

# **Unitarian Universalist Association of Congregations Congregational Properties and Loan Commission**

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## **Small Project Loan Pilot Program**

### **Background**

The Congregational Properties and Loan Commission (CPLC) was established in 1996 to promote and facilitate the growth of Unitarian Universalist Association (UUA) congregations. CPLC members are congregational lay leaders appointed by the UUA president. During the past 12 years, the CPLC has developed financial assistance programs designed to help congregations purchase land, construct new buildings, acquire existing buildings, undertake major building renovations, and complete green construction projects.

Currently the CPLC is managing 56 building loans with a principal balance of over \$7.1 million outstanding and unused loan capacity of over \$5 million. There are 12 congregations that have UUA loan guarantees. During fiscal 2008, four congregations received First Home Grants and one congregation received a Green Construction Award.

The existing financial assistance programs function well for the given purpose. However, UU congregations have asked for an additional financial assistance program; a loan program to help pay for relatively small congregational projects.

### **Purpose**

The purpose of the three-year small project loan pilot program is to promote congregational growth by financing relatively inexpensive projects that can improve congregational life and well-being. Smaller, shorter term loans can create positive changes in congregations by providing a new tool to tackle issues that may seem beyond their current financial means.

The small project loan pilot program focuses on three broad categories of projects: mission-oriented, environmentally friendly, and critical/emergency in nature.

Projects may include, but are not limited to:

- Elevators, stair lifts and accessibility ramps
- High quality sound systems
- Kitchen upgrades
- Exterior signage
- Driveway/parking lot paving and/or lighting
- Interior wall construction and/or demolition of walls
- Electrical wiring, plumbing, and fire protection upgrades
- Floor coverings/carpeting installations and mildew removal
- Safe playground equipment
- Energy efficient windows, doors, furnaces, low flow toilets
- Brick tuck-pointing
- Emergency roof repairs

**Program Administration**

The small project loan pilot program will be administered by the director of Congregational Stewardship Services and the UUA treasurer. The CPLC will receive regular updates and will be asked for input in particularly difficult situations.

**Small Project Loan Terms**

Eligible Borrowers	a) Current APF Fair Share status at the district and national levels b) Formal congregational vote to accept the loan c) Total annual debt service limited to 25 percent of annual income d) Balanced budget for last year and for current budget year e) Required minimum level of property and liability insurance
Term	Three to seven years
Amount	Minimum of \$15,000 Maximum of \$100,000 but not to exceed three-times annual financial commitments from congregants
Interest Rate	United States seven-year treasuries plus 2 percent
Down Payment	Congregations pay 15 percent of the project up front
Program Limit	Total small project loans not to exceed \$500,000 during the three-year pilot program

**Example**

Imagine a congregation with 100 members and an annual budget of \$100,000. A \$47,060 project is identified and must be addressed promptly. The congregation pays the first 15 percent (\$7,060) and borrows \$40,000 from the UUA at an interest rate of 7 percent. Here are the details:

<u>Loan Term</u>	<u>Loan Amount</u>	<u>Total Payments</u>	<u>Monthly Payment</u>	<u>Annual Payments</u>
7 yrs	\$40,000	\$52,370	\$623	\$7,481

The annual loan payment would require a 7.5 percent increase in the congregation’s annual budget to pay back the loan within seven years.