



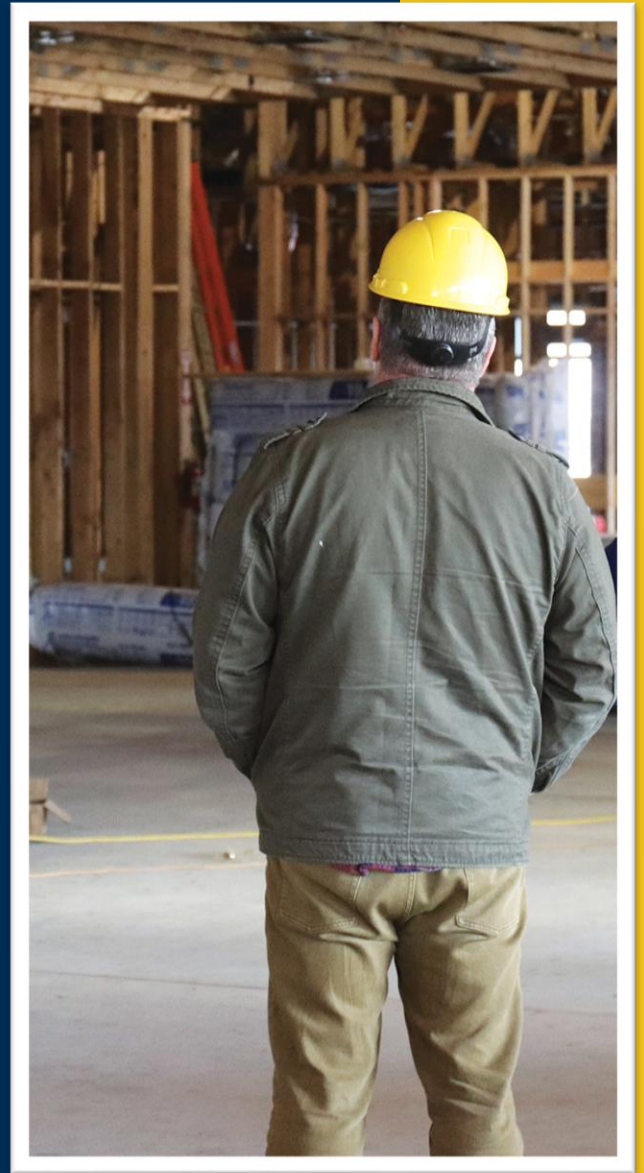
SOUTHERN BAPTISTS OF TEXAS
FOUNDATION

Our Focus

- **Consult with Texas SBC churches.**
 - Development of facility planning based upon demographics of church and community.
- **Assist church with financing of facilities.**
 - Structure financing package to meet the unique needs of the church.



Financing Your Buildings



Where Do I Start?

- **Evaluate Your Community & Your Church**
 - Evaluate the demographic makeup of your community. What are its needs?



Demographics

- **Why look at demographic information?**
 - Shows you who is in your community and what their interests are.
 - Allows you to plan ministries that will reach the community.
- **Where do I get demographic information?**
 - Southern Baptists of Texas Convention
 - Local Association
 - North American Mission Board, Research Team



Demographics

- **How do you use a demographics report?**
 - What is happening in the community?
 - (Age, Education, Interests)
 - What ministries would be effective in reaching the community?
 - Who are we currently reaching? Who do we want to reach?



Evaluate Your Community & Your Church?

- Evaluate the demographic makeup of your community. What are its needs?
- Evaluate the demographic makeup of your church. What ministries are effective and what ministries need to be added?
- What types of ministries do I want to offer to have an effective outreach to our community?
- What are the building needs related to these ministries?

