

**APPROVAL LETTER
RESTRUCTURE**

October 21, 2021

Trinity Lutheran Church of Litchfield Park
Attn: Bob Buth
830 E Plaza Circle
Litchfield Park, AZ 85340-4915

Dear Bob:

Outlined below are the terms and conditions which have been approved regarding the restructure of the 3 following Loans; #9990051843, #999006665, and #9990053626 to Trinity Lutheran Church of Litchfield Park (the "Borrower"). The following is intended only to set out the primary terms and conditions of the proposed loan. The loan documents may contain terms, covenants, representations, and warranties in addition to or different from those set out in this letter. Further, if Lender determines that facts, conditions, or circumstances have changed since the date of the loan application, Lender may amend or withdraw this approval. This loan approval expires 12 (twelve) months from the date of this letter.

Note A:

TERMS OF THE PERMANENT LOAN

1.	Amount:	\$ 3,592,225.55	(Balance on Loan #9990051843)
		\$ 429,056.39	(Balance on Loan #9990066665)
		\$ 412,018.22	(Partial Balance from Loan #9990053626)
		<hr/> \$ 4,433,300.16	Total Loan

Note: The Borrower is required to continue to make the present monthly payments on its existing loans during process. If the proposed loan represents, in whole or in part, a refinancing or restructuring of any existing loan from Lender, then, unless specifically set forth above as being included in the proposed loan, Borrower shall pay at settlement of the proposed loan all (i) then accrued but unpaid interest on any loans being refinanced or restructured, (ii) late charges, if any, (iii) closing costs and (iv) Lender's legal fees.

2. Interest Rate: Lender's Cost of Funds plus up to two and one-half percent (currently 3.875%), adjusted annually.
3. Term: 36 Months; amortized over 360 months

4. Repayment: 12 consecutive monthly principal and interest payments of \$20,850.00 (based on current interest rate). The monthly payment may be adjusted annually to reflect the change in interest rate with a final 36th monthly (“balloon”) payment in the full amount of all unpaid principal and interest.
5. Payment Method: In the interests of good stewardship, cost effectiveness, reliability, and security, LCEF requires electronic funds transfer of loan payments – please select and complete the preferred transfer source on the enclosed form.
6. Prepayment Penalty: None
7. Loan Fee: No Loan Fee

Note B:

- | | | | |
|----|---------|---|--|
| 1. | Amount: | \$ 7,137,036.39
< \$ 412,018.22 >
<hr/> \$ 6,725,018.17 | (Balance on Loan #9990053626)
(Partial Balance being moved to
Note A from Loan #9990053626)
Total Loan plus all closing costs |
|----|---------|---|--|

Note: The Borrower is required to continue to make the present monthly payments on its existing loans during process. If the proposed loan represents, in whole or in part, a refinancing or restructuring of any existing loan from Lender, then, unless specifically set forth above as being included in the proposed loan, Borrower shall pay at settlement of the proposed loan all (i) then accrued but unpaid interest on any loans being refinanced or restructured, (ii) late charges, if any, (iii) closing costs and (iv) Lender’s legal fees.

2. Interest Rate: Fixed rate of 0.00%
3. Term: 36 months
4. Repayment: 35 months of interest to accrue, with a 36th final (“balloon”) payment of all unpaid principal and interest due at maturity.
5. Prepayment Penalty: No Penalty
6. Loan Fee: No Loan Fee

LOAN CONDITIONS

The following items must be received by Lender before settlement (closing) of the loan:

- ☒ *Indicates the item has been satisfied*
- ☒ Certified copy of **Articles of Incorporation** of the Borrower. (Ordered by LCEF)
- ☒ Certified copy of the **Constitution and Bylaws** of the Borrower. (This document has been completed and filed at LCEF when the previous Restructure Loan was approved and completed in March of 2021).
- ☐ Appropriate **Resolution** of the Borrower. Enclosed, which needs to be presented to a duly convened meeting of the Congregational Assembly authorizing the legal signers of the Borrower to execute, acknowledge, and deliver on behalf of the Borrower, all necessary loan documents. After the Resolution has been approved, please have the corporate Secretary date, and sign the completed form and return to the Commitment/Escrow Team at comt.escrow@lcef.org.
- ☐ **ALTA Survey** of all the Borrower's property. (NOTE: Please check with Lender prior to ordering survey.)
- ☐ **Commitment** for Mortgagee's Policy of Title Insurance endorsements. (Ordered by LCEF on behalf of Borrower.)
- ☒ **Flood Zone Certification** with respect to the Borrower's property. (Ordered by LCEF on behalf of the Borrower.)
- ☐ **Certificate of Insurance** (casualty and liability, and if required by Lender, flood insurance) naming "Lutheran Church Extension Fund, its successors and/or assigns as their interests may appear" as Mortgagee. (Update ordered from insurance carrier of record in the loan file.)

