

## The Revolving Loan Fund

### Rules for Participation

June 18, 2014

Statement of Purpose: The Revolving Loan Fund was created to aid Parishes and Missions as a funding source of loans determined by greatest need to support building and improvements, information technology and communication projects.

#### REVOLVING LOAN FUND

1. Application for a loan shall be made by the Vestry of a Parish or by the Bishop's Committee of a Mission. A written Application is required, please call the Finance Office to request.
2. All applications are to be submitted to the Commission on Finance, which shall have authority to act on loans of up to 10% of the value of the fund (approximately \$150,000) or less. Diocesan Council may make a loan in excess of \$150,000. The minimum amount of a loan is \$5,000. When the application is complete the church Treasurer together with at least one Warden and the Rector/Vicar/Priest in Charge shall arrange to meet with the Commission on Finance.
3. The normal term of any loan shall not exceed 5 years, unless approved by Diocesan Council.
4. The amount borrowed shall be repaid in equal monthly payments. The interest rate is fixed for the term of the loan. The interest rate will be 1% below the Prime Rate as published in the Providence Journal on the day of the loan approval. Loans may be prepaid in full or in part with no penalty. Loans, which are *more* than two weeks late, will be charged an additional one-month interest or \$5.00, whichever is larger. Other payment terms may be negotiated.
5. Loans may be made to congregations which, for the two years preceding the loan application, are not in arrears on Diocesan Apportionment and did not receive a grant from the Diocese for their Parish's basic operation.
6. In the event of any default in the payment of principal and interest for a period of eighteen (18) months, then such defaulted payments shall be deemed to be financial aid and under Canon 10.7 of the Diocese of Rhode Island, such Parish shall become an organized Mission of the Diocese.
7. To receive a loan, congregations must demonstrate, from their financial reports of the two years preceding the loan application or from written pledges *of a special campaign*, that the congregation can meet the payments created by the loan.
8. Funds must be withdrawn within twelve months of the date of final approval of the loan.
9. Congregations which secure their loan by placing endowment funds equal to the amount of the loan in the DIT in the name of both the congregation and the Diocese will receive an interest rate  $\frac{3}{4}$  of 1 percent below the Revolving Loan Fund's current rate.
10. A fund balance of approximately equal to ten percent (10%) of the total fund assets shall be maintained in reserve to address emergency requests.