

Baptist Foundation of Colorado

Loan Guidelines and Policies

(revised 5/9/08)

The Baptist Foundation of Colorado (Foundation) is called to assist missions, churches, and associations. The Foundation assists by providing construction or permanent financing for facilities as well as loans for the acquisition of land, as may be approved by the Board for eligible borrowers. In considering loan requests the Loan Committee and the Foundation Board will be guided by the following guidelines and policies contained in this document.

Eligible Borrowers

Only borrowers who meet the following criteria will be considered for a loan from the Foundation:

1. Affiliated with and in harmony with the CBGC and the Southern Baptist Convention.
2. Regular contributions to the Cooperative Program of the SBC in order to assure inclusion under the CBGC Internal Revenue Service 501(c)3 status.
3. Annually create a written budget that is adopted by the membership.
4. Incorporated and able to produce a Certificate of Good Standing from the Secretary of State.

General Loan Guidelines and Terms

1. All applications shall be made on forms provided by the Foundation.
2. Applications must be fully completed reflecting current information.
3. The interest rate will be recommended by the Loan Committee and subsequently approved by the Board at any meeting.
4. Final approval or disapproval of loan applications shall be made by the Foundation at any meeting.
5. A minimum loan amount of \$12,000 will be considered unless a special exception is approved by the Loan Committee.
6. Late payments shall incur a penalty of 4% of the payment due, plus accrued interest. These payments must be paid in full to return the loan to a current status and good standing unless a special exception is approved by the Foundation.
7. If a borrower ceases to cooperate with the CBGC, its remaining indebtedness shall be come due and payable on call.
8. Unless a special exception is approved by the Foundation, the loan must be secured by first lien on the asset offered as security.
9. All taxes and assessments due and payable at the time the loan is closed must be paid.
10. The maximum debt service is 35% of undesignated monthly income. The Foundation may allow an exception if the borrower has completed a pledge program to raise cash within a three-year period for the exclusive purpose of reducing the principle of the debt to the Foundation.
11. The borrower shall pay for recording of any Mortgage, Deed of Trust, Riders, Certificates and all other expenses involved in completing the transaction.
12. The borrowers shall provide insurance to protect the asset (including Builder's risk, property damage, property loss through fire or other standard coverage types, flood insurance if in Flood Zone A as determined by FEMA, or such other type as is appropriate to the asset) in a sum equal to an amount necessary to protect the loan and meet any state requirements. Evidence of insurance will be provided at closing and upon renewal during the life of the loan. The Mortgagee Clause will name the Baptist Foundation of Colorado as loss payee. Unless otherwise noted the Certificate of Insurance shall be sent to the business office of the Foundation.

Construction Loan Guidelines and Terms

1. Evidence of a loan commitment for permanent financing must be in place before a construction loan will be considered.
2. The interest rate quoted in the Commitment Letter is the only guaranteed rate. The rate is guaranteed for 90 days from the date of letter. If the loan does not close or construction does not begin within that period, the interest rate is subject to change.
3. Payments of interest only will be made monthly on the outstanding balance of the loan. Interest will be computed on a 365-day basis.
4. No loan term will be longer than one (1) year. At the discretion of the Foundation, the loan may be extended for a maximum period of one additional year.
5. Acceptable building plans must be submitted before the loan may be approved.
6. A professional environmental study to ascertain if toxic or hazardous substances exist in the soil may be required at the discretion of the Loan Committee.
7. No loan shall be made in excess of 75% of the lesser of (a) the purchase price of the real property plus the cost of improvement, or (b) the written appraised value of the property offered as security as determined by an appraiser with state-recognized professional credentials.
8. The borrower at its own expense will furnish the Foundation a mortgage title policy issued by a title insurance underwriter unless the borrower requests the Foundation to obtain the policy and charge the related expense to the borrower.

Permanent Financing for Real Estate Guidelines and Terms

1. No loan term will be longer than 20 years.
2. A professional environmental study to ascertain if toxic or hazardous substances exist in the soil or existing buildings may be required at the discretion of the Loan Committee.
3. No loan shall be made in excess of 75% of the lesser of (a) the purchase price, or (b) the written appraised value of the property offered as security as determined by an appraiser with state-recognized professional credentials.
4. The borrower at its own expense will furnish the Foundation a mortgagee title policy issued by a title insurance underwriter unless the borrowers request the Foundation to obtain the policy and charge the related expense to the borrower.

Exceptions

Unless otherwise indicated in the specific guidelines, any exceptions to the guidelines stated above must have the approval of the Baptist Foundation of Colorado Board.