



Volume 5.3

## ***Church Finance & Stewardship - “The Dynamic Duo”***

### ***Turning tomorrow’s commitments into today’s cash***

By Mission Management and Consultants, LLC  
Mortgage Bankers & National Church Finance Specialists

Understanding the relationship and importance of stewardship with regards to Church Finance can be a major factor in completing successful financing of a project and obtaining the very best rates, terms and conditions.

We call Church Finance and Stewardship “The Dynamic Duo” because they truly go hand in hand.

From a lending standpoint, two of the key factors and ratios that we analyze is the Church’s ability to service the debt and the Church’s equity in the project. In most cases Churches are land (asset) rich and cash poor so the Church’s ability to borrow and debt service may be less than what the project requires. When structuring the financing side of the project, coming up with the required capital can be a problem. Stewardship is one way to bridge that gap. Stewardship for Churches has become big business and many firms are now in the business of stewardship management and fund raising. In fact, overall these stewardship companies will raise hundreds of millions or more in commitments annually and can provide a much needed service for the Church. When considering and implementing a stewardship /capital/ building campaign, most are very successful when there is a vision to give to and proper management of the capital campaign is in place.

In Church Finance, implementing stewardship can be the determining factor in whether some projects get funded. If there is a down side, the only one we see is that many Churches who implement stewardship/capital/building campaigns have to wait 12-36 months to start their project until commitments / pledges are received and converted to cash. We are not Architects or Design Build / Construction experts only Mortgage Bankers but it has been our experience that delayed projects will incur increased construction costs of around 10% per year. Most projects we see start at a minimum of \$500,000 and go up to as much as \$75 million so any delay with the project can result in additional costs ranging from a minimum of \$50,000 upwards to millions of dollars.

As Mortgage Bankers, we have found that one of the key aspects to Church Finance and what we do best is structuring the deal. Part of the structuring and as pioneers of this type of finance, we have developed a way to covert tomorrow’s dollars into today’s cash by leveraging stewardship /capital/building pledges and commitments. When achieved, it is a win-win for all involved. For the Church, it allows the project to commence today and eliminates the increased construction costs they would incur by having to wait. For the Architects or Design Build / Construction experts, the project can move forward today instead of months or years waiting on the capital campaign to fund.

When you compare the possibilities of increased costs while waiting for the pledges to come in vs. structuring a credit facility that allows for leveraging, the project can start *now*. The advantages of this type of structure are very positive.

### ***Church Finance & Stewardship - “The Dynamic Duo”***

Converting tomorrow’s dollars into today’s cash helps you to become better stewards of God’s money.

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About Mission Management and Consultants, LLC:

MMC - Mortgage Bankers is one of the Leading Church Finance Mortgage Firms in America. MMC is an experienced team of Bankers and Professionals, called to the ministry of obtaining financing for Christian organizations. For more information, please visit our website at [www.mmcbankers.com](http://www.mmcbankers.com)