

# FPCAHL Loan Information

To: Members of First Presbyterian Church of Arlington Heights

From: Garrett Childs, Capital Campaign Committee, "Defining Our Decade"

Re: Request for Approval of Loan from Presbyterian Church (U.S.A.) Investment & Loan Program, Inc.

Date: April 30, 2021

---

Dear Members,

Thank you for your generous support of the Phase 1 "Defining Our Decade" Capital Campaign. Your donations will help prepare our Church for the next decade by making necessary changes to some of our most cherished spaces, including the chapel and fellowship hall. More importantly, the changes will help give all members better access to our facility and bring us into compliance with the Americans with Disabilities Act (ADA). Finally, the project will give the Church a fresh reopening, modernize our facility, and springboard us toward future improvements to the building.

We ask for your approval to accept a construction loan from the Presbyterian Church (U.S.A.) Investment and Loan Program. The purpose of the loan is to make sure the Church has a source of liquidity during construction. The loan has been approved by our Session and Trustees, as well as the Administration and Finance Committee. The loan was also approved by the Presbytery and Synod as the Church building and grounds will be used as collateral. **Based on your generosity, we do not expect to draw on the loan to a significant degree, but will be available to pay construction bills as your donations are sent to the Church.** This is a prudent financial safety measure. Please see the following details regarding the loan. Thank you for your support!!

Sincerely,

Garrett Childs

**Motion:** The Session of First Presbyterian Church requests that the congregation approve the terms of the \$500,000 loan from the Presbyterian Church (U.S.A.) Investment and Loan Program for the purposes of providing liquidity during the construction phase of the ADA modifications to the Memorial Prayer Garden hallway and the Chapel upgrade.

## Loan Details:

Amount: \$500,000

*The Church will not draw on the loan unless it needs to during the construction period of the lift, hallway, stairwell, and associated Phase 1 improvements.*

Interest Rate: TBD

*Very low interest rate! The base rate will be 3%. The portion of the project related to accessibility will carry an interest rate of 2%.*

Fees & Costs: There are no origination fees, points, prepayment penalties, etc.

*There are no associated fees and costs other than interest and closing costs (to record the mortgage, title insurance, etc.)!*

Purpose: To use as a source of liquidity during the capital campaign and construction period.

*In an emergency, the Church will have access to additional cash to pay construction bills.*

Collateral: The Church building and grounds, which is technically owned by the Presbytery.

*The Presbytery approved the loan on April 27.*

## Financial Exhibit\*:

Loan Amount	Rate**	Term	Total Monthly Payment	Interest Portion of Total Monthly Payment
\$500,000	3.00%	10 years	2,772.99	1,250.00
\$250,000	3.00%	10 years	1,386.49	625.00
\$100,000	3.00%	10 years	554.60	250.00

\*Since we are unsure of the amount the Church may need to borrow, three hypothetical examples have been provided. The Church does not plan to borrow money unless absolutely necessary.

\*\*Once architect plans are finalized and the accessibility work is demonstrated, the interest rate will decrease to 2% for that portion.



# Investment & Loan Program Inc.

May 3, 2021

The Reverend Alex Lang  
First Presbyterian Church of Arlington Heights  
302 N Dunton Ave.  
Arlington Heights, IL 60004

Dear Reverend Lang:

The Presbyterian Church (U.S.A.), Investment and Loan Program, Inc., as agent for the Endowment Funded Loans, "Lender", hereinafter referred to as "ILP" is pleased to offer the following loan to First Presbyterian Church of Arlington Heights, hereinafter referred to as "Borrower". This letter does not set forth all the terms and conditions of the loan offered herein. Rather, it is only an outline, in summary format, of the major points of understanding which shall be the basis of the final Loan Documentation which shall be drafted by ILP. This commitment is valid for a period not more than one hundred eighty (180) days from the date of this letter (until **November 4, 2021**). **ILP has tentatively scheduled the closing for July 3, 2021.**

The following is a summary of the terms and conditions under which the loan will be made:

Funds:	Endowment Funds
Borrower:	First Presbyterian Church of Arlington Heights
Purpose:	Proceeds of this loan will be used for renovation
Construction Phase:	Construction amount of \$ 500,000. The construction period will be for 12 months, or upon the completion of construction, whichever comes first. Repayment will be monthly interest-only on the principal sum disbursed during construction phase.
Amount:	\$ 500,000 (Five Hundred Thousand and 00/100 Dollars)
Term:	240 months
Amortization:	240 months
Interest rate:	As of the date of this letter, the base loan interest rate is <b>3%</b> per year. This rate is good for sixty (60) days from the date of this commitment letter (or until <b>July 3, 2021</b> ). The interest rate for the loan will be reviewed every 60 months from the loan closing date and may be adjusted to reflect Lender's current endowment funds interest rate.
Repayment:	Monthly payment at \$2,772.99, fixed for the first 60 months. The monthly payment shall be adjusted during the term of the loan, when the interest rate is adjusted.

