



Loan Pre-Qualification Criteria for Religious Use Organizations

Financing for Churches (“Religious Use Organizations”) is unique and unlike typical commercial or residential lending transactions. There are 5 basic criteria that lenders look at to determine if a Church will be approved for a loan. They are as follows:

1. The Age of Ministry

Lenders look to see that the ministry has been in full operation for a minimum of two (2) years.

2. The Senior Pastor’s Tenure with Ministry

Lenders want to see that the resident Pastor has been with his ministry for a minimum of two (2) years.

3. Size of Ministry

The congregation should have at least 250 adults. Lenders also want to see sustained growth in membership for the last 3 (three) consecutive years.

4. Available Cash / Building Fund

Typically, lenders prefer that the church have 35% of the purchase price available as a down payment. This would mean 35% equity and a 65% LTV (Loan-To-Value ratio). The maximum CLTV (Combined-Loan-To-Value ratio) is 75%.

5. Tithes and Offerings / Cash Flow

Typically, lenders will qualify a church for a mortgage payment of up to 35% of tithes and offerings. In other words, if your ministry collects an average of \$10,000/mo., they may determine that you will qualify for a \$3,500 payment. There are other more complex calculations that may be used based on a church’s net proceeds. Different lenders may use different criteria.

In the event that your church does not meet one of the listed criteria above, lenders may consider ‘Compensating Factors’ that may be relevant to your particular situation, such as:

- A higher down payment / equity position
- Excess contributions
- Rapid membership growth
- Demographics of your local area

For further analysis or information, please call us at 866-566-9101