



Financial Advisor to Catholic Institutions

5826 Blackshire Path
Inver Grove Heights, MN 55076
www.catholicfinance.org
Phone: 651-389-1070
Toll Free: 877-232-2250
Fax: 651-389-1071

A Sample of the Projects We've Worked On

The Church of St. Stephen Anoka, Minnesota

The Church of St. Stephen decided to refinance its current debt to take advantage of lower interest rates. Their intention was to continue to budget for and pay the same amount of debt payment as their original loan, but use the "savings" attributed to the new lower rate to accelerate principal prepayment. In addition, St. Stephen was planning to conduct a capital campaign for the purpose of debt reduction.

St. Stephen received proposals from several banks in response to their request for refinancing options. However, significant origination fees were required from some lenders, while others had prepayment penalties or both. They were unable to obtain the cost effective flexibility they were seeking for their refinancing.

Hearing of their desire to refinance and listening to their requirements, CFC proposed to refinance their existing loan, offering terms and conditions that met their needs. Although the interest rate from CFC was slightly more than the best bank offer, fees were less than most of the banks under the CFC proposal and there were no prepayment penalties.

The required monthly principal and interest payment is significantly less than that required under the original loan, providing considerable flexibility for them to regularly make accelerated principal payments. St. Stephen has now completed their planned capital campaign, enabling them to send several significant lump sum payments, as contributions are received, to be credited against the principal balance. Both actions have enabled them to aggressively reduce their debt and the resulting interest costs.

In the process of refinancing, The Church of St. Stephen also was able to release the Archdiocesan guarantee on their original loan. It was not required for their new CFC loan.

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