

# DIOCESE OF SAINT PETERSBURG

## Changes to our Savings & Loan Policy and Procedures



COURAGEOUSLY  
*Living the Gospel*

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## Challenges over the past two years

- **Unclear Loan Terms:** Ambiguity in loan types and payment terms.
- **Improper Loan Use:** Misapplication of "Bridge Loans."
- **Loan Process Confusion:** Challenges during construction projects.
- **Missed Opportunities:** Parishes opening multiple bank accounts instead of leveraging the Savings and Loan Trust.

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## Goals of the revision

- **Establish** clear terminology for loan types and terms.
- **Regulate** the use of “Bridge Loans” while maintaining access to them.
- **Simplify** the loan process during construction projects.
- **Require** parishes to deposit excess funds into the Savings and Loan Trust.

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## Key changes to savings accounts

- **Excess Funds Requirement:** Funds exceeding 60 days of operating expenses (and not invested with the Catholic Foundation) must be deposited in the Savings and Loan Trust.
- **Best practice:** Minimize the number of savings accounts for efficient management.

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## Loan Types Defined in the New Policy

- **Special Purpose Bridge Loans:** 1 year, interest-only.
- **Minor Construction Loans:** 3–5 years.
- **Major Construction Loans:** 5–30 years.
- **Property Purchase Loans:** 15–30 years, limited to 70% of property cost.
- **Custom Loans:** At the Bishop's discretion.

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## New Evaluation Criteria and Reporting Requirements

- **Debt Service Capacity:** Borrowers must demonstrate 120% debt service capacity, ensuring operating revenue exceeds debt service by 20%.
- **Quarterly Reporting:** Borrowers are required to submit quarterly debt service calculations to monitor solvency.

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## New Borrowing Limits

- **Individual Borrower Limits:** Total debt service for each borrower cannot exceed 10% of total deposits in the Savings and Loan Trust.
- **Aggregate Portfolio Limits:** Total loans issued from the Savings and Loan Trust cannot exceed 75% of total deposits.

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## Next Steps

- Develop materials on:
  - Debt service calculation
  - Calculating 60 days of operating funds
- Collaborate with Construction to integrate updated policy into construction procedures
- Provide additional training as needed

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