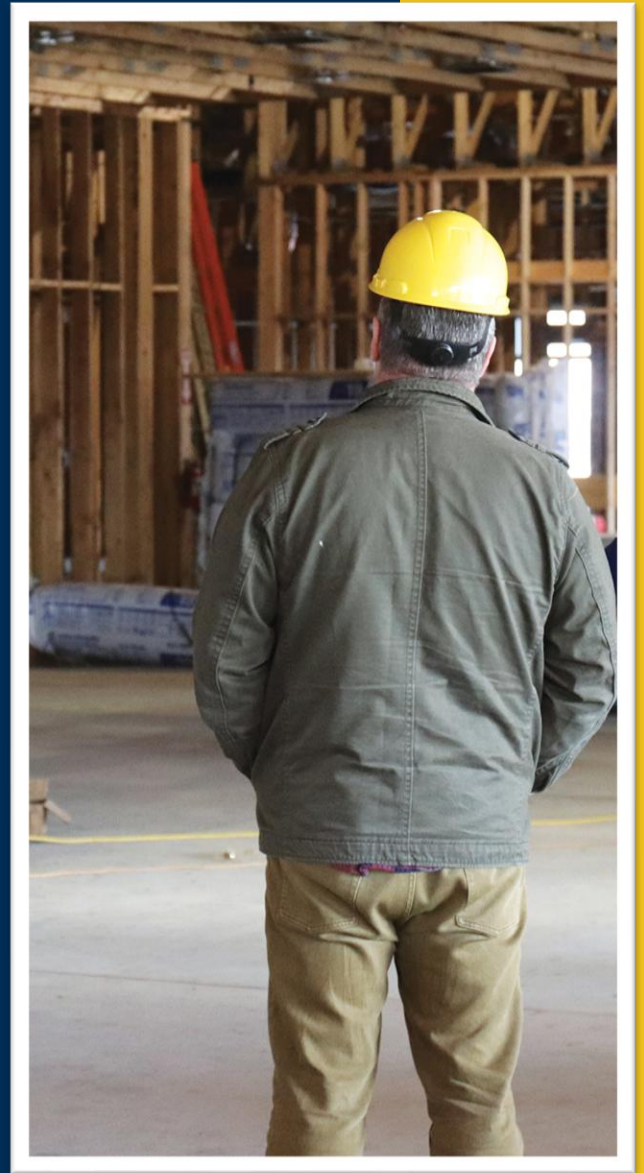


Choosing a Site

- **What Do I Look For?**
 - Visibility
 - Accessibility
 - Acceptability



What Type of Building Should I Obtain?



New Construction vs Existing Facility

- **New Construction**

- Requires more planning coordination and outside costs.
- There are always hidden costs.
- More outside consultants will be needed.
- Building can be customized to your church's individual needs.
- Utility costs are usually lower.



New Construction vs Existing Facility

- **Existing Facility**

- Possible utility inefficiencies.
- Possible environmental issues.
- Possible deferred maintenance.
- Need to ask: Why did other church leave?
- Is the building suitable to your congregation?
- What existing identity will go with the building?
- Building is generally less expensive than new.
- Building can be occupied sooner.



Evaluating Project Feasibility

- **What is my Total Project Cost?**

- Construction costs usually only account for 65-80% of your Total Project Cost.
- Luke 14:28-30

28 For which of you, desiring to build a tower, does not ^sfirst sit down and count the cost, whether he has enough to complete it? **29** Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, **30** saying, ‘This man began to build and was not able to finish.’



How Much Can I Afford to Spend on a Building?

- Cash on Hand
- Capital Fund Raising



Capital Fund Raising

- **What is Capital Fund Raising?**

- Campaign to raise funds through pledges over a specific period of time for a specific purpose (i.e., building fund, organ fund, etc.).

- **What programs are available?**

- Fund Raising Companies
- Other Churches



How Much Can I Afford to Spend on a Building?

