

# Screening Lenders

## Ask the Crucial Questions

by David Van Winkle

Your church is growing, and you see God's blessings throughout your ministry. More lives are touched week by week as your church fulfills its God-given mission. Now you need more room to accommodate more ministry to more people.

So, you begin the process of building or expanding your facility. Or perhaps you plan to purchase existing property.

You assemble a planning team, make announcements to your congregation, and begin a capital campaign. You want to complete this project with integrity.

As you plan, you realize that while your congregation is fully behind the building or purchase, you'll have to finance part of it. How do you find the right lender? What crucial questions should you ask?

### Be Prepared

First, it's important to know there's no single set of questions for all churches; each has individual needs. Before you begin to interview lenders, you must determine:

**Where you are in your growth cycle.** Are you growing from 250 to 500 attendees, or from 1,000 to 2,000? Some lenders won't do smaller loans; others stay away from larger ones. You want to find a lender that can at least help with your current need and, ideally, with the next step in your growth.

**Your short- and long-term goals.** Is this project taking you only to the next phase in your ministry, or are you planning for enough capacity for five or 10 years from now?

Second, as you interview prospective lenders, you'll want to be asking yourself:

- Will you be able to relate with them personally? Are the key contacts people with whom you will enjoy working?
- Does the organization resonate with your mission?
- Does it have lending and investing products that will allow you to complete your project within cost and time constraints?

Finally, you need to be prepared to ask the hard questions that will help you determine which lenders you shouldn't be working with. For some churches, it might be that the lender doesn't provide the right mix of products. For others, the financial institution's world view might not align with the church's values or mission.

Once you've thought through these questions, you need to identify those lenders that seem to be right for your church and begin interviewing them. Start by networking with other churches that have recently worked with lenders. Talk with builders that specialize in serving churches. Search the Web for Christian lenders and those that provide church loans.

Once you have your short list, you'll be ready to consider the crucial questions:

**1. Does the financial institution understand churches?** Will it understand the unique complexities inherent to a church building project? Will it understand income sources such as tithing and capital campaigns?

It's crucial to find a lender that sees your project as more than just another opportunity to lend money. You want to work with a financial institution that will help you live out the biblical injunctions to "walk by faith" and "count the cost."

**2. What kind of experience does the financial institution have?** There are two areas to investigate here. The first is easy: How long has it been in business? What's its history?

The second isn't as easy: What's the lender's experience working with churches and other ministries? Investigating a lender's previous experience can be time-consuming.

Also, if a lender's experience is narrow (e.g., they can do construction loans but aren't interested in carrying the loan further), researching past experience can be difficult.

**3. Does the financial institution want to partner with you?** Some financial institutions look at each loan as a "one-off" deal. Once the contract is signed, it's off to the next deal.

Others want to begin partnerships with their clients.

Will the financial institution you choose be there for your future financial needs? Is it willing to walk alongside you through future projects? Does it have a track record as a banking resource that builds relationships with the ministries it serves?

**4. Is the financial institution willing to be flexible to meet your needs?** Many tailor their clients to meet their products rather than the other way around. You want to find an institution with the ability and flexibility to try new growth ideas and strategies — one that will look for new ways to support your ministry.

A growing, thriving church can be a blessing and a challenge, especially when that growth causes growing pains. You can alleviate much of the pain by prayerfully and carefully screening lenders. By asking a few crucial questions, you can turn your momentary pain into eternally effective gain.

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