June 20, 2019

The Episcopal Diocese of Olympia

The Episcopal Church in Western Washington www.ecww.org

Review Procedure for Under-performing Loans

Board of Directors, Diocese of Olympia, Inc.

Adopted: April 2012, Updated: June 2019

1. The Board identifies an under-performing loan for review.

2. The director of finance after consulting with the Chancellor advises the Board on the portion of the loan legally open to negotiation, should the fiduciary interests of the diocese be served by this action.

3. The Canon to the Ordinary and the director of finance provide brief descriptions of the congregation's current leadership resources, and financial status to the Joint Finance Panel and to the Board.

4. The Board determines whether an interview is appropriate at this time, and if so, the chair appoints a mentor and invites the congregation's clergy, wardens and treasurer to an upcoming meeting. The Bishop's Executive Assistant sends them the documents listed below in items 5 and 9.

5. The mentor works with the congregation to see that the following two forms are completed and submitted to the Bishop's Executive Assistant at least one month prior to the meeting:

a. Asset and Liability Highlights (SL.3 Parish & Mission Standard List of Assets and Liabilities); and

b. Projection of Annual Income and Expenses (SL.4 Parish & Mission Annual Income Expenses).

Upon receipt of these two completed forms, the Bishop's Executive Assistant sends them to the Canon to the Ordinary, and to the Joint Finance Panel for its review and recommendation to the Board.

6. At the Board meeting that the congregational leadership attends, a fresh working relationship between the Board and the congregation begins with:

a. 10 minutes of congregational self-presentation, summarizing their understanding of how the debt was originally incurred, how the lapse in repayment ensued, and the current financial situation as reflected in the two documents listed above in items 5.a and 5.b.

b. 10-20 minutes of Board-congregation dialogue, focusing on present and potential income sources that could reduce or retire the debt.

c. Referral of congregational leaders to the Office of the Bishop to review these findings and provide advice about the stewardship capacity of the congregation.

7. After the congregational leaders consult~~s~~ with the Office of the Bishop, they then hold an open meeting for their members to discuss, "Are we open to actively partnering with the Board in resolving part or all of our debt?"

8. If the congregational answer is negative, the process between the Board and the congregation is terminated, and the congregation potentially loses its status in good standing.

9. If the congregational answer is positive, the mentor then assists the congregation in completing the following next two forms to request a refinance of the under-performing loan. These two completed forms are then submitted to the Bishop's Executive Assistant. These forms are:

a. Diocese of Olympia Board of Directors Loan Application (SL.2 Parish & Mission Standard Loan Application); and

b. Diocese of Olympia Board of Directors Motion for Loan Application (SL.5 Parish & Mission Standard Motion Loan).

10. Upon receipt of these two completed forms by the Bishop's Executive Assistant and the submittal of them to the Canon to the Ordinary, to the Board, and to the Joint Finance Panel for its review and recommendation to the Board, a second interview by the Board with the congregational leadership explores the results of the congregational meeting, and potential scenarios for future collaboration.

11. After the congregational leaders leave the Board meeting, the Board determines its response, and the Diocesan Treasurer communicates this decision to the congregation in writing.