

The Revolving Loan Fund

Rules for Participation

March 23, 2022

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 market value of the Revolving Loan Fund as of November 30th of the prior year. The minimum amount of a loan is \$5,000. Questions during the loan process may be addressed to the Rector, Treasurer and Senior Warden.
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 online with Wall Street 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. To receive a loan, congregations must be current with their Parochial Report and Audit.
9. Funds must be withdrawn within twelve months of the date of final approval of the loan. The interest shall be fixed as of the date of notice of the final withdraw and a repayment schedule will be sent.
10. 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 of $\frac{3}{4}$ of 1 percent below the Revolving Loan Fund's current rate.
11. A fund balance of approximately equal to ten percent (10) of the total market value of the Revolving Loan Fund assets shall be maintained in reserve to address emergency requests.

Revolving Loan Application

Application materials must be sent to the Finance Office. The Commission on Finance subcommittee will review the loan documents and then forward to the Commission on Finance for approval. Questions during the loan process may be addressed to the Rector, Treasurer and Senior Warden.

Church Name _____ Town _____

Date of Application _____

Amount of Proposed Loan _____

Total Operating Revenues from past three years

(Please use line B of annual Parochial Report)

First prior year \$ _____

Second prior year \$ _____

Third prior year \$ _____

TOTAL \$ _____
divided by 3 (average) = _____

times (10%) _____ (A)

Amount of Loan _____ (B)

If line B is greater than line A, the **written approval of the Bishop and Standing Committee is required (See Canon 15.2 attached).**

The following must be submitted by the Church:

1. Description of project with complete cost information and mission implications for church. Three estimates must be included for Commission review.
2. Copy of Vestry or Bishop's Committee minutes approving the project.
3. List of outstanding obligations (if any).
4. Previous year Treasurer's Report
Previous year Trust & Endowment Report
Current year Treasurer's Report & Balance Sheet year to date
Current year Parish budget
5. Proof of Unrestricted Status of Assets to be pledged.

CANON XV

BUSINESS PRACTICES IN CHURCH AFFAIRS

15.1 Transfer or Encumbrance. No vestry or other body authorized by civil or canon law to hold, manage or administer real property for any parish or other organization connected or affiliated with the Diocese, shall transfer or encumber such real property or any part thereof without first obtaining the written consent of the Bishop and Standing Committee. In the case of real property held for a mission, the prior consent and authorization of the Bishop and Diocesan Council shall be required for any transfer or encumbrance, except that when the property contains a consecrated church or chapel, or a church or chapel which has been used solely for divine services, the prior consent of the Bishop and Standing Committee shall be required.

15.2 Indebtedness. No parish shall become liable in respect of any indebtedness, without first obtaining the written consent of the Bishop and Standing Committee except for unsecured current liabilities incurred in the ordinary course which do not exceed ten percent of the average annual receipts of the parish during the three preceding calendar years.

15.3 Trust. All real and personal property held by or for the benefit of any parish, mission or other congregation is held in trust for The Episcopal Church and the Diocese. The existence of this trust, however, shall not limit the authority of the parish, mission or other congregation otherwise existing over such property, except as may be specified in these Canons, so long as the particular parish, mission or congregation remains a part of, and subject to, The Episcopal Church, its Constitution and Canons and the Constitution and Canons of the Diocese.

THE EPISCOPAL OF RHODE ISLAND
The Standing Committee

Process for Requests for Alienation or Encumbrance of Property

In accordance with the Canons of Episcopal Church and the Diocese of Rhode Island, any parish or other organization connected or affiliated with the Diocese must receive written consent of the Bishop and the Standing Committee to transfer or encumber real property.

In order to facilitate the processing of requests for consent, the Standing Committee requires the following documentation be forwarded to the Standing Committee.

1. A description of the property to be alienated or encumbered.
2. A copy of a written appraisal of the property conducted by a certified independent appraiser completed within the past year.
3. A written statement concerning the effect the requested action will have on the parish or institutional holdings.
4. A copy of the latest Treasurer's Report, Annual Report and Parochial Report.
5. Written confirmation that the Vestry has reviewed the original charter of the Congregation and has the approval of the appropriate parish body in order to proceed with alienation or encumbrance.
6. Name and phone number of person to contact with questions.

The Standing Committee regularly meets on the second Tuesday of each month. Once the documentation has been transmitted, the parish or institution should request placement of the Standing Committee agenda by calling the President of the Standing Committee. The Standing Committee requires that an officer of the parish or institution with knowledge of the proposed alienation or encumbrance be present at that meeting in order to answer any questions which may arise concerning the request.

Once the document has been reviewed and questions have been answered, the Standing Committee will decide on the request and respond to the parish or institution in writing within one month's time.