

# Benefits of Borrowing from Orchard Alliance



## Financial benefits:

- Orchard Alliance charges no points or origination fees. Your closing expense would be paying costs at your end of the transaction, mainly title insurance and recording fees.
- We are usually willing to accept a broker's opinion of value rather than an appraisal (or an old appraisal may also be sufficient if you have one). These are typically very affordable – sometimes even free.
- Our loan will take you to full repayment without balloon payments. Most commercial loans will have long amortization periods with five-, seven-, or ten-year balloons, requiring the church to go through a reapproval process with closing costs, etc. Our products save you both money and hassle in this regard.
- You can lower your interest rate by having people in the church invest in our investment certificates (like bank CDs) or IRAs. We would periodically calculate the rate we are paying these investors, add two percent to that rate, and loan those funds back to the church at the resulting interest rate. For investments made at 0.0%, we would only add one percent. We call this "self-funding," and we'd be happy to explain it in greater detail.
- We have, in recent years, refunded interest to our borrowers many times. While it's not something that we guarantee, we hope to do this as often as possible. Any year in which we do this would considerably reduce your effective interest rate if done at previous levels. We also provided a 60 basis point across-the-board rate reduction for most of our borrowers in March 2021 to bless them because we had a good year financially. We have never heard of any commercial bank doing this!

## Non-financial benefits:

- With Orchard Alliance, you would be "stewarding your interest payments." You're going to pay a lot of interest, regardless of the lender. A good portion of that interest will go to its depositors and shareholders with a commercial bank. Orchard Alliance doesn't have shareholders, and our depositors are all Alliance churches and attendees. Therefore, much of the interest you pay to us goes back into The Alliance family. Many of these people are retired pastors and missionaries, so you would be "stewarding your interest payments" by benefitting fellow Kingdom workers. Furthermore, Orchard Alliance often donates money to The Alliance for special projects.
- We're family, and our lending side is not highly regulated. Churches seeking loans to accommodate growth rarely think of what *could* happen. We have a handful of loans to churches that were healthy and vibrant when they took the loans. One church's average attendance dropped by over 1,500, and its income dropped by almost \$3MM because of a moral failure. Another church can barely keep the lights on because construction problems forced them to borrow beyond their means. Another congregation that had experienced strong growth for many years has experienced a steep decline in more recent years. Yet another lost a considerable portion of its congregation with a pastoral change and disagreement over vision. Not a single one of them thought this would happen to them. Whereas

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most commercial banks would have had their hands tied by regulations and felt pressure to sell these properties, we have the motivation and flexibility to help these churches. They're family. We've written off millions of dollars and have made significant changes in terms to keep these congregations in their buildings, anticipating that they will eventually rebound.

- We care about your church's health. While we try to make prudent financial decisions, we also factor your Kingdom work into our loan decisions because we want to "partner with God" in what He is doing.
- We pray for the churches who borrow from us.
- We've got a planned giving website tool that we can provide you for free, which could provide a tremendous financial boost to your church both in current and future giving. (By the way, this is available even if you don't use us for financing.)

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