

# Church Executive™

HELPING LEADERS BECOME BETTER STEWARDS.

REFINANCE

**Minimizing interest  
expense, maximizing  
ministry**

*Presented by:*  
Thrivent Church Financing

# Minimizing interest expense, maximizing ministry

A commitment to consistent financial stewardship — and the guidance of a like-hearted lending partner — enabled Blackhawk Church to set a course for debt elimination.

By RaeAnn Slaybaugh

For the finance team at Blackhawk Church in Madison, Wisc., solid financial stewardship is a priority.



Led by Director of Accounting & Administration Jon Mueller and Director of Operations Darren DeKeyser, a team of volunteers — which ensures an extra layer of accountability — makes it a point to periodically assess Blackhawk's existing debt structure.

The team was aware that loan rates were dropping and were lower than the church's existing rates, which were fixed. They wanted to take advantage of the historically low-rate environment to secure a long-term fixed rate loan.

"Our existing financing was flexible, allowing us to proceed," Mueller recalls.

So, the goal quickly became to secure a more competitive long-term financing package. And if doing so could also help the church establish a trusted relationship with a lender to accommodate *future* growth, then that would be ideal.

Blackhawk reached out to several national church lenders and a regional bank to understand what (better) terms might be available. Most lenders would fix the interest rate for five years, but Blackhawk was interested in fixing the rate for a longer term.

In the end, Thrivent Church Financing ([www.thriventchurchloans.com](http://www.thriventchurchloans.com)) — which was recommended to the church by a capital stewardship partner — was able to meet the church's needs, presenting Mueller, DeKeyser and team with a number of rate and term options.

But it wasn't just a matter of meeting the church's financial needs; this lender also appeared to not just understand, but share, the church's ministry objectives and culture.

## Case in point: COVID

The past few years have presented several unique challenges to securing church financing; namely, uncertainty. Blackhawk wasn't exempt from these concerns; but flexibility, along with planning and foresight, made them surmountable.



Jon Mueller (left) and Darren DeKeyser

COVID was in full swing when the church began its conversations with Thrivent Church Financing. However, by quickly adapting and providing online services, engaging small groups, encouraging electronic giving, and maintaining a servant attitude, Blackhawk has maintained its financial strength and momentum throughout the pandemic.

Importantly, as DeKeyser points out, the church was committed to *showing this flexibility* to its lending partner if it helped. He and the team were prepared to share what contributions looked like over various periods in time, as well the plans enacted to minimize immense financial uncertainty.

But that's not all Blackhawk had on its plate at the start of this new lending relationship: it was also in the midst of a planned senior pastor transition plan. Here again, transparency was critical.

"We understood that the senior pastor transition would be a part of our conversations and the lender's discovery," Mueller says. "We described Blackhawk's existing structure and what it would look like in the future. Thrivent leadership was also able to observe transition videos and speak directly with the exiting senior pastor."

In these ways, Mueller says, Thrivent Church Financing was able to observe a "healthy, well-planned transition" that would not negatively affect the relationship moving forward.

## Freeing up funds


Blackhawk now enjoys more financial flexibility all-around, having successfully minimized interest expense, while maximizing ministry investment.

Across the board, budgets — which were reduced at the pandemic's outset — have been increased. "While the overall budget has been relatively flat, the reduction in interest expense and the fully amortizing loan allowed for the deployment of dollars historically allocated toward principal and interest across other areas of the overall budget, including ministry," DeKeyser points out.

When the pandemic draws to a close, he says the church expects the full effects of refinancing to continue. At some point, when the debt is completely paid off, those resources will be infused into the ministry.

## "The Kingdom benefits when the Church is debt-free"

Thrivent Church Financing shared this guiding principle, and Mueller, DeKeyser and team understood the long-term benefit of aligning under this value.