- Cash on Hand
- Capital Fund Raising
- Borrowing Capacity



What Information is the Lender Going to Want

- Financial Statements
- Balance Sheet
- Copy of the Current Budget for the Church
- Bank Statements
- Credit Reference Letter
- Resume of Pastor

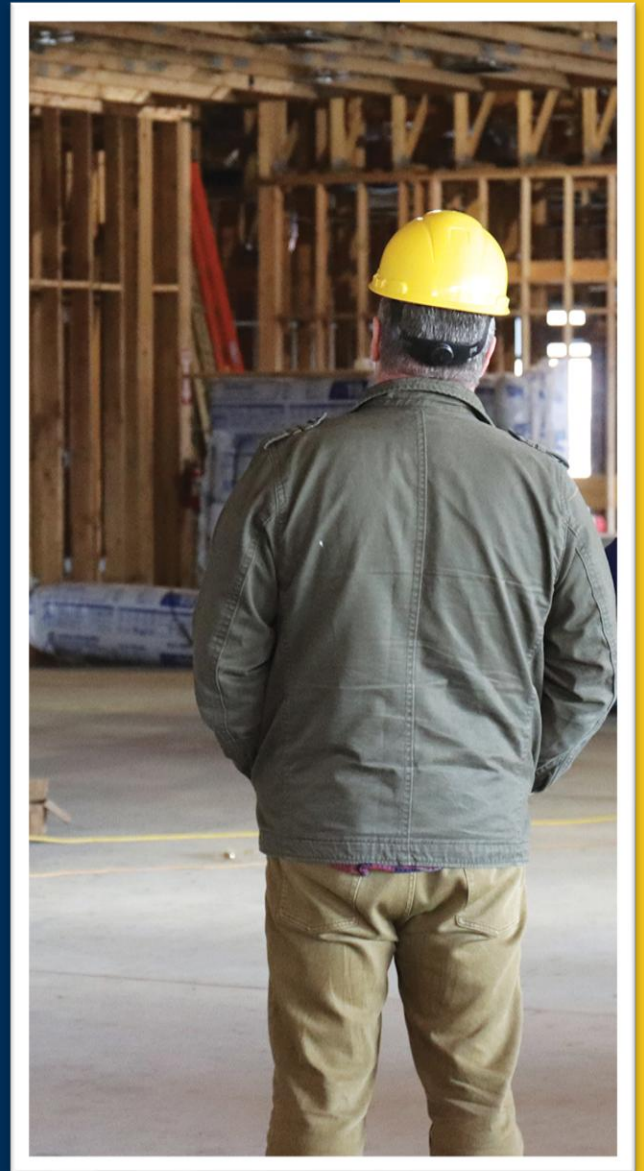


Financial Statements

- Importance of Good Financial Records
- What information should my financial statements contain?



How Much Can I Afford to Borrow?



Lenders Look at Three Main Ratios when Underwriting a Loan

- **Debt Service** **30%**
 - Total of all debt payments divided by undesignated income
- **Fixed Expense** **85%**
 - Total of all fixed expenses divided by undesignated income
 - Fixed expenses include salaries, benefit costs, debt service, lease expense, utilities, insurance, etc.
- **Loan to Value Ratio** **75%**
 - Percentage of selling price or appraised value (whichever is less)



**Too Much Debt Will Cause
a Church to Stop Growing
as Fast as Not Having
Enough Space.**

Financing Products Available

- **Construction Financing**

- Used to finance the construction phase

- **Permanent Financing**

- Used to take out a construction loan, refinance existing debt, or provide funds for small remodeling projects



Why Do I Need a Construction Loan?

- Reduces Financing Costs
- Allows for Better Control of Construction Costs
- Can Reduce Construction Costs



Types of Permanent Financing

- **Bonds**

- Financial instrument sold to individual investors. Bonds often have a fixed interest rate but can often only be paid ahead or paid off at certain times of the year (annually or quarterly).

- **Mortgage Loans**

- Financing from financial institution. Loans can be paid ahead or paid off at anytime . Loans have different terms and rate options available so they can be tailored to meet the church's' unique situation.



