

**ITEM A.208
FOR INFORMATION**

Subject: RESTORING CREATION LOAN UPDATE

Presbyterian Church (U.S.A.) Investment & Loan Program, Inc.
Margaret Jorgensen, Chair of the Board
James G. Rissler, President

BACKGROUND: The 221st General Assembly (2014) referred consideration of divestment from fossil fuel entities to Mission Responsibility Through Investment. As a positive step in responding to the General Assembly's fossil fuel concerns, congregations and mid-councils can take steps to reduce energy use through energy efficient upgrades to congregational facilities, such as renewable energy sources and other green initiatives.

The Presbyterian Church (U.S.A.) Foundation and the Presbyterian Church (U.S.A.) Investment & Loan Program met to explore the possibility of encouraging proactive steps within congregations to advance green initiatives. A new loan product was developed named the "Restoring Creation Loan" that would be available to churches and other PCUSA organizations for the funding of sustainable energy systems, highly efficient heating/cooling systems, or other improvements aimed at reducing their carbon footprint. This was presented to the Presbyterian Mission Agency Board (PMAB) in April 2015 for their information and to request that they give the PMAB Executive Committee the authority to approve the necessary changes to the Policies and Guidelines of the General Assembly Church Loan Program Endowment Funds once the loan had been approved by the Mission Development Resources Committee (MDRC).

UPDATE: The new loan was presented to and approved by the MDRC in May 2015 for their recommendation for approval to the PMAB Executive Committee in June 2015. At the June 2015 meeting of the PMAB Executive Committee meeting the new product was approved, the necessary changes to the Policies and Guidelines were approved, and authorization was given to commence offering the product.

The Restoring Creation Loan as approved by the MDRC and PMAB Executive Committee has the following terms and conditions:

- Maximum loan amount of \$300,000.
- Loans up to \$50,000 - term not to exceed 10 years.
Loans \$50,001 to \$100,000 - term not to exceed 15 years.
Loans over \$100,000 - term not to exceed 20 years.

- Interest rate to be set at 1% below the Church Loan Program base rate with no floor rate policy imposed.
- Five-year adjustable rate. Three-year adjustable rate for loans funded jointly with investor funds.
- Cash injection by borrower of 10% of total project amount.
- Collateral: Up to \$100,000 to be unsecured unless required due to credit risk. \$100,001 and above, mortgage on subject property.

In order that the Investment and Loan Program could be fully engaged in the initiative, and in order to offer full financing for the majority of projects of this nature, similar type of funding was made available within the Investment and Loan Program's Loan Policies and Guidelines.

The following are the terms and conditions for use of investor funds regarding the Restoring Creation Loan product:

- Loan requests that exceed the \$300,000 maximum from endowment funds will be funded by investor funds in an amount not to exceed an additional \$300,000 or a total loan between both funding sources of \$600,000.
- Loans over \$100,000 - term not to exceed 20 years.
- Interest rate to be set 1% below the investor fund base rate. Loans funded jointly with endowment funds will have a blended rate.
- Three-year adjustable rate for investor-funded loans or loans funded jointly with endowment funds.
- Cash injection by borrower of 10% of total project amount.
- Collateral: Up to \$100,000 to be unsecured unless required due to credit risk. Loans of \$100,001 and above, mortgage on subject property.

Between the two sources of funds - the endowment funds and the investor funds, a church or other qualifying PCUSA organization could borrow up to \$600,000 depending on the details of the project.

The product was introduced at the Big Tent event in Knoxville at the end of July. We have had many conversations with churches and presbyteries regarding the product and have already received two loan applications – one for renovations including solar panels and one for upgrading a boiler system.