

18.7 UNITING CHURCH LOAN FUND BY-LAWS

18.7.1 NAME, PURPOSE AND SCOPE OF THE FUND

The Uniting Church Loan Fund (UCLF) provides loans for eligible Congregations, Faith Communities and other Uniting Church Property Trust (S.A.) entities within the Presbytery and Synod of South Australia for the purpose of funding approved projects.

Projects which are to be funded by the UCLF must have been through all the required church and other relevant approval and eligibility processes before a loan can be approved. Eligibility can include a commitment by borrowers to the Mission and Service Fund where this is required by Uniting Church regulations. Any project funded by the UCLF must be able to be defined as an asset (or potential asset) of the Uniting Church in Australia Property Trust (S.A.) and sufficient security must be available to protect the loan finance being provided.

18.7.2 REPORTING ACCOUNTABILITIES AND DELEGATIONS

18.7.2.1 The Resources Board shall appoint a Uniting Church Loan Fund Review Panel (UCLFRP) to manage the UCLF.

18.7.2.2 The UCLFRP will consider any loan application greater than \$1,000 to a maximum of \$1 million.

18.7.2.3 The membership of the UCLFRP will include the Executive Officer, Resources (or delegate), Manager, Financial Services and Manager, Property Services.

18.7.2.4 In addition, to be consistent with the provisions of these by-laws, the Resources Board can delegate approval for any aspect of UCLF operations to the UCLFRP.

18.7.2.5 The primary role of the UCLFRP will be to evaluate loan applications and either recommend loan approvals and terms and conditions to the Resources Board or, if the loan fits within the UCLFRP delegations, approve the loan and any terms and conditions in its own right.

18.7.2.6 The UCLFRP shall report to the Resources Board on the exercise of its delegation at least once per annum.

18.7.3 ADMINISTRATIVE ARRANGEMENTS

18.7.3.1 A meeting of the UCLFRP can be convened by any member of the UCLFRP.

- 18.7.3.2 The Executive Officer, Resources (or delegate) will normally chair meetings of the UCLFRP. The Manager, Financial Services will be the Secretary of the UCLF and chair meetings in the absence of the Executive Officer, Resources (or delegate).
- 18.7.3.3 The UCLFRP will have a minimum membership of three (3) persons. The attendance of 50% or greater of UCLFRP members at a meeting shall constitute a quorum.
- 18.7.3.4 All decisions made by the UCLFRP must be documented and approved by the Chairperson before any action is taken to implement the decision.
- 18.7.3.5 All meetings of the UCLFRP will follow the principles of consensus decision making as prescribed in the Uniting Church Manual for Meetings.
- 18.7.3.6 The UCLFRP will document the administrative and application guidelines and eligibility criteria for the UCLF and will make this available to the Resources Board on request.
- 18.7.3.7 Any changes to these by-laws shall be approved by Standing Committee on the recommendation of the Resources Board.
- 18.7.3.8 Appeals by loan applicants regarding the decisions of the UCLFRP may be made to the Resources Board, provided the basis for appeal is an error of fact or procedure. Appeals that challenge the judgement of UCLFRP members about the feasibility of a proposed business case or the financial capacity of an applicant will not be permitted.
- 18.7.3.9 The Resources Board or UCLFRP may approve concessional treatment on new loan applications on a case by case basis. The UCLFRP has delegated authority from the Resources Board to approve concessions up to a maximum value of \$10,000 over the life of the loan. If they deem it appropriate, the UCLFRP may recommend concession applications greater than \$10,000 to the Resources Board for consideration.
- 18.7.3.10 An assessment of a loan application by the UCLFRP should include consideration of the following:
- (a) Eligibility criteria
 - (b) Relationship to the Strategic Plan
 - (c) The existence of all necessary Uniting Church and external approvals
 - (d) Current financial status of the applicant
 - (e) Business case (for loans where the UCLFRP have defined this as necessary)

- (f) The support of the Church Council or borrower governing body
- (g) Ability to make loan repayments
- (h) Any concessional treatment which is justified
- (i) Evidence of the congregation's affirmation of the project, where financing relies on additional giving.

