

# THE EPISCOPAL DIOCESE OF EASTERN MICHIGAN

## Loans And Grants Policy

It is the policy of the Episcopal Diocese of Eastern Michigan (Diocese) to consider applications for financial assistance from any congregation in the diocese in the areas meeting the qualifying factors below. Congregations within the Diocese of Eastern Michigan have a responsibility to implement effective stewardship practices related to their mission and facilities including a provision for regular maintenance programs within their annual budgets.

For a Congregation or Ministry Center to be eligible to receive financial assistance from the Episcopal Diocese of Eastern Michigan, they must meet all of the qualifying factors listed below:

### Qualifying Factors

1. Application must meet the definition of:
  - a) Repairs and/or improvements to the facility including building or associated grounds.
  - b) Repairs required to enable a facility to meet current building codes.
  - c) Improvements to a newly acquired facility to allow it to be used for its intended purpose.
2. Congregations must be current on tithes to the Diocese, or in conversation with Diocesan Council about becoming current.
3. Congregations must be current on submitting parochial reports and audit reports to the diocesan office.
4. Congregations must be current on any loans with the Diocese or third party agencies.
5. Ability to repay any requested loan must be demonstrated with the use of financial statements.
6. If a congregation has received emergency financial assistance, it doesn't exclude them from being eligible for additional financial assistance in that same year.

### Mission or Maintenance Projects

Applications for financial assistance are reviewed by the Bishop's office to determine if the project is mission related. An assessment of the congregation health is completed using concepts outlined in the Mutuality, Vitality and Viability document. This document sets forth both a covenant of mutual interdependence and two sets of characteristics, one for vitality and one for viability, with the vitality characteristics organized according to the themes of *praying, learning, serving* and *growing* by which we join one another in God's mission. **All projects over \$50,000 must include with their application an explanation of how their project fits into the Mutuality, Vitality and Viability of their congregation.**

Applications are then reviewed by the Finance committee and a recommendation of the amount of financial assistance must be passed by a simple majority vote before going to Diocesan Council for final approval.

### **Financial Assistance Limits**

Congregations are required to pay at least 20% of the total cost of the project from their own funds. Financial assistance from the Diocese is available in the form of a loan, a grant, or both. The availability of funds for loans and grants is subject to the monetary balance of The Episcopal Diocese of Eastern Michigan Loans & Grants fund, the financial strength of the congregation, and the size of the project. All approved financial assistance will be paid from The Episcopal Diocese of Eastern Michigan Loans and Grants fund.

The total amount of funds available for financial assistance grants is established by Diocesan Council and incorporated within the Diocesan Office annual budget. It is recommended that up to 10% of The Episcopal Diocese of Eastern Michigan Loans and Grants fund to a maximum of **\$30,000** be made available for grants each year. Each approved grant request is eligible for up to a \$5,000 grant. Additional grants may be available at the discretion of the Finance Committee and Diocesan Council.

Any single loan request cannot exceed 10% of The Episcopal Diocese of Eastern Michigan Loans and Grants fund balance. Approved loans are subject to an interest rate of not more than 3%.

## 5.1

### APPLICATION PROCEDURE

Financial assistance applications are classed as:

Emergency – requires action in less than thirty (30) days. A major event such as, but not limited to, the freezing of a water system and/or the failure of a heating system would qualify for an emergency loan.

Non Emergency – time frame allows for the request to come before the Finance Committee, with documentation supporting the request. After the Finance Committee has reviewed the request, at a regularly scheduled meeting, it will make a recommendation and forward the request to Diocesan Council for action.

#### Emergency Applications

When a need for emergency financial assistance arises:

- a) A call will be placed to the office of the Diocesan Administrator, notifying the Diocese of the need and the immediacy of that need, after consulting with a skilled tradesperson.
- b) The telephone request will be followed up with a formal written financial assistance request and a quotation for the contractor(s). The request is to be signed by any two members of the congregation's leadership. A copy of the congregation's current financial statements and budget are to be submitted with the written request.
- c) A representative of the Finance Committee, or the Diocesan Administrator on behalf of the Finance Committee, will make a recommendation to the Executive Committee of the Standing Committee for a decision.

Emergency financial assistance may be in both the form of a grant or loan. The actual amount of the grant will be determined by the Finance Committee. The term length of the loan will be determined by the extent of the emergency and size of the loan, and will be subject to the interest rate in place for "Maintenance" projects.

#### Non Emergency Applications

Non emergency applications for financial assistance are normally for future spending plans and should be made on the Loan/Grant Request application available from the Diocesan Administrator. The completed application is to be submitted 90 days prior to the need for funding, and will include the following:

- a) A complete description of the project for which financial assistance is requested. In addition, every effort should be made to support the request with three bids/quotations from qualified and recommended contractors and/or suppliers. The bids/quotations will include a complete description of the project and the total project cost.
- b) The applicant shall fully define its financial participation in the project. Normally, the applicant will provide a minimum of 20% of the total cost of the project.
- c) Copies of the current budget and financial statements for the congregation or ministry center.

