to the properties of the Church located at the northeasterly corner of the intersection of Pine Street and Lincoln Avenue, in the Village of Winnetka, and the other to provide the principal amount of \$100,000 for use as a Loan Fund, to be loaned to Protestant Churches located within the City of Chicago for the purpose of altering, repairing, improving and extending physical facilities of such Churches, or to finance Church-related programs necessary to the existence or growth of such Churches; and ,

WHEREAS it is the desire of the Church Council of the Winnetka Congregational Church ("Church Council") that the monies made available in such Centennial Fund and applicable to the Loan Fund be deposited with and be under the control of and be administered by a Committee to be appointed by the Church Council and to be known as the Loan Committee ("Committee"):

NOW, THEREFORE, Be It Resolved by the Church Council of the Winnetka Congregational Church, Winnetka, Illinois, as follows:

1. That a Committee to be known as "Loan Committee" be appointed by the Council and to consist of 9 persons who

are members of the Church, one of whom shall be a member of the Board of Trustees, one of whom shall be a member of the Board of Missions, one of whom shall be a member of the Woman's Society Benevolence Committee, and the others shall be selected because of their being considered generally knowledgeable and interested in the work for which the Committee is appointed, and said Committee to meet from time to time and at the times and places to be determined by the Committee; that the members of the Committee who are qualified by being a member of the Board of Trustees, the Mission Board, or the Benevolence Committee of the Woman's Society shall be designated by said respective bodies at the first meeting held after the organization meeting of said respective bodies held in April of each year and shall be appointed to serve for one year and until a successor has been duly designated by said respective bodies and appointed by the Church Council and such appointee has accepted such appointment. The remaining six members of such Committee shall be appointed by the Church Council at its first meeting held after its organization meeting held in April of each year and, except at otherwise herein provided, shall be appointed to serve a term of three years. Of the six members first appointed by the Church Council, two shall be appointed to serve for one year, two to serve for two years, and two to serve for three years, and until their respective successors have been duly appointed and accepted such appointment. Annually thereafter the Church Council shall appoint qualified persons to fill the term of the members whose term has expired. A person may be appointed to serve not more than one succeeding term, and each person appointed shall file with the Clerk of the Church Council a written acceptance of such appointment. In the event of a vacancy in the membership of the Committee, and which members had been appointed by the Church Council, whether caused by death, disqualification, resignation, or removal of a member, with or without cause, by the affirmative action of the Church Council, such vacancy shall be filled by the Church Council appointing a

qualified member of the Church to serve the remainder of the unexpired term. A majority of the total members of the Committee shall constitute a quorum. The Committee annually shall select from its members a Chairman, who shall preside at all meetings, and a Clerk, who need not be a member of the Committee and who shall keep a record of the proceedings of the Committee. In the absence of such Chairman or Clerk, or both, the members present shall select one of its members to act as Acting Chairman and shall select an Acting Clerk.

2. After the appointment of such Committee and from time to time thereafter, the Treasurer of the Church, pursuant to the direction and instruction to be received from the Church Council and the Board of Trustees, shall transfer monies from the Centennial Fund and which are allocated to the Loan Fund to the Committee, and said Committee by its Chairman shall receipt for such monies so transferred. The Committee shall have care and custody of all monies transferred to the Committee, and such monies shall be deposited in such bank, or banks, as may from time to time be determined by the Committee. The Committee shall adopt such By-laws as it may deem desirable for the safekeeping, use, disposition and proper accounting for all monies received by it. Available funds shall be kept invested in such funds and investments as may be determined by the Committee, and loans from such Fund to Protestant Church organizations located within the City of Chicago, Illinois, shall be made from time to time in the manner and under such terms and conditions as may be determined by the Committee. Such loans shall be approved by not less than five members of the Committee at a duly constituted meeting and such loans may be made either directly by the Committee or through banking institutions, and such loans may be interest free or may bear such rates of interest as may be determined by the Committee and which interest rates may be such as to reimburse the Committee for direct

and indirect expenses in the servicing of the Loan Fund, and including the expenses of any intermediate banking institution which may be retained for the purpose of servicing loans made from the Loan Fund. The Committee shall have the power to declare any loan uncollectable.

3. That annually the Committee shall submit to the Church Council and to the Board of Trustees an annual report showing the total amount of principal funds to the credit of such Loan Fund, the amount of loans made from such Fund, a general description of each loan, including such information as the date thereof, its amount, to whom made, its rate of interest, the terms of repayment and the amount of cash which then may be to the credit of such Loan Fund and available for future loans.

4. That this resolution shall be in full force and effect upon its adoption by the Church Council, and this resolution may subsequently be amended, modified or revised by proper action of the Church Council and prompt notification of such action to the Committee.

APPENDIX C

The Winnetka Congregational Church

CENTENNIAL LOAN FUND

LOAN FUND CHAIRMAN - FRANK H. WHIPPLE

MEMBERS

Mrs. Cynthia Pinkerton	165 Fuller Lane, Winnetka - 446-3164
Mrs. Cynthia Churchwell	1344 Sunview, Winnetka - 441-7417
Jack Porter	555 Provident Rd., Winnetka-446-0881
Stuart Wilson	2210 Greenwood, Wilmette - 251-3900
Dave Robertson	670 N. Clark, Suite 300 - Chicago (312) 943-7866
Nina Johnson (Mrs. Wm.)	526 Fourth St, Wilmette - 256-3602
Gerald Spore	303 Fairview, Winnetka - 441-6839

MINISTERIAL REPRESENTATIVE

Joseph Shank

ADVISORY MEMBERS (Voting or non voting, at their option)

Charles Hinman	950 Westmoor Rd., Winnetka 446-0094
Mrs. Dorothy Jones (Mrs. Russell)	375 Hawthorne Lane, Winnetka 446-3075