



## Church Extension Fund

Michigan District of the Lutheran Church – Missouri Synod

THANK YOU

. . . for your inquiry regarding a housing loan from the Michigan District **Church Extension Fund**.


Enclosed you will find:

1. **Housing Loan Information Sheet** detailing such matters as borrowing limits, terms offered, eligibility and application procedures.
2. **Loan Closing Information**, providing important information on closing a housing loan transaction with CEF. We suggest that you give a copy of this to your Realtor, attorney or whomever is “in charge” of the closing of your purchase transaction.
3. **Housing Loan Application Form**, to be filled out completely and returned with supporting documents to the Church Extension Fund office.
4. **Borrowing Resolution Form**, to be completed and signed by the elected Secretary, along with one witness signature.

Again, thank you for considering the Church Extension Fund to meet your housing needs and for joining the growing family of Michigan Lutherans, investors and borrowers who partner together to make this ministry possible.

If you have questions please call our office toll-free, 800-242-3944.

In His Service,

  
James R. Saalfeld  
Chief Executive Officer

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## HOUSING LOAN INFORMATION

### CHURCH EXTENSION FUND

Michigan District of the Lutheran Church-Missouri Synod  
3773 Geddes Road, Ann Arbor, MI 48105-3098

Toll-free: 800-242-3944

Locally: 734-665-3791

Fax: 734-332-7811

[www.mi-cef.org](http://www.mi-cef.org)

### BORROWING LIMITS

Church Extension Fund will loan up to 85% of the purchase price as a housing loan. The remainder of the purchase price (15% or a portion thereof) may be financed as a down payment assistance loan. In the case of a refinance, CEF will lend up to 85% of the appraised value.

### LOAN STRUCTURE

Church Extension Fund housing loans may only be made to a church or church-related entity. Housing loans are therefore structured in the following manner:

- 1) The worker (and spouse) purchase the property and take title in their name(s).
- 2) The worker (and spouse) sign a Promissory Note with the church or other church-related entity, together with a Real Estate Mortgage securing the indebtedness.
- 3) The church or other borrowing entity signs a Promissory Note with Church Extension Fund that contains the same dollar amount, rate and terms in #2 above. The church or other borrowing entity also signs and gives Church Extension Fund an Assignment of Mortgage thereby securing the above Promissory Note.

All of the documents referred to above are prepared by the Church Extension Fund office and forwarded to the closing for a simultaneous transaction. The flow chart below may help give a visual picture of the procedure.



1. Signs Note with church
2. Signs Mortgage with church
3. Pays church monthly

1. Signs Note with CEF
2. Assigns Mortgage to CEF
3. Pays CEF monthly

1. Supplies funds to close
2. Sends monthly statements

Each month the worker makes payment to the congregation who, in turn, makes a payment to the Church Extension Fund - or the congregation may withhold the payment amount from the worker's salary, and forward the payment to CEF.

### TERMS OFFERED

Housing loans may be amortized (the payment computed) up to 30 years to help make the payment fit the worker's household budget. Housing loans are written for a term of either 3, 5 or 15 years. Down payment assistance loans may be amortized up to 20 years, with a 5-year term.

### OPTIONS AT MATURITY

Presuming the payment history has been as agreed, the loan is generally extended for another term at the prevailing interest rate and term offered at that time. The monthly payment usually remains the same unless a different amortization is requested at maturity. There is no penalty for prepayment.

## **ELIGIBILITY**

Those persons who are called, contracted or employed on a full-time basis by a congregation, the District, or other recognized service organization of the District and who are compensated for performing duties generally associated with a 40 hour or more work week. Housing loans are for the worker's primary residence only.

## **CLOSING COSTS**

Church Extension Fund does not charge any fees for a non-construction housing loan. There are no points, origination fees, processing fees, etc. The only closing costs are the third party "out-of-pocket" expenses such as title insurance, recording fees, survey, title company closing fee, property tax pro-rations, etc. Church Extension Fund does require a market analysis completed by a Realtor on all purchase transactions. An appraisal by a state-certified appraiser is required on refinance transactions. *It is generally understood that the church worker will be responsible for the payment of any fees incurred as a result of the loan.*

## **CONSTRUCTION LOANS**

A licensed contractor must procure the building permit, be actively involved in the supervision of the project and be responsible for the presentation of properly executed sworn statements & lien waivers. Loan proceeds are disbursed as the project progresses. The loan terms are structured to call for monthly interest-only payments on the funds disbursed during construction; regular monthly payments of principal and interest commence when the house is completed and an occupancy permit has been issued. Church Extension Fund does collect a \$250.00 fee on new construction home loans.

## **REFINANCING**

Church Extension Fund will lend up to 85% of the fair market value of a house based upon an appraisal completed by a state certified appraiser. The loan proceeds may be used to pay off another lender, remodel and/or improve the property or simply to pledge the property as collateral to retrieve equity. CEF must hold the first lien position on the worker's residence.