The terms and conditions of the loan will always be documented as part of the UCLFRP loan approval process.

18.7.4 FINANCIAL ARRANGEMENTS

18.7.4.1 The overall objective of the UCLF is to maintain the real value of capital by making allowance for inflation by recognising the impact of increases in the Adelaide CPI Index as published by the Australian Bureau of Statistics on the real value of funds. At its inception the fund had a base equity figure of \$6.777 million being the equity figure for the Church and Hutchinson Bequest Loan Fund as at 31st December 2008.

18.7.4.2 The UCLF will provide loans for fixed periods of not greater than fifteen (15) years. It can also provide bridging finance or lines of credit where a maximum dollar limit is set without any fixed repayment criteria.

18.7.4.3 The interest rate to be used for UCLF loans will be underpinned by the Bank Bill Swap Rate (BBSW) on quarterly steps and include a factor for default risk and recovery of UCLF administration charges as set by the Resources Board (1% as at November 2016).

The BBSW will be calculated based on either:

- (a) the length of the total loan sought (if less than 10 years), or
- (b) the 10 year rate (if the total loan term is longer than 10 years), or
- (c) the 3 or 5 year rate (if a lesser term is requested under 18.7.4.5).

This interest rate will be fixed at the time of the loan approval by the UCLFRP or the date that the UCLFRP agrees to forward a loan recommendation to the Resources Board. If, at the time of loan approval, the calculated interest rate falls below the latest available annual CPI (Adelaide All Groups), then the CPI rate will apply.

18.7.4.4 The rate charged by the UCLF will be reviewed on the ten (10) year anniversary of the approval for new loans unless a congregation has elected an alternate interest rate review term (or on 1st July 2019 for existing Church and Hutchinson Bequest Loan Fund loans as at 30th June 2009 that have not expired by that date).

- 18.7.4.5 Congregations may chose to review interest rates at either a 3 or 5 year period, providing this application is made at the time of applying for the loan, or on an interest rate review date. Applications to vary the length of the interest rate review period after the period has started will not be accepted.
- 18.7.4.6 The UCLF will make every attempt to fund loan applications from the financial assets of UCLF. However, the UCLFRP can choose to access external funding for the operations of UCLF when internal working capital is insufficient to finance all approved loan applications.
- 18.7.4.7 Where practical, within the overall objective outlined in 18.7.4.1, the UCLF will make an annual contribution to the Mission and Service Fund.
- 18.7.4.8 Once a borrower is in arrears more than thirty (30) days beyond the regular repayment schedule, the Secretary of UCLF will notify the borrower in writing. If the borrower has serious cash flow problems, the Secretary can convene a meeting of the UCLFRP to review the borrower's repayment schedule.
- 18.7.4.9 A loan from the UCLF is considered in default if the borrower is in arrears more than sixty (60) days beyond the agreed repayment schedule. A default interest rate shall be set for any repayment not received within sixty (60) days of the due date. If a borrower continues to default on the loan agreement, whether through non-payment of scheduled loan repayments or through the breach of any other loan condition, a meeting of the UCLFRP will be convened to determine appropriate recovery action from the borrower.
- 18.7.4.10 In exceptional circumstances, the Resources Board may alter the terms and conditions of an existing agreed loan contract.
- 18.7.4.11 Where a UCLF borrowing entity ceases to exist, or moves its operations from the asset which is the security for the borrowing, the balance due on the loan at that date shall be recovered from the borrower within the time frame determined by the UCLFRP.
- 18.7.4.12 Where the UCLF has funds on hand that are not immediately required to finance loans, the UCLFRP will be responsible for the prudent investment of these funds in appropriate UC Invest entities. In determining UCLF's investment strategy for these funds, UCLFRP will have regard for the estimated future cash flow demands on UCLF as well as the need to maximise the return on uncommitted funds.