



**Beyond
these Walls**

LIFTING MISSIONS
BY LOWERING DEBT

September 20, 2020

FREQUENTLY ASKED QUESTIONS

Financial & Local Missions



FINANCIAL FAQ

WHY DO WE HAVE TO REFINANCE OUR LOAN?

The loan started in September 2012. The length of time for the loan was 10 years and it matures in September 2022.

If you are curious: The monthly payment for the loan was calculated based on a 25 year term so it would be affordable for the church to repay. However, because of this, the monthly payment does not pay the loan off completely in a span of only 10 years. This results in a loan balance that is still due when the loan matures in September 2022. You may sometimes hear this referred to as a “balloon” loan. The balance is what we need to address: either we pay it off completely or we refinance it

WHY DIDN'T WE DO A LOAN LIKE MY HOME MORTGAGE?

The church's loan is very different from a residential mortgage. It is a commercial mortgage and has several distinctively different characteristics from a residential mortgage.

If you are curious: Primarily because the real estate cannot be used for residential purposes and there are no individuals personally responsible for repaying the loan. Our loan falls into the commercial loan category.

A residential mortgage is carefully qualified so that thousands of separate home mortgages can be grouped together into a single package and sold to investors. These investors offer long loan terms and fixed interest rates for these packages of loans. This is why a residential mortgage can be for 30 years with an interest rate that stays the same for the full term of the loan.

With our loan, or any commercial loan, the lender has to keep it and does not want to take any unnecessary long-term risk that the value of the property may decline or interest rates may go up. It is standard practice in the commercial loan market that the lender will only set a term of 5 or 10 years in an effort to keep their risk under control.

WHAT WILL THE REFINANCE INVOLVE?

The Finance Committee will speak with several different lenders starting about six months before our loan matures. We will receive the lenders proposals for refinancing our loan balance.

The Committee will select the best offer, present a recommendation to move forward with the offer to be voted on by the Members of the church. If the church Members approve, then we will work toward a formal loan approval and closing by September 2022.



If you are curious: We will provide the lenders with the church's financial reports prepared by an outside accounting firm and also give them any financial and operational information as requested by their credit underwriters. This information will allow the lender to determine our ability to repay the loan.

Once the loan is approved, we will need to give the lender a new appraisal of the property as well as a current inspection report stating there are no environmental hazards on the property. New loan documents will be prepared for signature. At the closing of this loan, the proceeds will pay off the balance on the original loan, and the new loan will begin.

ARE THERE COSTS ASSOCIATED WITH THE REFINANCE?

A firm estimate will be developed, but there are several significant costs incurred in the refinance process.

If you are curious: These costs will be identified and estimates provided when the church hears the Finance Committee's recommendation for accepting a loan proposal. A few costs are as follows: We will have to pay an accounting firm to prepare the annual financial statements for the lender to review. This may be about \$1,000. The appraisal may cost about \$5,000. The lender may charge a fee that could be as high as 1.0% of the loan amount: \$20,000 (this will be one of the areas we will negotiate as best as possible during the proposal stage). There will be documentation fees that could be as high as \$5,000. There will also be title search and title insurance premiums that could be several thousand dollars. The State and County may also charge Deed of Trust recording fees of several thousand dollars.

HOW LONG WILL THE NEW LOAN LAST AND WILL WE NEED TO REFINANCE IT IN A FEW YEARS, TOO?

This will be an important part in requesting proposals from potential lenders. In addition to the best interest rate and fees, we will try to get the best length of time for the loan term so we could pay the loan in full and not have to refinance again.

If you are curious: Originally, the loan was based on a monthly payment that would pay the loan in full in 25 years. We are 10 years into that time period. Therefore, we want to have a new loan that is no longer than 15 years long in order to maintain our original time period. The lending market varies and different lenders may have loan terms that may be more attractive to us than others.

The best loan for Weems Creek may be a combination of the interest rate, the lender's fees as well as the length of time the interest rate will remain fixed. We will seek the best balance of these choices.



FINANCIAL FAQ

Continued

WILL WE REALLY SAVE MONEY BY PAYING DOWN THE LOAN PRIOR TO THIS REFINANCE?

Yes. It is simple arithmetic. A lender charges interest on the loan balance. If you reduce the balance, you pay less interest. That is how we will save.

If you are curious: In fact, the way the arithmetic works: for every dollar less we need to borrow by the time we get to September 2022, we will save 40 cents in interest over the term of the refinance loan. That is a great savings that we can use to share God's love with our community.

Needless to say, we won't wait until September 2022 to put the campaign funds to work. As soon as contributions to Beyond These Walls are received, they will be applied to the current loan we have, so the interest savings will start right away AND the loan balance will be reduced prior to the refinance.



LOCAL MISSIONS FAQ

HOW WILL THE MONEY WE SAVE ON THE BUILDING LOAN BE USED?

The money saved will be used to increase the amount of money dedicated to local missions here in the Annapolis/Anne Arundel County area.

HOW WILL THE LOCAL MISSION MINISTRIES BE SELECTED?

Pastor David is leading the newly formed Local Missions Team in planning. They will put together a ministry plan and help identify ministry leaders. They will make budget requests to the Finance Committee. The Local Missions Team also welcomes new ministry ideas from the congregation! Simply email your suggestion to office@weemscreek.com or share your idea with a member of the Local Missions Team.

Those serving on the Local Missions Team are: Fred Bedell, Chip Burch, Melissa Gardner, Connie Golihew, Earl Gray, Kristin Lewnes, David Orr, Dan Rhoades, Alex Streitmater, and Shawn Wilson.

WHAT TYPES OF MISSION ACTIVITIES WILL WE UNDERTAKE?

We will focus on three different categories of ministry:

1. Sowing seeds of kindness & goodness.
2. Sowing seeds of kindness & the seed of the Gospel.
3. Reaping the harvest of seeds planted.

HOW CAN I GET INVOLVED IN THESE MISSION PROJECTS?

Each ministry will have one or more Ministry Leaders. You will be able to contact them individually for information on how to get involved. If you do not know who is leading a particular ministry, contact the Church Office (office@weemscreek.com; 410-266-5527) and Tracey or one of the Pastors will help you get the information you need. If you would like to initiate a new ministry, please let us know! The Local Missions Team will work with you.

WHY ARE WE FOCUSING ON LOCAL MISSIONS INSTEAD OF MORE DISTANT MISSION PROJECTS AROUND THE COUNTRY AND INTERNATIONALLY?

First, we are NOT diminishing our efforts beyond our local area. This year alone we will give approximately \$150,000 toward mission efforts beyond our local area. We celebrate this and do not want to reduce these efforts.

Second, as we pay down our loan in order to save on interest and lower monthly payments, we believe it is time to increase our efforts right here in our community! Our 2020 Budget allocates about \$27,000 to our local efforts. Our prayer is to significantly increase this amount. Thus future savings from paying down the loan will facilitate increasing our investment here in the Annapolis area.



CAMPAIGN MILESTONES

- **PREVIEW LAUNCH EVENT**
SEPTEMBER 20, 2020
 - **CAMPAIGN LAUNCH**
OCTOBER 18, 2020
 - **EVENING OF PRAYER**
OCTOBER 28, 2020
 - **COMMITMENT SERVICE**
NOVEMBER 8, 2020
 - **FIRST FRUITS CELEBRATION**
NOVEMBER 15, 2020
 - **BALLOON PAYMENT**
SEPTEMBER 2022
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