

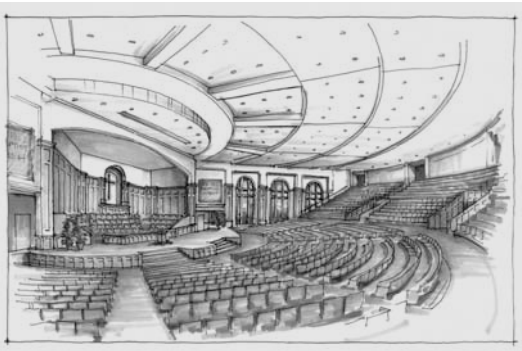
Financing Your Building Project

Paul Sewell

Original Concept



Original Concept



Final Design



Project Overview

- Phase 2 of Master Plan
- Worship Center
- Children's Wing
- Music Suite
- 55,000 square feet
- Moved in December 2006
- Total Project Cost \$ 9.5 million
- Cash available \$ 2.0 million

Funding Strategies

- David Strategy
- Solomon Strategy
- Maximization Strategy

Approaching Lenders

- Faith versus Risk
- Selling your Church
 - Highlighting your Strengths
 - Mitigating your Weaknesses

Approaching Lenders

- Preparing a Request for Proposal
 - Cover Letter
 - Total Project Budget
 - Building Presentation Booklet
 - Master Plan
 - Project Schedule
 - 3 Years of Financial Reports
- Responding to Questionnaires

Selecting a Lender

- Negotiating
- Creating a Decision Matrix
- Considering Relationship

	Option A	Option B
Rate	5 year fixed at 7.75%	7 year fixed at 7.53%
Difference in Rate		0.22% lower
Amortization	25 year	30 year
Fees & Closing	\$ 24,000	\$ 137,000
Total Loan	\$ 7,924,000	\$ 8,037,000
Monthly Payments	\$ 59,852	\$ 56,361
Annual Payments	\$ 718,227	\$ 676,300
Difference in Annual Payment		\$ 42,843
Interest / Year	\$ 614,110	\$ 605,186
Savings per year in lower rate		\$ 8,924
Length of time to offset refinancing		12.6 years
Prepayment	Refinance Penalty Only	Year 1: 2% Year 2: 1%
Reserve Money	Regular accounts	Custodial account
CPA Requirements	Annual Financial Review	Annual Financial Audit

Staying on Budget

Key Question:
Who is going to manage the project?

- The Architect
- The Church
- Project Manager

Small Group Questions

- 1. How can churches better position themselves to lenders?**
- 2. What are the pros and cons of hiring a project manager?**
- 3. What are my church's financial strengths and weaknesses?**