

Clergy Debt Reduction Loan Program FAQ

Creating good stewards of God's financial resources

What is the Clergy Debt Reduction Loan Program?

This program is made available in an effort to relieve clergy of paralyzing debt that can result in physical, emotional, and spiritual burden. Clergy can apply for a loan to refinance student loan debt at a lower interest rate and simple interest to pay off the debt faster, and/or restructure consumer debt, tax debt, bank loans, etc. to a lower interest loan and *seek to become debt free*.

Who is this program for?

This program is for the benefit of active Clergy in good standing, physically residing within the geographical boundaries of, and serving at least ½ compensation time to an Episcopal appointment made by the Bishop of the Western North Carolina Conference of The United Methodist Church.

What is loan qualification based on?

Loan qualification will not be based on credit score, but ability to repay as determined by the Clergy Debt Reduction Program loan team.

Will everyone that has the ability to repay be approved for a loan?

Not necessarily. There is a limited amount of funds available and the Clergy Debt Reduction Loan team will determine who will benefit most from receiving a low interest loan.

Is this program confidential?

Yes, this program is confidential and every attempt will be made to not reveal participant names or other sensitive personal information to anyone other than those required to process the loan application and loan documents. Information will be restricted, locked, and spoken of only during privileged communication.

Is this a scholarship and/or grant program?

No, this is a loan program and repayment is expected. The Clergy Debt Loan balance may be pre-paid at any time without penalty.

What is the interest rate?

The interest rate is set at 1.5% simple interest for all loans. Actual payments will reflect outstanding principal plus interest of 1.5%.

Can I refinance student loans AND non-student loan debt into the same loan?

No, but you may have two loans with the Foundation.

Can I request a certain loan amount or that a particular debt is paid off?

No. The Clergy Debt Reduction Loan team will determine the amount and the structure of the loan based on disposable income based on the applicants' current household income and current debts owed at the time of application. The debt will be restructured so the borrower can become debt free within the minimum amortization period possible using the formula for determining disposable income.

If I am married, is my spouse required to complete and sign the loan application documents?

Yes, **only if** you are applying for a loan to restructure non-student loan debt. This program is designed for *clergy to become debt free* and the Clergy/spouse will agree to follow the instructions of a mentor. They also must agree NOT to incur any additional debt during the repayment period without written consent of the UMFWNC. Doing so is considered a breach of covenant and contract. In addition, the Clergy/spouse are required to sign the promissory note and participate in the program as outlined. Non-participation by the Clergy/spouse as outlined will be considered loan default.

Can mortgage loans, auto loans, or other collateralized loans be included in non-student loan debt restructuring loans?

No, collateralized debt is specifically excluded from this program, but is included when determining disposable income.