The loan closing documents supplied by Lender will include, but are not limited to, the following:

- ☐ **Certificate of Incumbency** of the Borrower as to Articles of Incorporation, Bylaws, Resolutions, and incumbency of officers or trustees.
- ☐ **Note and Modification Agreement** stating the Borrower's obligation to repay the loan, extending the security of the mortgage or deed of trust securing said loan and, to the extent Lender deems necessary, clarifying that Lender may, at any time, sell, transfer, assign or grant participations in the Promissory Note, any mortgage or deed of trust or other security instrument securing the Promissory Note, and any other related loan documents.

- ☐ **Settlement Statement** showing the status of the loan as of the refinance date.
- ☐ Borrower must enter into a written **Loan Agreement** concerning the loan(s) to be made pursuant to the approval. Borrower agrees as follows:

Financial Statements. Borrower agrees to furnish to Lender within thirty (30) days after the end of each quarter of each fiscal year, an unaudited statement of financial position (balance sheet) of Borrower as of the end of such period, and a related statement of activities (income and expense statement) for such quarterly period, and for the period from the beginning of such fiscal year to the end of such quarterly period (including a comparison of actual to Budget) and, if requested by Lender, a statement of cash flows, with each such statement setting forth in comparative form figures for the corresponding period in the preceding full year, and to furnish any other financial information as may be requested by Lender, all in reasonable detail and form, applied on a consistent basis. In particular, the foregoing statements must be in such form as to identify separately and easily those amounts attributable to the church activities of the Borrower and to those of the school activities of the Borrower. Borrower shall also furnish all of the foregoing information to the Pacific Southwest District of The Lutheran Church-Missouri Synod (the “District”), addressed to the attention of: LCEF District Vice-President, at the same time as it is furnished to Lender.

Reports of Weekly Worship and School Enrollment. Borrower agrees to furnish to Lender, within thirty (30) days after the end of each quarter of each fiscal year, a report stating the average weekly worship attendance and the enrollment in Borrower’s school.

Sale of Property. Borrower has entered into a contract to sell 7.5 acres of excess land with closing expected in 2022. Borrower agrees to list the property for sale if the current contract is terminated at any time for any reason. Further, Borrower agrees to remit a copy of the listing agreement to Lender within 15 days of execution.

Borrower should not alter or modify any of the loan related documents provided by LCEF. Any such action by Borrower may constitute civil or criminal fraud and may also result in termination of the loan approval if closing has not yet occurred.

LCEF is able to help congregations like yours through LCEF investments and we ask that you continue to encourage your congregation members to support the ministry through their investments with LCEF. The *Helping Hands in the Lending Process* booklet will answer most of your questions concerning Lender’s loan requirements and is available on LCEF’s website. Keep in mind, however, that the information provides only a general description of these items and all of the requirements must be satisfactory to Lender.

Borrower agrees to pay all fees and expenses incurred with regard to the Loan contemplated by this Approval Letter, whether or not this transaction is consummated, including, but not limited to, fees required by appropriate authorities, title companies, appraisers, etc., as well as legal fees and expenses of Lender's counsel. Cancellation of this Approval Letter or failure to close the loan for any reason will not void Borrower's obligation to pay all expenses to LCEF hereunder.

If you have any questions, please call 1-800-843-5233 and ask for a member of the Commitment/Escrow Team or via email at comt.escrow@lcef.org or Closing/Disbursing Team or cls.disb@lcef.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karen Elder', written in a cursive style.

Karen Elder
Loan Processing Specialist I

Enclosures: Resolution
ACH/PAT Form

C: Dennis Klussman - Loan Resolution Group