

## LOANS

Parishes or schools are not permitted to secure financing from outside commercial lenders without the written permission of the Archbishop.

The Archdiocese makes building related loans to parishes or schools through the Archdiocesan Deposit and Loan Fund. This Fund is essentially an internal bank or depository for excess or reserve funds of parishes and institutions within the Archdiocese of Louisville. The Fund is administered by the Chancery under the supervision of the Archdiocesan Finance Council. All loan applications are reviewed by the Archdiocesan Finance Council and approved by the Archbishop. Interest rates on new construction or building loans can be obtained from the Chancery Finance Department.

In emergency situations, a parish experiencing cash flow shortages may request an operational loan from the Archdiocese. Any request must be made in writing to the Archdiocesan Chief Financial Officer and approved by the Archbishop.

If a loan is for renovation or new construction project, the parish or school must first follow the guidelines set forth by the Archdiocesan Building Commission and Finance Council (See policy entitled Renovations/New Construction). Loans for major renovations and new construction must be fully secured by parish or school savings and/or capital campaign pledges.

All loans must fit within the financial ability of the parish or school to pay. In general, projected operating surpluses will not be considered as security for a loan and loan repayment periods cannot exceed seven years.

A loan may not be approved for a parish or school that is not current in its obligations to the Archdiocese. These obligations include, but are not limited to:

- Filing of Parish or School Financial Statements
- Payment of Parish or School Assessments
- Compliance with Personnel Policies
- Compliance with Financial Policies
- Compliance with Audit Findings

Loan applications must be made directly to the Archdiocesan Chief Financial Officer. They must include, but are not limited to:

- Total cost of project with rationale requested for loan;
- Statement of cash and pledges on hand - careful consideration will be given to the percentage of cash to the total cash and pledges. It is recommended the project has 50% of cash before commencing;
- Cash forecast demonstrating ability to repay the loan;
- History of previous loans and explanation of any unpaid loans.