



## ***Church Performance Bonds – not required***

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

As Christians we are expected to good stewards of God's money. It doesn't matter what role we are called to play with regards to the Church but when it comes to the Lord's money, is our belief that He expects us to do everything we can to protect the money.

When it comes to Church construction and finance, there are many ways in which a Church can be good stewards. One of the easiest ways is the elimination of the project performance bond. The reason that lenders normally have this requirement is the fact that they want to insure that the project is going to be completed and to protect their investment. Remember to insure something means to make sure, certain or secure. From a lending prospective it is all about securing the risk.

In most project financing, performance bonds are standard and have become boilerplate. It is an added cost to the project normally averaging from 1/2 to 2% of the project. Examples are:

<u>Project</u>	<u>Performance Bond</u>		
	<u>1/2%</u>	<u>1%</u>	<u>2%</u>
\$1 million	\$ 5,000	\$ 10,000	\$ 20,000
\$3 million	\$15,000	\$ 30,000	\$ 60,000
\$5 million	\$25,000	\$ 50,000	\$100,000
\$10 million	\$50,000	\$100,000	\$200,000

Costs equates to risk. If a Church can lower the risks, it will lower the costs including eliminating the requirement of a performance bond. One of the most important factors is assembling the proper team. Having the proper design and construction professionals with expertise and a great track record with churches will give the lender the confidence that the project will be completed on time and within budget. Having a Mortgage Banker and Church Finance Specialist on board as in-house financial counsel providing the proper structure, underwriting and documentation will lower risks on the finance side of the project.

Many churches go about it the wrong way by allowing friends or members of the congregation to participate in the project and while attempting to save money in the end will cost the church much more in time and money.

As Mortgage Bankers and Church Finance Specialists, we see many projects in which Church leadership could have been better stewards of the money if they would have known how to eliminate the performance bond requirement. *At MMC, our clients' projects never have a performance bond.*

***Professional expertise,  
whether it is design, construction or finance,  
is priceless.***

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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)