



## **Presbytery of the Highlands of New Jersey PILP LOAN APPLICATION PROCESS AND POLICY**

### RATIONALE

The Presbyterian Investment and Loan Program (also known as "ILP") is "a nonprofit corporation of PC(USA) created to provide low-cost loans to congregations, governing bodies and related entities of PC(USA)."

<https://pilp.pcusa.org/>

Reflecting the denomination's connectional nature, agreements between PILP and a congregation must, by necessity, include the presbytery. As PILP writes:

Mid Councils play a key role in our lending process. Presbyteries are required by our Book of Order to authorize any encumbrance of church property. We consider the process of church borrowing as a partnership between the Church, the Presbytery, and ILP. Loan discussions are most effective when approached as a process of self-discovery where all parties explore the relative strengths and potential challenges of a loan.

This important phrase, "encumbrance of church property, originates in the *Book of Order*:

G-4.0206 Selling, Encumbering, or Leasing Church Property

a. Selling or Encumbering Congregational Property

A congregation shall not sell, mortgage, or otherwise encumber any of its real

property and it shall not acquire real property subject to an encumbrance or

condition **without the written permission of the presbytery**  
[emphasis added]  
transmitted through the session of the congregation.

Because the presbytery is a guarantor of the loan, particular information is required to make a reasonable and faithful discernment on the appropriateness of such a loan, and to communicate that to the ultimate decisionmakers.

## STRUCTURE

According to the processes of Highlands Presbytery,

**The Property and Insurance Team is responsible for matters that deal with ... loans and loan guarantees.**

The Team does not have unilateral authority, however. It acquires information and speaks with relevant persons, both to make an informed decision and to adequately inform the Presbytery upon making its recommendation. As per the bylaws of the Presbytery, the Administration and Coordinating Team can act on the Presbytery's behalf between its meetings.

The Property and Insurance Team meets most months of the year, while Presbytery and the Administration and Coordinating Team (ACT) meet at least quarterly. Called meetings are possible. Because of this scheduling, churches are strongly encouraged to allow ample time for their application to be reviewed and approved before they intend to use the loan.

## REQUIRED INFORMATION AND PARTICIPATION

1. A copy of the complete application packet submitted to PILP (which may include the following items)
2. Description of project/Statement of purpose
3. A balance sheet from the previous year
4. A balance sheet from the most recent month
5. Income/Expense statement with comparison to budget for the previous year
6. Income/Expense statement with comparison to budget for the current year to date
7. Annual budget for the full current year (could be part of #6)
8. The loan agreement that requires the Presbytery's signature

9. Contact information for persons intimate with the project, so that they may be invited to speak in support of it to the Property and Insurance Team and/or Presbytery (or the Administration and Coordinating Team acting on behalf of the Presbytery).

Additionally, the Property and Insurance Team reserves the right to engage with church contacts using the Loan Discussion Quicksheet for Presbyteries (<https://pilp.pcusa.org/borrow/for-presbyteries/>), designed to foster conversation between the church and the Presbytery.

This information will assist the Property and Insurance Team in making its recommendations to the Presbytery. It will also allow the Team to be as prepared and confident as possible as it makes its presentation on the floor of Presbytery on the church's behalf.

#### AUTHORIZED SIGNATORIES

The Presbytery annually authorizes its corporate officers to sign loan documents on its behalf, upon a vote by the Presbytery in favor of such action (or the Administration and Coordinating Team acting on its behalf).

Those signatories will only sign a PILP loan application when it is accompanied by an attestation that the Presbytery (or ACT) acted to approve the agreement.