

Resurrection Lutheran Church

Debt Pay-down Motion/Recommendation

Prefix

In keeping with our approved 10-year plan to spread God's word and grow God's Kingdom into two additional communities, it will be important for us to drastically reduce or eliminate the amount of debt we are currently carrying to be in a good position to finance these future growth opportunities. Our congregation has been blessed over the past several years with giving beyond our expenses and as such find ourselves with significant funds in reserve.

As such the Church Extension Fund (C.E.F.), with whom we have our mortgage, was asked to provide an estimate of interest savings for each of the four scenarios below.

Base = Continue to payoff mortgage using current schedule

Scenario 1 = Lump sum payment of \$50,000.00 on August 1st 2018, then continue to make payments per schedule

Scenario 2 = Lump sum payment of \$50,000.00 on August 1st 2018, then adjust monthly payment to pay off loan 10 years earlier than scheduled

Scenario 3 = Lump sum payment of \$80,000.00 on August 1st 2018, then continue to make payments per schedule

Scenario 4 = Lump sum payment of \$80,000.00 on August 1st 2018, then adjust monthly payment to pay off loan 10 years earlier than scheduled

| | | | Changes after 5 yr | Changes after 5 yr | | Int Expense | |
|------|-------------|--------------|--------------------|--------------------|--------------------|--------------|------------------|
| | Payoff date | Months early | Current Monthly | Proposed Monthly | Additional monthly | Thru Pay off | Interest Savings |
| Base | Dec-2037 | 0 | \$8,145 | \$8,145 | \$0 | \$598,228 | \$0 |
| #1 | Apr-2036 | 20 | \$8,145 | \$8,145 | \$0 | \$532,115 | \$66,133 |
| #2 | Dec-2027 | 120 | \$8,145 | \$13,153 | \$5,008 | \$274,014 | \$324,214 |
| #3 | Aug-2035 | 28 | \$8,145 | \$8,145 | \$0 | \$499,082 | \$99,146 |
| #4 | Dec-2027 | 120 | \$8145 | \$12,818 | \$4,673 | \$267,201 | \$331,027 |

While we are in a very good cash balance situation currently, the church council feels that given the addition of a Pastor and proposed change to the ministry coordinator position, rather than increasing our monthly budgeted payments (scenarios 2&4) and thus putting additional stress on an already aggressive budget, it would be better to evaluate available funds on a regular (no less than annually) basis and pay down debt via lump sum payments as funds permit.

In addition any funds individuals choose to designate for debt reduction throughout the course of the year would go immediately to C.E.F. to further maximize interest savings.

Motion

It is moved to take \$80,000.00 from current excess unrestricted funds and apply it to our C.E.F loan, this payment is to be made no later than August 1, 2018. Based on information provided by C.E.F. this lump sum payment would result in saving the congregation about \$99,000.00 in interest over the term of the loan and reduce the loan duration by approximately 28 months. After this payment there would be between \$50,000-\$55,000 remaining in our unrestricted funds accounts.

In addition any funds individuals choose to designate for debt reduction throughout the course of the year would go immediately to C.E.F. to further maximize interest savings.