

## Banks find churches solid when it comes to loan risks

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SAN FRANCISCO -- Collection plate offerings might not seem like the basis for sound lending, but bankers say they're not taking a leap of faith when lending millions to churches, according to the *San Francisco Business Times*.

"We look at the giving and attendance records," said Dan Mikes, senior vice president of [Bank of the West](#). "We like to see stability or an increase."

Bank of the West, one of the largest players in the church financing market, focuses on churches with 300 or more regular attendees.

"We stay out of the smaller church market," Mikes said.

The bank typically lends to a church of 400 to 700 congregants, he said.

Churches historically turned to their memberships to finance major building projects, but today a number of banks serve the market, according to the report.

Structured as commercial loans, they usually amortize over 15 to 25 years and have a balloon payment in 5 to 10 years. The specialty loans often stay on the banks' books because they can't be packaged in the form of securities and sold to investors on Wall Street, as is commonly done with home mortgages, auto loans and credit card debt, according to the report.

Many banks are becoming more aggressive in the church lending market, partly because some of the loans give the banks credit under the Community Reinvestment Act.

"Over time, the word got out that churches can be very good payers," Mikes said.