"On more than one occasion, several Thrivent Church Financing staff have stated that their goal is not to burden the church with excessive debt or hamper the ministry, but to help enable the church to thrive regardless of the loan balance," Mueller explains. "Ultimately, if the church is debt-free or reduces its principal and interest expenditures, more of its budget dollars can be deployed toward ministry and the health of the church." 





## (AND MUCH MORE)

By RaeAnn Slaybaugh

With rates near historic lows, it makes a lot of sense for a church to consider refinancing its debt right now.

Like many houses of worship, Reston Bible Church (RBC) in Dulles, Va., wanted to take advantage of this lending climate while the opportunity existed.

In particular, Executive Pastor Bruce Campbell was looking for a simple, long-term fixed rate of five years or more. He also aimed to secure a fully amortizing note that would propel RBC towards debt elimination.

Both objectives are surprisingly achievable at the moment. But the other criteria that Campbell prioritized were more elusive.

Campbell says all three lenders he vetted were “at least in the ballpark” in terms of what the church was looking for. However, Thrivent Church Financing ultimately emerged as the best fit for several reasons.

For one thing, Chris Lewis, a senior relationship manager for Thrivent Church Financing, was a known quantity. He and Campbell became acquainted many years ago, when Lewis was working for a different lender which held the church’s mortgage at the time.

Prior to that, Church Administrator Dale Peak met Lewis at an executive pastor conference in Texas.



**Bruce Campbell**

While this familiarity was comforting, Thrivent Church Financing also came forward with the lowest rate *and* the most favorable terms — fixed for 10 years — that centered on the covenants which the church holds dearest. And while two of the three lenders under consideration aligned missionally with RBC, the decision came down to intricacy.

“Most lenders, banks, mortgage companies, et cetera, aren’t about spreading the gospel, either locally or globally,” Campbell explains. “I would say that Thrivent Church

Financing’s philosophy — of bringing faith and financing together — [more closely] aligned with our purpose to know Christ and to make Him known.”

For Lewis and his team, this close alignment was equally vital.

“RBC has been a leader not only in the region, but also internationally through a very generous missional focus,” Lewis says. “Through these efforts, many have come to know the love of Christ in their darkest days.”

Through refinancing, the church maintains its ability to meet its long-term objective of being debt-free. Perhaps more important, more dollars have moved to the missional component of RBC’s P&L. For Campbell, that freedom will ultimately provide a wealth of benefits for the community surrounding the church, and even for communities around the world.

“It will allow us to reallocate the generosity and resources that people give here in the first place,” he explains. “When we’re debt-free, that





reallocation will span across a host of needs, from local community efforts to expanding our international connection.”

To this end, for example, the church places a lot of emphasis on English-as-a-Second Language (ESL) training through its International Connection Ministry. With no debt, efforts like this can be expanded into the local community.

“It can also enhance our discipleship and our digital evangelism efforts because we can potentially bring on another key one or two people that can give full-time effort to shepherding various discipleship initiatives,” Campbell points out. “That would be huge as well.”

### Flexibility for deposits

Preserving RBC’s fantastic relationship with its local bank was another priority for Campbell. Luckily, Thrivent Church Financing doesn’t require deposits as part of its loan requirements.

According to Lewis, most lenders require a full depository relationship in order to provide financing.

Campbell says this has also been his experience in dealing with lenders. “It is indeed a very rare arrangement,” he says, “but it was very important that we be provided with that opportunity.”

### Bottom-line benefits

For RBC, the new refinancing arrangement has provided simplicity and stability.

“We know we’re not having to deal with uncertainty or a mortgage that’s going to rise in rates,” Campbell points out. “There’s no balloon payment due at any time.”



Additionally, a lower rate lets the church to pay less interest, retire its loan debt faster, and focus more on the ministry that takes precedence over everything. In other words, it offers peace of mind.

“We’re working with a great lender that’s cooperative, that understands us, that will work with us,” Campbell concludes. “We don’t feel like we have a hammer waiting to come down on our head if some unique circumstance arose.” **CE**