The Bishop's office and Finance Committee will review the application, and if necessary, may request a telephone conference call with representatives of the congregation making the request. The Finance Committee will make a recommendation to the Diocesan Council as to the amount of the loan and/or grant.

5.2  
CERTIFICATE OF INSURANCE

Before any work may commence, all contractors/suppliers shall provide certificates of insurance naming the applicant and the Diocese of Eastern Michigan as co-insured. The certificate of insurance will indicate that all persons to be employed on the project will have worker's compensation coverage, and that the contractor has general liability insurance. If the contractor or any 1099 subcontractors can't provide this certificate a "Hold Harmless Agreement" must be in place between the congregation and the contractor.

5.3  
DISBURSEMENT OF FUNDS

Progress payments to the congregation or ministry center will be made in accordance with standard business terms. Other terms must be mutually agreed upon by the congregation, the Diocese and the contractor/supplier.

5.4  
LOAN REPAYMENT AGREEMENT

Loan Repayment Agreements will normally be executed by all parties prior to disbursement of funds. Standard terms include:

1. Interest will begin to accrue from the 1<sup>st</sup> of the month following disbursement of funds. The interest will be calculated at the end of each calendar month.
2. Every effort will be made to complete the disbursement of the total loan amount not later than one month after approval of the loan by the Diocesan Council.
3. The first payment of principle and interest will begin approximately one month after the first disbursement of funds.

This policy will be reviewed periodically.

Approved: By Diocesan Council

Revised: June 9, 2017 to add Hold Harmless Agreement

# LOAN/GRANT APPLICATION

## DIOCESE OF EASTERN MICHIGAN

### SECTION 1 – Requesting Church or Entity

Date of Request \_\_\_\_\_

Name of Church or Entity making request \_\_\_\_\_

Address \_\_\_\_\_  
Street City State Zip

Name of person completing this form \_\_\_\_\_

Please indicate if you are: Clergy, Treasurer, Sr Warden, Other \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-Mail \_\_\_\_\_

### SECTION 2 - Materials to Submit

1. A complete description of the project for which the loan and/or grant is requested. The description should include the purpose of the loan and/or grant request.
2. Review and discuss the *Mutuality, Vitality & Viability* document for projects over \$50,000. Explain how the project fits into the Mutuality, Vitality & Viability of the congregation.
3. Three bids/quotations from qualified and recommended contractors and/or suppliers for projects over \$15,000. The bids/quotations will include a complete description of the project and the total project cost.  
For projects under \$15,000 if you are supplying less than 3 bids please explain how you chose the contractor.  
If bids are not deemed necessary, please explain why.
4. Copy of Liability and Workers Comp policy for contractor or 1099 subcontractor or a copy of the Signed “Hold Harmless Agreement” form.
4. Copies of the current budget and financial statements.
5. An explanation of the requesting church or entity’s financial participation in the project:
  - \_\_\_\_\_ a. The total cost of the project
  - \_\_\_\_\_ b. Name of contractor selected: \_\_\_\_\_
  - \_\_\_\_\_ c. The amount the church or requesting entity is providing (normally, this amount is a minimum of 20% of the total cost of the project)
  - \_\_\_\_\_ d. The amount of money requested as a grant. Not to exceed \$5,000.
  - \_\_\_\_\_ e. The amount of money requested as a loan (not to exceed 10% of available cash in the Diocesan Loan & Grant Fund). Currently, 10% is approx. \$30,000.00.
    - Interest not to exceed 3%
  - \_\_\_\_\_ f. If applying for a loan the amount of time over which the loan will be repaid.

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*Please attach the above materials to this page and mail or fax it to the Diocesan Administrator at:*

**Diocese of Eastern Michigan**  
924 N Niagara St  
Saginaw MI 48602

**Fax: 1-989-752-6120**  
**Phone: 1-877-752-6020**

### Section 3 – Diocesan Approval

\_\_\_\_\_ Diocesan Council approval  
Date

Major component of request: \_\_\_\_\_

**Hold harmless & Indemnity Agreement  
(To be used by Churches with Building Contractors)**

Contractor/Indemnitor shall indemnify, defend and safe harmless, Owner/Indemnatee from all claims, demands, causes of action or suits of whatever nature arising out of injuries to persons or property, including injuries to workmen provided by Contractor or Contractor's subcontractors or third persons injured by reason of Contractor's activities including any subcontractor or liability, or a liabilities for damages which Indemnatee may suffer as a result of claims, demands, costs or judgments against Indemnatee arising out of the use, maintenance or operations of Indemnitor or its subcontractors upon Indemnatee's premises.

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

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Contractor Business Name

\_\_\_\_\_  
Print Church's Name

NOTES FOR USE: This may be made a part of the contract with the contractor or as a separate document attached to the contract. Fill in name of the church – line 2 of the 2<sup>nd</sup> paragraph.