



Clergy Debt Reduction Program Terms & Conditions

Qualifications for Participation: Clergy in The Western North Carolina Conference of The United Methodist Church may apply for a loan through this refinance program under the following guidelines:

- A. 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.
- B. Prior Bankruptcy reported on the credit report will automatically disqualify the loan applicant.
- C. Loan qualification will not be the credit score, but credit worthiness and ability to repay as determined by the Clergy Debt Reduction Program Team.
- D. Clergy meeting the above requirements may apply to refinance debt up to \$100,000. Clergy Debt Reduction Peer loans and Student Loan refinancing will not be combined into the same loan. Loan repayment periods will NOT be longer than those remaining on the existing debt to be refinanced and no loans will be written for a period more than 15 years. The Clergy Debt Loan balance may be pre-paid at any time without penalty. **This is not a scholarship and/or grant program.**
- E. For all *non-student* loan debt refinancing, the clergy and spouse, if married, are required to sign the Clergy Debt Reduction Peer Program Addendum and participate fully in the program as outlined. Non-participation as outlined will be considered loan default.

Interest: The interest rate is set at 1.5% simple interest for all loans. Actual payments will reflect outstanding principal plus interest of 1.5%. 75 basis point will be charged by the United Methodist Foundation of Western North Carolina, Inc. for loan administration and the remaining interest charged will be returned to The Board of Pension and Health Benefits, Inc. Western North Carolina Conference, The United Methodist Church account and made available to loan.

Loan Extension: A loan extension is when a Borrower requests to forgo one or more monthly installment payments which would extend the term of the loan. Loan extensions must be approved by the Clergy Debt Reduction Team. There is a \$100 extension fee plus accrued interest if the request is made before the end of the 15 day payment grace period. A \$100 extension fee plus accrued interest AND the late fee allowed by law will be charged if the request is made after the 15 day payment grace period.

Penalties: All penalties for late payments, non-payment, incurring additional debt, and general non-compliance with any terms of the Promissory Note will be reported to the Clergy Debt Reduction Team, managed per the Promissory Note terms, and delinquencies or default will be reported to the normal credit reporting and rating agencies.

Administration: The program will be administered under the guidelines established by the Clergy Debt Reduction Program Team. The United Methodist Foundation of Western North Carolina, Inc. will manage payments and program accounting. The Foundation will issue payment coupons and report any delinquent payments to the Clergy Debt Reduction Peer Program Team.

Insurance: The Clergy Debt Reduction Team reserves the right to require term life insurance equal to the principal loan balance, to be paid by the borrower.



Clergy Debt Reduction Peer Program Addendum Terms & Conditions

Qualifications for Participation: All qualifications stated in the Clergy Debt Reduction Program Terms and Conditions apply except for those that refer specifically to student loan refinancing. Additional guidelines for The Clergy Debt Reduction Peer Program are:

- A. This program is for the benefit of Clergy who have accumulated high amounts of debt and *seek to become debt free*.
This is not a debt consolidation program.
- B. The Clergy Debt Reduction Team will determine the amount and structure of the loan based on current debts owed by the applicant at the time of application. The applicant does not get to request a certain dollar amount or that particular debt be paid off. Instead, the Clergy Debt Reduction Team will determine the amount of the loan and debt restructure so the borrower can become debt free within the minimum amortization period using the formula for determining disposable income. Disposable income will be based on applicants' current household income.
- C. For this debt program, the Clergy and spouse, if married, are required to sign the Clergy Debt Peer Program Addendum and participate fully in the program as outlined. Non participation as outlined will be considered loan default.
- D. The loan period will not exceed 5 years.
- E. The Clergy/spouse will agree to follow the instructions of a mentor on a monthly basis as to what amounts to pay each month to creditors until all debts are paid, including this Clergy Debt Reduction loan.
- F. The Clergy/spouse agrees to not incur any additional debt during the repayment period without written consent of the United Methodist Foundation of Western NC, Inc. Doing so is considered a breach of covenant and contract.
- G. If the Clergy Debt Reduction loan team determines it necessary to pay off credit card debt, lines of credit, and any other revolving credit, the Clergy/spouse agree to end that credit relationship. The loan team may request that instruments used to access such credit, such as credit cards or cash advances by other means, be destroyed in the assigned mentor's presence.
- H. Mortgage loans or any other collateralized loans do not qualify for this debt reduction program.