**Arlington Heights, IL – First Presbyterian Church of Arlington Heights**  
**May 3, 2021**  
Commitment Letter Page 2

---

Collateral:	First Mortgage on property located 302 N Dunton Ave. Arlington Heights, IL 60004
Guarantee:	Presbytery of Chicago
Title Policy:	Required. The title policy shall contain no exceptions, conditions, exclusions or other matters unacceptable to ILP
Hazard Insurance:	Evidence of liability and fire insurance coverage naming the Presbyterian Church (U.S.A.), Investment and Loan Program, Inc. as additional insured, loss payee and mortgagee
Fees:	Borrower will pay all legal fees, recording fees, appraisal fees (if applicable), and other cost incurred by ILP in connection with making, documenting, and closing of the loan.
Appraisal:	None. Prior to closing, the church will be required to complete the Appraisal checklist document.
Points:	None
Prepayment Penalty:	None
Financial Statements:	Borrower shall provide ILP with a copy of fiscal year-end financial statements within 90 days of fiscal year-end.
Additional Debt:	Borrower covenants and agrees that it will not incur additional indebtedness or permit any lien or any other encumbrances of the property securing the Promissory Note without the prior written consent of ILP

ILP reserves the right to add additional terms and conditions and to modify existing terms and conditions for the loan upon written notice to the Borrower. Attached to this letter and incorporated herein is a list of Requirements, which contains ILP's minimum requirements for making a loan. This commitment is conditional upon meeting these requirements as well as the conditions set forth herein. If in ILP's sole determination, the facts, conditions or circumstances have changed from those stated in the loan application or otherwise, ILP reserves the right to withdraw this commitment at any time. This commitment is not assignable or transferable by the Borrower without the express written consent of ILP.

Further, upon termination of use of the property to be mortgaged as a particular church or upon termination by declaration or otherwise of the Borrower's status as a particular church, entity or agency of the Presbyterian Church (U.S.A.) and subject to the Constitution of the Presbyterian Church (U.S.A.), any loan created by this commitment shall be immediately due, payable and collectible.

The terms of this letter may not be waived, modified or in any way changed except as agreed to in writing and signed by all parties. If you agree with the terms and conditions contained herein, please sign and return the enclosed Acceptance Page. Acceptance of this commitment letter means acceptance of the standard conditions, provisions, limitations, and required documentation necessary to secure the loan as set out herein.

Thank you for this opportunity to serve First Presbyterian Church of Arlington Heights and its capital project need. Our program's long history of working with Presbyterian churches and related Presbyterian entities gives us a unique perspective in providing the appropriate level of financing and structure for this capital project need. As your relationship manager, I look forward to working with you on the closing and funding of this loan. Our office team will be calling you in a few days to follow up and answer any questions that you may have about this commitment.

Respectfully submitted,

Judy L. Walton  
Director of Credit Operations  
1-800-903-7457 Ext. 5231

**ACCEPTANCE**

**This signature page of the commitment letter must be signed, dated and returned within 15 days from the date of this letter to ILP.**

By signing and returning a copy of this letter, the undersigned acknowledges receipt of ILP's Commitment Letter and Requirements and agrees to all of the terms and conditions set forth herein.

**CONSTRUCTION DRAWS:**

Interest only on the principal amount outstanding is due during the draw period, which cannot exceed twelve (12) months. Draws must be taken in at least One Hundred Thousand Dollar (\$100,000.00) increments, and only once a month. At the end of construction, the loan will be converted to an amortizing mortgage and the loan term will begin.

**FIRST PRESBYTERIAN CHURCH OF ARLINGTON HEIGHTS**

By: \_\_\_\_\_  
(Authorized Corporate Signature)

Printed or Typed Name: \_\_\_\_\_

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

**CERTIFICATION/RESOLUTION FOR CHURCH CONGREGATION**

I, \_\_\_\_\_, the duly elected and qualified Clerk of Session of First Presbyterian Church of Arlington Heights do hereby certify that the following is a true and correct copy of the resolution adopted at a meeting of the congregation held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at which a quorum was present.

**RESOLVED**, the First Presbyterian Church of Arlington Heights (“**Congregation**”) desires to provide approval for the First Presbyterian Church of Arlington Heights, (the **Church Corporation**”) to borrow money from the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. (“**Lender**”) funded by Endowment Funded Loans:

Amount of Loan:        \$500,000

Type of Loan (check one)

Secured Loan:   ✓    
(Evidenced by a Promissory Note and secured by a Mortgage/Deed of Trust)  
Congregation’s corporation holds fee simple title to the property to secure the loan.

Unsecured Loan: \_\_\_\_\_  
(Evidenced by a Promissory Note)

Purpose of the Loan (check one)

Construction:   ✓  

Non-Construction: \_\_\_\_\_

**FURTHER, BE IT RESOLVED** that the Congregation approves the Church Corporation entering into a loan as indicated above.

I further certify that this resolution has not been modified, revoked, or rescinded and is in full force and effect this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Clerk of Session

\_\_\_\_\_  
Typed or Printed Name