

# ***EPISCOPAL DIOCESE OF WESTERN MASSACHUSETTS***

## **Policy Concerning the Parish Loan Program**

The Diocese maintains a \$1,000,000 line of credit with United Bank as collateral for loans to parishes.

Any parish in the diocese is eligible to apply for a loan of up to \$50,000. The bank grants loans at a short term interest rate that is .5% less than the Wall Street Journal prime rate. The repayment term will be commensurate with the purpose and size of the loan and the parish's ability to repay it. In most cases, parishes will be encouraged to conduct a capital campaign to repay loans used for capital purposes. In such cases, the term of the loan will be consistent with the payment of capital campaign pledges.

All loan requests will be reviewed by the Archdeacon, the Chancellor and the Treasurer and, if approved by them, presented to the Bishop and Standing Committee for approval.

Prior to making application for a loan under this program, any parish making inquiry is encouraged to consider the following options:

- The Episcopal Church Building Fund, especially for larger loans
- The parish's own local bank especially if the parish has sufficient endowment to secure the loan itself
- Borrowing the funds unrestricted endowment or other investments if available
- Capital Campaign to retire the loan

Parishes that wish to apply for a loan under the Parish Loan Program shall request and complete an application form. The application requires the parish to identify the purpose for the loan and the manner in which the loan will be repaid. Parish financial reports are to be submitted with the application form.

In order to be eligible for a loan under this program, a parish must meet the following requirements:

- Filing its Parochial Report in a timely manner for the most recent reporting year
- Demonstrate the evidence of a parish audit for the most recent year