## **TURN AROUND TIME**

Housing loans are usually approved by our office within a day or two after all application documentation (see below) is received. Generally, in the case of a purchase transaction, we prepare the loan documents, together with a check for the loan proceeds, and forward same to your local title insurance company responsible for the closing. Typically, at least 3 weeks should be allowed between approval and closing.

## **INTEREST RATES**

The Church Extension Fund sets housing rates monthly and our rates are usually competitive with that of other lenders. Call our toll-free number Monday through Friday from 8:30 a.m. - 5:00 p.m. at 800-242-3944 for current rates.

## **APPLICATION PROCEDURES**

1. Original housing loan application must be completed and submitted to the Church Extension Fund office. A fax is acceptable initially to get the process started, but we do require originals for our file.
2. The application must be accompanied by:
  - a. A copy of the Purchase Agreement.
  - b. A copy of the appraisal or market analysis. The appraisal or market analysis must be dated within 90 days of the purchase agreement date.
  - c. A copy of the congregation's Constitution and Bylaws (most recent revision).
  - d. Certification, by the elected Secretary of the congregation, of the Resolution to Borrow.
3. If the seller (or Realtor) requires a letter of commitment from the lender (Church Extension Fund), our office will issue such a letter to the borrower when the loan has been approved.

## **PRE-APPROVAL LETTERS**

Sometimes a pre-approval letter is advantageous when shopping for or making an offer on a property. CEF will issue a pre-approval letter stating the maximum amount we will lend based upon the worker's (and spouse's) income. A simple pre-approval application form is available by calling our office or from our web site.

## LOAN CLOSING INFORMATION - HOUSING

### CHURCH EXTENSION FUND

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3773 Geddes Road, Ann Arbor, MI 48105-3098

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#### A. PROPERTY OWNERSHIP & LOAN STRUCTURE

1. The purchaser(s) will take title to the property via a Warranty Deed from the seller.
2. The purchaser(s) will execute a Promissory Note and Mortgage to the congregation.
3. The congregation will execute a Promissory Note and Assignment of Mortgage to the Church Extension Fund. The Promissory Note between the congregation and Church Extension Fund will be for the same dollar amount, interest rate, monthly payment, etc. as in #2 above.

#### B. CONDITIONS REQUIRED TO CLOSE

1. The purchaser's Realtor (or whomever is in charge of the closing) should be informed that the Church Extension Fund will be the ultimate lender in this transaction. It is suggested that our name and telephone number be given to the closer (and a copy of this information sheet), so we may coordinate the closing documents with them.
2. A commitment for a Mortgage Title Insurance loan policy should be ordered/coordinated showing "**(legal name) Lutheran Church, its' successors and/or assigns**" as the proposed insured. A copy of said commitment should be forwarded to our office as soon as it becomes available.
3. On purchase transactions, a "mortgage inspection" survey should be ordered/coordinated with a copy of same being forwarded to the title company as well as to our office. The cost of the survey is generally an expense of the purchaser.
4. Prior to closing, homeowners insurance must be procured by the worker (fire and extended coverage), which shows **Church Extension Fund** (see heading at top of this page for the full name) as the **mortgagee**, and the **congregation** should be listed as an **additional insured party**. Proof of said insurance must be furnished at closing or submitted to this office prior to closing.

#### C. CLOSING PROCEDURES

1. As a general rule, Church Extension Fund coordinates the closing date and time with the title company (or agency) responsible for the closing. Upon 3-4 days notice, Church Extension Fund will prepare our closing documents and forward same, together with the loan proceeds, to the closer in anticipation of the closing date.
2. The appropriate officers who are authorized to sign loan documents on behalf of the congregation (as defined by the Constitution and Bylaws of the congregation **and** as certified by the elected Secretary of the congregation in the Borrowing Resolution) should be prepared to attend the closing to sign the loan documents.
3. The original Resolution to Borrow, signed by the elected congregation Secretary, must be submitted to the Church Extension Fund office prior to closing.

#### **D. AFTER THE CLOSING**

1. The title company (or closing agent) will promptly forward to the Church Extension Fund:
  - a copy of the executed Deed
  - the original executed Note between the purchaser and the congregation
  - a copy of the executed Mortgage
  - the original executed Note between the congregation and Church Extension Fund
  - a copy of the Assignment of Mortgage
  - a copy of the Closing Statement
  - a copy of the proof of insurance
  
2. The title company (or closer) will:
  - record the Deed, the Mortgage and the Assignment of Mortgage
  - send the recorded Mortgage and the recorded Assignment of Mortgage to the Church Extension Fund office
  - forward the recorded Deed to the purchaser
  - mail final title insurance policy to the Church Extension Fund



## Church Extension Fund

Michigan District of the Lutheran Church – Missouri Synod

### HOUSING LOAN APPLICATION

#### ► Congregation Information

Name: \_\_\_\_\_ Tax ID: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

#### ► Membership Statistics

Average Worship Attendance: \_\_\_\_\_ Communicant: \_\_\_\_\_ Baptized: \_\_\_\_\_