Bonds

- Instrument sold to investors.
- Carry a fixed rate of interest for each maturity.
- May only be paid off or paid ahead at certain times of the year.
- High initial costs to issue - audit fees, sales commissions, points, sinking funds
- Very flexible in structuring. (Compound Interest Bonds)



Mortgage Loans

- Financing secured by a mortgage.
- Can be paid off or paid ahead at any time.
- Have different term and rate options so they can be tailored to meet a church's unique needs.



How Do I Decide Which Type of Loan Product is Best for Our Church?

- When will the church need to complete its next phase?
- What is the economic outlook for that time period?
- Do I believe the forecast?



Southern Baptists of Texas Foundation vs Local Bank

- **Local Bank**

- All fees and interest paid go to fund the bank's interests (i.e., dividends, expenses, donations, etc.).

- **Southern Baptists of Texas Foundation**

- All income over expenses goes to support ministry.



Type of Loan Products Offered

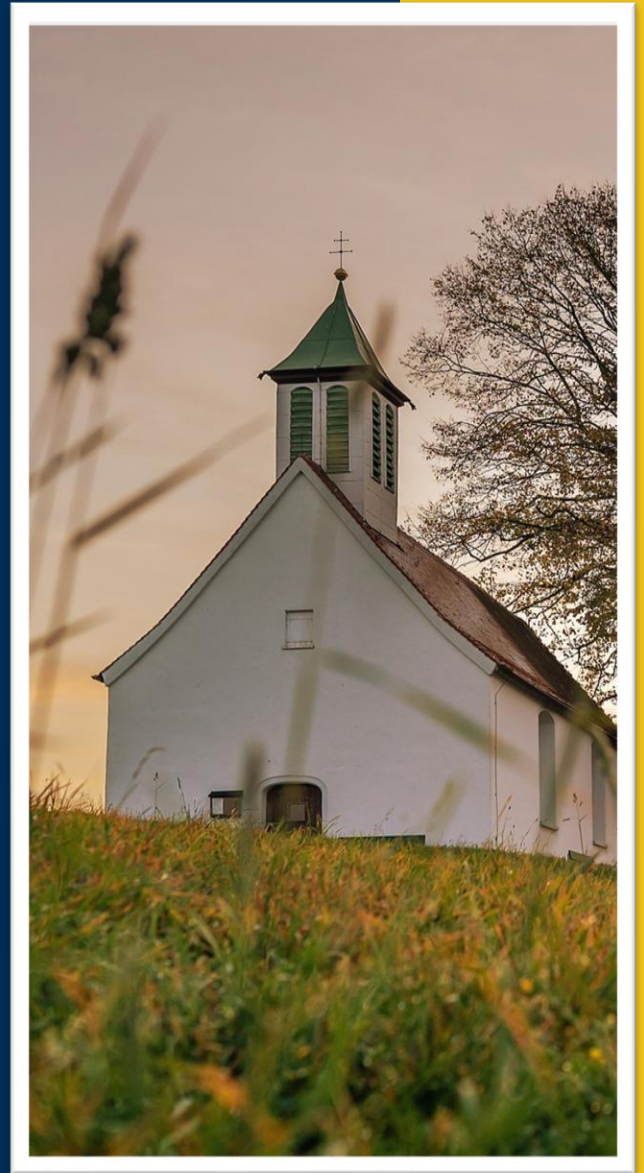
- **Construction Loans**
- **Permanent Loans**
 - First Mortgage Loan
 - Second Mortgage Loan



**“Without
consultation, plans
are frustrated. But
with many
counselors, they
succeed.”**

Proverbs 15:22 NASB

What are Your Investment Funds Building?



What are Your Investment Funds Building?

- Do you want your investment funds to have a Kingdom impact?
- Are you tired of low interest rates on your savings and money market accounts?



Southern Baptists of Texas Foundation

- Earn a good return with no principal fluctuation. Currently starting at 2.50%.
 - Term Certificates from 3.20% to 4.50%.
 - Partner to provide funds for SBC churches to obtain the facilities they need to reach their communities for Christ.
 - Invest reserve funds, building funds and other designated funds
- Church expansion certificates are offered by prospectus only to a limited class of investors.

