

## **First United Methodist Church of the Saint Cloud Region Member Loan Investment Program**

First United Methodist Church of the Saint Cloud Region will offer members an opportunity to loan funds to the church to finance the cost of our new church facility. The intent is to offer members reasonable interest rates and save the church some of the borrowing costs associated with commercial bank loans. Funds will be used first to build the shell of the education wing, second to finish the education wing, and third to reduce the overall amount of the church mortgage.

The terms of the Loan Agreement are as follows:

1. This is an unsecured loan that will be documented by a promissory note issued by First United Methodist Church.
2. The individuals who loan funds to First United Methodist Church must be members of record with First United.
3. The period of the loan can be either three, five or ten years as agreed to in advance by the member and First United Methodist Church.
4. Interested individuals are requested to indicate their intent to provide a short term loan to the Finance Team Leader by (date). The intent should state the amount and term of the proposed loan. The Loan Agreement must be executed by (date).
5. The minimum amount of the loan is \$10,000.00 for any given term, and can be in any number of \$5,000.00 increments above that minimum.

6. The promissory notes will be repaid by First United Methodist Church at the following interest rates:

Note Term	Annual Interest Rate
Three year	2.5%
Five year	3.0%
Ten year	4.0%

7. Interest will be paid annually on the anniversary date of the note and lenders will be provided with a 1099 for the year in which the interest is paid. The interest paid may be subject to treatment as ordinary taxable income for both federal and state income tax purposes, however, lenders are encouraged to consult with their independent tax and/or legal advisors in connection with any note transaction or the tax consequences of extending a loan. First United Methodist Church cannot and does not give tax or legal advice.
8. The principal amount and all accrued but unpaid interest will be paid on the term date of the note, at which time the note will be deemed satisfied.
9. The notes are callable by the church with 30 days notice to the lender. That is, the notes can be paid off by the church at any time, with interest earned up to the date of payoff, after giving 30 days notice.
10. Requests by the lender for early redemption in the event of an emergency will be handled on a case-by-case basis.