

NYCBC Term Loan Q&A

The church building project is completed, why do we have a Term Loan Program?

Even though the church building project is completed, the building costs have not been completely paid for yet.

Both Promissory Notes and the bank mortgage are a form of debt that the church would need to pay back. Mortgage payments can be easily planned as there is a fixed payment schedule. On the other hand, even though Promissory Notes have 2 or 3-year terms, note holders could give a ten-day notice and redeem their Promissory Notes. This becomes difficult for the church to plan for how much cash to keep on hand to pay Promissory Note holders when they redeem their Promissory Notes. For the church to better plan on how much cash to have available, a Term Loan Program was created to “replace” the Promissory Notes. Term Loans do not have the “redeem by giving a 10-day notice” clause. Promissory Note holders are encouraged to convert their Promissory Notes into Term Loans.

Offering levels have become much lower during the pandemic. To preserve and even increase the cash on hand for day-to-day operating needs including building management/maintenance, ministry expenses, mortgage payments and payment for Promissory Note redemptions, even though the church building project is completed, we ask brothers and sisters whose financial situation permits to:

- a/ Convert their Promissory Notes to Term Loans, and
- b/ Loan money to the church via the Term Loan Program.

How does the Term Loan Program work? How do brothers and sisters participate in the Term Loan Program?

Term Loans have three and five year terms. The interest rates are based on the average of the big 5 banks' posted GIC rates for the respective term of three or five years. Amounts: \$500 minimum and in increments of \$500.00. Brothers and sisters also have the option to waive interest. In emergency situations, brothers and sisters could also cash in their term loan(s) before maturity upon approval by church officers.

Brothers and sisters who would like to loan money to NYCBC via the Term Loan Program can fill out the “Term Loan Instrument Registration” available on the [church's website](#) and submit it along with the funds to the church office.