Total Budget for Year: 20\_\_\_\_ Amount: \$\_\_\_\_\_

Total Contributions for Year: 20\_\_\_\_ Amount: \$\_\_\_\_\_

#### ► Person to be Contacted Regarding Application

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Home/Work/Cell: \_\_\_\_\_ Home/Work/Cell: \_\_\_\_\_

Email Address: \_\_\_\_\_

#### ► Authorized Congregational Signatures\*

Pastor: \_\_\_\_\_ Date: \_\_\_\_\_

Elected Officer: \_\_\_\_\_ Title: \_\_\_\_\_

*\*By signing above, we acknowledge understanding on behalf of the church that there are many factors involved with a home purchase transaction and corresponding financing. Church Extension Fund's (CEF) housing loan program is structured such that CEF is "approving" and lending to the church and, in turn, the church is "approving" and lends to its worker. Said approval should include all financial aspects, creditworthiness, repayment ability, etc. Regardless of any action taken by the church worker, the church will be responsible to Church Extension Fund for repayment of the loan.*

**► Worker Information**

Name: \_\_\_\_\_ Position: \_\_\_\_\_  
 Spouse: \_\_\_\_\_ Employer: \_\_\_\_\_  
 Current Address: \_\_\_\_\_  
 Current Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_  
 Email Address: \_\_\_\_\_  
 Worker's SSN: \_\_\_\_\_ Spouse's SSN: \_\_\_\_\_  
 Worker Salary & Housing Allowance: \$ \_\_\_\_\_  
 Spouse's Income: \$ \_\_\_\_\_ Total Household Income: \$ \_\_\_\_\_

**► Housing Loan**

Amount: \$ \_\_\_\_\_ *(housing loan cannot exceed 85% of purchase price)*  
 Balloon Term *(choose one)*:      3 years              5 years              15 years  
 Amortization in Years: \_\_\_\_\_ *(maximum amortization period is 30 years)*  
 Type of Loan:      \_\_\_\_\_ New Purchase      \_\_\_\_\_ Refinance      \_\_\_\_\_ Construction  
 Property Address: \_\_\_\_\_ City: \_\_\_\_\_  
 Purchase Price: \$ \_\_\_\_\_ Anticipated Closing Date: \_\_\_\_\_  
 Market Value: \$ \_\_\_\_\_ *(as determined by an appraisal or Comparative Market Analysis/CMA)*

**► Down Payment Loan - complete this section ONLY if a second loan for down payment assistance is needed**

Amount: \$ \_\_\_\_\_ *(down payment loan cannot exceed 15% of purchase price)*  
 Balloon Term:     5 years      Amortization in Years: \_\_\_\_\_ *(maximum amortization period is 20 years)*

**► Realtor Information**

Realty Company: \_\_\_\_\_  
 Name of BUYER'S Real Estate Agent: \_\_\_\_\_  
 Office Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_  
 Agent's Email Address: \_\_\_\_\_

**FOR OFFICE USE ONLY**

Housing Loan: \$	Rate: %	Term/yrs:	Amortization/yrs:
Down Pmt Loan: \$	Rate: %	Term/yrs:	Amortization/yrs:
Monthly Housing Pmt: \$	+ Monthly DPA Pmt (if any): \$		x 12 = \$
+ Taxes/yr: \$	+ Ins/yr: \$	= <b>TOTAL COST: \$</b>	
<b>D/I:</b> %	Approved By:	Date:	

**BORROWING RESOLUTION**  
**Housing & Down Payment Loans**

I, \_\_\_\_\_, duly elected, qualified, and acting Secretary of \_\_\_\_\_ Lutheran Church of \_\_\_\_\_, Michigan, a Michigan Ecclesiastical Corporation, hereby certify that the following resolution was adopted by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays by the \_\_\_\_\_ (Voters Assembly, Church Council) at a \_\_\_\_\_ (regular, special) meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_\_, in accordance with the Constitution and Bylaws:

BE IT RESOLVED,

That \_\_\_\_\_ Lutheran Church of \_\_\_\_\_, Michigan does hereby request a loan (***\*include both housing AND down payment amounts, if applicable***) from the Church Extension Fund of the Michigan District of the Lutheran Church–Missouri Synod in the amount of \*\$\_\_\_\_\_. The purpose of the loan is to \_\_\_\_\_.

BE IT FURTHER RESOLVED,

That the persons named below be authorized and directed to encumber the congregation for the loan and to issue a Note for the repayment of the indebtedness in accordance with the terms, policies and conditions being extended by such lender at the time of execution of the loan documents.

BE IT FINALLY RESOLVED,

That the Voters Assembly/Church Council has hereby authorized \_\_\_\_\_  
\_\_\_\_\_  
**(provide names & titles)** of \_\_\_\_\_ Lutheran Church of \_\_\_\_\_, Michigan as the appointed individual(s) to be present at the loan closing to sign all necessary loan documentation on behalf of the borrower and as required by the lender for this transaction.

Date: \_\_\_\_\_  
\_\_\_\_\_ Secretary

Attest/Witness: \_\_\_\_\_