

**Diocese of Lexington
Loan and Grant Committee**

The Loan & Grant Committee (the Committee) of the Diocese of Lexington shall have the responsibility for administration of Loans and Grants from the Loan and Grant Fund.

The Committee shall consist of a chair and a minimum of 2 members, at least one of which shall be a member of the Executive Council, and at least two of whom shall not, are nominated by the Bishop subject to the consent of Executive Council. The Bishop, the Canon to the Ordinary and the Diocesan Finance Officer are members ex officio.

The Committee and Executive Council has adopted these operational policies and procedures.

Loan and Grant Program Fund Purpose

The Episcopal Diocese of Lexington is pleased to make available money for activities, projects, or programs which help to further the building up of the kingdom of God and support the vision and mission of the Diocese and its congregations and programs. We seek to further the invitation of individuals to become passionate followers of Jesus Christ, to offer opportunities for personal and corporate transformation, and to equip people for Gospel mission in the world.

**Diocese of Lexington
Grant Program Policy and Procedures**

The Committee shall present a report on the Grant Program to the Executive Council at their June meeting and their meeting occurring before the Annual Convention of the Diocese. In addition, the Committee shall present a report of the Grant Program at Annual Convention.

Money available for Grant Program shall be approved in the diocesan annual budget.

Grant Program Procedures:

1. Written applications are to be submitted via U.S. Mail or email by May 1 each year to the Loan & Grant Committee and cc the Missioner of Finance
2. Applications for grants being used to fund Diocesan activities or programs must be reviewed and approved by the Chair of the appropriate department related to those activities or programs.
3. Congregational grant application must be signed by the person-in-charge of the congregation.
4. Grant amounts may be limited in order to allow for maximum participation across the Diocese.
5. The Loan & Grant Committee will review the grant applications. If there are more applications than funds to be granted, the Committee may refer to the Program Committee for suggestions in prioritizing the applications. The Committee will send their final recommendations to the Executive Council for approval at its June meeting.
6. Congregations requesting grants must be up to date on their financial obligations to the Diocese, including but not limited to assessments, loan and interest payments, and insurance reimbursements. In addition, there shall be no appeal for reduction of assessments or loans during the period of the grant funding.

7. The grant money may not be used to supplant current operating expenses.
8. Each recipient shall name an administrator for grant who will communicate with the Diocese regarding all aspects of the grant management. If the named administrator must leave the project before completion, another administrator must be named, and the Committee informed in writing or email. Notification should be addressed to the Loan & Grant Committee with cc Missioner for Finance.
9. Each recipient will agree to the following covenant:
 - The grant administrator will review and approve all expenditures from said grant in advance of payment.
 - Expenditures will only be spent for specific items approved in the proposal.
 - The funds must be expended within one year from the date of receipt or date stated in the acceptance agreement.
 - Any unspent or misspent money must be returned to Diocese at the end of the grant period.
 - At the end of the project the administrator will prepare and submit a written final project report, along with photos, stating these required elements:
 - The amount of money spent and how it was used.
 - What objectives were accomplished?
 - How were the accomplishments measured?
 - Were any the matching funds used in the project?
 - How did this project help to build the kingdom of God and advance the vision and mission of the Diocese and its congregations? And how were these results measured?
 - Progress reports, including photos if applicable, are due to the Committee by January 15. The progress report shall contain the current progress on the required elements of the final project report as listed above.
 - Final project reports, including photos, are due to the Committee no later than September 15, year following the grant award. But they may be submitted earlier if the project is completed.
 - By signing the covenant agreement, each recipient agrees to abide by all elements of the agreement. When the Diocese receives the signed agreement, a check for the full grant amount will be issued.
 - Any changes to the covenant agreement must be requested in writing approved by the Committee prior to the change. Change orders should be addressed to the Loan & Grant Committee and cc Missioner for Finance.

Diocese of Lexington Loan Program Policies and Procedures

The Committee shall adopt operational procedures, which shall be approved by Executive Council.

The Committee shall file a written report with Executive Council and the Standing Committee at their respective regular meetings occurring before the Annual Convention of the Diocese and a report of the activities of the Committee shall be presented to each Annual Convention.

Loan Fund Goals:

- To provide financial assistance to the Diocese and congregations and/or Institutions within the

Diocese in meeting mission strategies, funding building projects, expansions or renovations;

- To provide funds at lower interest rates than might be available commercially.

Loan Funds Procedures:

1. Loan Program Applications are submitted through the Missioner of Finance to the Loan and Grant Committee for review and for approval.
2. Loans being used to fund Diocesan activities or programs must be reviewed by the Chair of the appropriate department related to those activities or programs for recommendation to the Loan and Grant Fund Committee.
3. The following terms will be used for the two levels:
 - a. Loans up to a maximum of \$50,000 for a term not to exceed 5 years at prime rate.
 - b. Loans from \$51,000 to a maximum of \$100,000 for a term not to exceed 10 years at 1% over prime
 - c. Loans over \$100,000 may be considered and provided at appropriate terms.

Note: Prime rate to be reviewed every year at the anniversary date of the loan. Rates and payments may then be adjusted accordingly.

4. Payments will be made monthly to the Diocese of Lexington. Overdue payments will be reviewed by the Loan and Grant Fund Committee for appropriate action.
5. A signed Promissory Note detailing the terms and the responsible parties of the loan agreement and an executed mortgage encumbering Mission or Parish real estate will be returned to the Missioner of Finance before the loan funds are released.
6. Loan funds are to be returned to the Diocese if the proposed project is postponed or canceled. Unexpended loan funds are to be returned to the Diocese and may not be used for any other purpose than that stated on the loan application.
7. Funds for construction or renovation projects will be disbursed in proportion to the percentage of completion of the project; (e.g., 25%, 50%, 75%, 100%).
8. Applicants must provide evidence of its own capital fund raising including evidence that all clergy and vestry members have made pledges, a moral commitment that the Rector remain at the location for the duration of the loan, and such information as requested by the Committee describing its financing and construction.
9. The Mission or Parish must be in compliance with Canons 28 and 30 of the Diocese of Lexington.
10. The terms and conditions of all loans are required to be approved by the Executive Council and the Standing Committee.

Criteria Used for Approving Loan Applications:

1. The intended use of the loan funds must be consistent with the stated purpose of the Diocesan Loan and Grant Fund.
2. Loan history of the Mission or Parish.
3. The total indebtedness of the Mission or Parish and loan amount requested must not exceed 150% of the average of the previous three years receipts.
4. Any Mission or Parish making an application for a loan shall continue to fully pay its appropriate Fair Share payments to the Diocese during the term of the loan.