

## The Most Important Things About Church Loans

**Church loans** are for the most part differing from your traditional **commercial loan process**. In today's population, the churches became a fundamental part of our local community and the whole society. So, it becomes apparent to advance and cultivate the church financing solutions. Unlike the conventional loan, the church loan financing will require a specialized type of commercial real estate loan that is more complex and challenging. Although the churches are not your commonly known commercial enterprises, however they do procure substantial business financing requirements.

There are several Challenges found in the Church Loan Procedures:

" Due to the uniqueness of the church properties, lenders are at risk if the financial obligation is not fulfilled in a timely manner and the lender is required to assume ownership of the property, it will present difficulties for the lender to solicit a new owner for the property, deriving from its incomparable and different characteristics.

" Due to the uniqueness of the church properties, and the difficulties involving selling a church property, the business lenders can request private guarantors for church loan financing, which is not applicable for church loans. The legal and financial structure of churches does not equate or correspond with a traditional lender/guarantor requirement. This problem, however, is very common in the church financing. In many occasions, the church members are providing individual guarantee to secure church financing. The prerequisite for individual guarantors presents a boundary because the church members may not have sufficient funds to contribute for an individual guarantee for larger church financing needs.

" Potential land acquisition, construction and renovation funding are usually more burdensome to obtain than church refinancing and purchases. So, due to this matter the church would delay the renovation, and the new construction will take endless amount of time to build a new church facility.

" If the loan financing is not processed adequately, and the insufficient financing adopted, such as: short-term loans, high interest rates, low loan-to-value, the church will face on going financial barriers due to the business loan agreements and commitments.

There are several resolutions for Church Loan Financing:

" In order to avoid individual guarantor, the church may consider getting a conventional loan, which will require a non-traditional church lender. With this church financing approach, church lending will not depend on individual guarantors.

" Find a the long term financing, which is in the long run will be more effective by reducing the monthly costs of payments.

" Find low interest rates. Exercising your loan options through several lenders will allow you to choose the lowest rate possible; and will help you to avoid disadvantages coming from lenders who charge excessive amount in interest, and not offering you any other options. Combination of the low interest rate and the long term financing, will decrease the payment, and boost available funds of the church.

" Church financing manageable options may include renovations, land acquisitions, new constructions, purchases and refinancing. Since it is available to churches who comply with all of the requirements, there is no reason to delay the necessary construction and renovation projects.

" Due to the appealing minimum church financing that is set at \$500,000.; the churches are motivated to complete business financing in one stage.

These basic tips for church loan financing will help you to implement and execute the new church construction, better refinancing, land acquisition and renovation with more conducive church financing conditions.

## About the Author

Tanya is the author for:

[Trouble Construction Loans Los Angeles](#)

Publishing Help by:

[Search Optimization by Optawise](#)

Source: <http://www.articletrader.com>