

## New Hampshire Diocesan Advance Fund Policy Guidelines

Pursuant to authority granted by the 210<sup>th</sup> Annual Convention of the Episcopal Church in New Hampshire, the Standing Committee adopts the following policy guidelines implementing Bylaws for the administration of the Diocesan Advance Fund.

### A. Purpose

The Diocesan Advance Fund (DAF) is a revolving loan fund intended to provide low-cost financing to parishes and missions in union with Convention for the following purposes:

1. Making capital improvements such as building expansion, facilities improvements, renovations, and major repairs and
2. Funding new missions to meet the needs of under-served communities.

### B. Funding procedure

1. A congregation considering application for DAF funding by grant or loan is encouraged but not required to meet with the Standing Committee for an informal, non-binding discussion about the planned project before submitting an application.
2. Applications must be submitted before work progresses on the project for which DAF funding is sought. Funding will not be approved for work in progress or for completed work. The Standing Committee may in its discretion grant exception to this rule in emergency situations.
3. Applications, whether for a loan or a grant, must be made on the designated DAF application form. An incomplete application will be returned to the applicant.
4. An applicant must establish eligibility for DAF funding by demonstration of the following:
  - a. Complete and timely filing of parochial reports;
  - b. Compliance with canonical requirements concerning audits of financial records;
  - c. Current and full payment of Diocesan Fair Share;
  - d. Compliance with Clergy Compensation Guidelines;
  - e. Compliance with the Denominational Health Plan and the Lay Pension System, as adopted by the Episcopal Church of New Hampshire; and
  - f. Compliance with terms of any other indebtedness.
5. An application must be submitted to the Chief Financial Officer of the diocese for initial review for completeness and eligibility. The Standing Committee will then receive the application and will refer the application to the Finance Committee for a feasibility review. On receipt of the Finance Committee's comment the Standing Committee will render a final decision. At any point in the process, the Standing Committee may require a meeting with representatives of the applying congregation. Applicants for a loan should expect that the entire process will take from sixty to ninety days.

6. Upon completion of the project for which DAF funding was made, the applicant must submit to the Finance Committee a written report providing the details of how DAF funds were utilized. In the event that the amount of the DAF funding is greater than the actual cost of the project for which funding was sought, the applicant will remit the excess amount to the DAF.

#### C. Loan terms

1. No loan may be made for an amount exceeding ten percent of the fair market value of the DAF as of the preceding year-end. Reserved DAF funds may not be less than two million dollars. The Standing Committee will approve and publish the loan limit as soon as possible following receipt of the year-end valuation.
2. The Standing Committee will annually approve and promptly publish the interest rate for DAF loans. The rate will be based on an evaluation of prevailing market rates and must be lower than those market rates. The current criteria for setting the DAF loan rate is the average 3-month treasury bill rate for the prior calendar year + 2.00%, rounded up to the nearest 1/8%.
3. Loans will be repaid in equal monthly installments spread over the term of the loan. It is expected that a DAF loan will be repaid in full in five years, except that the Standing Committee may approve a loan for a period of up to fifteen years. A congregation may accelerate repayment, but balloon repayment will not be made a term of the loan agreement.
4. Any loan more than ninety days past due will be considered delinquent and the applicant will be required to meet with the Standing Committee to discuss repayment options, which may include loan restructuring, extension of time, or forgiveness in whole or in part.

#### D. Grant of funds – capital improvements for energy efficiency, conservation, sustainability, and indoor air quality.

1. The Standing Committee may approve a grant of DAF funds without expectation of repayment provided the requested grant is for a capital project that on completion will result in improved energy efficiency and/or conservation, reduced environmental impact, and/or improved indoor air quality. Projects that improve sustainability through switching to renewable energy sources, reduced water usage, recycling, etc. are also appropriate, as are projects that improve indoor air quality through improved ventilation and filtration. It is expected that the applicant congregation will fund a portion of the project through their own funds or fundraising.
2. Any application for a grant of more than \$1,000 must also be accompanied by a report of an energy audit that includes an estimate of the return on the proposed expenditure or an HVAC analysis for indoor air quality projects.
3. The Standing Committee will accept grant applications quarterly. Applications received on the first Friday of the quarter (Jan, Apr, Jul, Oct) will be acted on that quarter.
4. The amount of DAF funds allocated for the purpose of grants under this section will be \$100,000 in each calendar year.
5. Grants will not be awarded for projects already underway or completed.

E. Grant of funds – energy audits

1. The Standing Committee may approve a grant of DAF funds without expectation of repayment for energy audits.
2. Congregations may apply for a grant of up to \$1,500 to be used to offset the cost of an energy audit.
3. Energy audit grants can be applied for at any time and will be granted as applications are received, provided the applicant provides a valid quote for the audit.
4. The amount of DAF funds allocated for the purpose of grants under this section will be \$10,000 in each calendar year. Grants will be awarded on a first come, first served basis.
5. Grants will not be awarded for energy audits already underway or completed.

Adopted by the Standing Committee of the Episcopal Church of New Hampshire  
11 October 2016, Revised 10 January 2017, 10 December 2019, 29 December 2021