

Floor Committee #15: Subsidiaries Committee

Subject: WELS Church Extension Fund

Reference: *Book of Reports and Memorials*, pp. 147,148

Report No. 05

WELS Church Extension Fund (CEF) exists to provide loans and grants for mission congregations under the direction of the WELS Board for Home Missions (BHM) and to provide loans for self-supporting congregations for ministry expansion purposes. Since its inception CEF has played a critical role in new mission starts and will continue to play a critical role in the BHM's "100 in 10" church planting initiative. Our committee notes with thanksgiving the special grants given towards BHM of \$1.6 million, \$1.7 million, and \$1.1 million in Fiscal Years 2022, 2021, and 2020 respectively and \$2.1 million this current Fiscal Year (2023). These grants account for 20 to 25 percent of BHM's operating budget on average over the last four fiscal years. Our committee also notes CEF's matching grants program to mission congregations towards the downpayment for an initial land purchase (4 to 1) or new facility construction project (2 to 1), as well as for an existing facility purchase. CEF's generosity is making a real difference to our missions!

As explained to us, CEF balances these grants with an emphasis on maintaining positive operational results. It does this to uphold its fiduciary responsibility towards investors, avoiding lending risk, which could result in compromising their future ability to lend. Since CEF reports to federal and state securities commissioners in 47 states, they must maintain a disciplined approach to granting loans to mission congregations and self-supporting congregations capable of repaying these mortgages.

In performing due diligence for this convention, our committee interviewed 30 individuals regarding CEF's work, with an eye looking forward to the "100 in 10," including eight home mission pastors with direct experience in applying for a loan with CEF. We observed from all sides that few WELS pastors, home missionaries, and laypeople have expertise in the ability to work in the complex world of commercial real estate lending. This may be termed a "knowledge gap" that often creates a steep learning curve for these home missionaries and lay leaders in missions. Mission pastors asked for more guidance and information than is currently available in applying for loans with CEF. CEF leaders stressed to our committee the importance for district mission boards and mission congregations to approach CEF with questions and seek input as early as possible in the process to avoid delays or challenges.

Our interviewees shared a range of solutions with us, all of which seek better communication and a greater realization that CEF works as a mission partner with Home Missions and the mission congregations it serves. Our committee would like to highlight just three ideas that kept recurring during our interviews of home missionaries.

1. Requesting preparatory **site visits** by CEF loan officers to help CEF understand a mission's context in the real estate market, coach mission congregations towards a successful loan application, and build a spirit of mission partnership.
2. Providing **online video tutorials** on the CEF website or providing an **online course** to give congregations more detailed information regarding the loan application process as a starting point for information.
3. Identifying a person or position that could serve as a **mission counselor for real estate** with a focus on coaching mission congregations through the loan application, land acquisition, and building processes. Such a position would supplement the current mission counselor program serving our home missions congregations who coach missions on outreach strategies. Our committee heard input that this would be an ideal position for a layperson with commercial real estate experience.

Our committee, therefore, encourages the leaders of CEF and BHM to seek ways to dialogue on these items listed above. Our committee wants everyone in WELS to see that CEF serves as a critical mission partner to the "100 in 10" church planting initiative and encourages WELS members to support CEF through their investments aimed to support our mission churches.

Pastor Geoff Cortright, chairman

Teacher Mike Henning, secretary