

The Ministry of Collecting Loans

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- Define your purpose
- Build your toolbox
- Know your church loan
- Create a plan
- Tips

Define your purpose

- Determine your organization's reason for keeping its loans current.
- Learn to communicate your purpose in pastoral language.
- ❖ *Remember, if you do not have a compelling reason for keeping your loans current, you will struggle with your collection efforts.*

Build your toolbox

- Reduced payments – agree to accept partial payments for a short period of time.
- Interest only payments – agree to accept interest only payments for a short period of time.

Build your toolbox (continued)

- Capitalization of interest – agree to add interest owed to the principal balance.
- Modification of loan terms – agree to modify existing terms.
- Refinance – agree to consolidate and restructure existing debt.

Build your toolbox (continued)

- Deed in lieu of foreclosure – agree to accept the transfer of ownership of pledged property as payment in full.
- Foreclosure – Ownership of pledged property is legally transferred to lender.

Know your church loan

- Review denominational records, equity position, and loan documents.
- Discuss attendance, ministries, leadership, building issues and finances with your church.
- Determine whether the church has financial, leadership, or priority problems.

Know your church loan (continued)

- ❖ *Remember, most of your churches do not want to be past due. Gather your information without being judgmental.*

Create a plan

- Explain to your church why your organization needs loans current.
- Main objective should be the restoration of the church's timely paying habits.
- Structure your plan from either a position of strength or weakness.

Create a plan (continued)

- Re-educate those churches that have the capacity to make full payments.
- Use your tools to help those churches that do not have the capacity to make full payments.
- Be specific in your due dates on your workout plan.

Create a plan (continued)

- ❖ *Remember to remind the leadership that lots of churches have periods of strife and disharmony. It is what a church does after a tough time that truly defines its character.*

Tips

- Mail and email past due letters at 15, 30, 45, and 60 days.
- Phone contact after 15 days.
- Make sure promises to pay bring note current.
- Acknowledge all agreements via written correspondence.

Tips (continued)

- Phone and written contact after broken promise.
- Log your conversations and verbal agreements.
- Visit past due churches.
- Be consistent with your efforts.

Preventative Tips

- Set loan payments on either 1st or 15th.
- Require auto debit on new loans and modifications.
- Trust your ratios.

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