

PRESBYTERY OF NEW YORK CITY

LENDING GUIDELINES FOR THE LOAN POLICY

3/14/05

1. Annual Loan Budget and Maximum Amount. The maximum amount of endowment funds available for Presbytery loans and guarantees, starting the date hereof, is \$50,000 per year, *provided* that the Presbytery will not make any loan or guarantee (or commitment to make any loan or guarantee) if, after giving effect to such loan or guarantee (or commitment) together with all other Presbytery loans and guarantees (and commitments) starting the date hereof and then outstanding, the total amount of outstanding Presbytery loans and guarantees (and commitments) would exceed \$100,000.
  
2. Credit Criteria.
  - (a) It is a condition of any Presbytery loan to, or guarantee for, any church that such church must furnish to the Presbytery Loan Processing Group a writing which shows that the church's Free Cash Flow for each year during the term of such loan or guarantee is able to pay the debt (principal and interest and fees, if any) resulting from such loan or guarantee and payable from time to time. The term "Free Cash Flow" of any church for any year means the excess, if any, of (i) the sum of the (A) church pledge revenue for such year plus (B) church rental revenue for such year plus (C) other fixed contributions to such church for such year, over (ii) the sum of the (A) pastor and other church staff salaries for such year, (B) church apportionment, pension and insurance amounts payable during such year plus (C) other church operating expenses for such year. The Free Cash Flow of any church for any year will be based on the applicable items contained in such church's financial statements for the year immediately preceding the date of calculation of such Free Cash Flow, such items to be extrapolated to each future year if and to the extent that the church's financial condition, viability and realistic plans for its future support such extrapolation.
  
  - (b) The Presbytery Loan Processing Group shall consider each of the factors set forth in Section 3.1 of the Presbytery Loan Policy.
  
  - (c) The terms of each loan shall comply with the maturities, monthly installments and other loan terms set forth in Section 4.0 of the Presbytery Loan Policy and shall reflect the conditions of default set forth in Section 5.0 of the Presbytery Loan Policy.

3. Rates.

(a) Variable Rate. During such periods as any loan shall bear interest at a variable rate, the borrowing church will pay to the Presbytery interest on the unpaid principal amount of such loan, from the date of such loan until such loan is paid in full, at a rate per annum equal at all times during each calendar quarter to the sum of (i) the yield per annum on U.S. Treasury notes having a maturity approximately equal to the term of such loan, computed as of the end of the immediately preceding quarter, plus (ii) 2.0% per annum, payable monthly in arrears on each monthly principal installment date and at final maturity.

(b) Fixed Rate. During such periods as any loan shall bear interest at a fixed rate, the borrowing church will pay to the Presbytery interest on the unpaid principal amount of such loan, from the date of such loan until such loan is paid in full, at a rate per annum equal to the sum of (i) the yield per annum on U.S. Treasury notes having a maturity approximately equal to the term of such loan, computed as of the date of such loan (or, in the case of the Presbytery's commitment to make loans during a specified period, as of the date of the initial loan, or, in the case of any loan that is converted from a variable rate to a fixed rate, as of the date of such conversion), plus (ii) 3.0% per annum, payable monthly in arrears on each monthly principal installment date and at final maturity.

4. Commitment Fee. If the Presbytery commits to any church that the Presbytery will make loans to such church up to an aggregate amount from time to time during a specified period, such church will pay to the Presbytery a commitment fee, from the date of such commitment until the termination of such commitment, payable monthly on dates specified by the Presbytery Loan Processing Group, at a rate of 1% per annum on the average daily unused portion of such commitment.