Written by Hazel Trice Edney
Tuesday, 12 June 2012 16:49

WASHINGTON - (TriceEdneyWire.com) - The head of a national Black bankers organization is warning that growing foreclosures upon churches across America indicate that houses of worship must quickly change the way they do business or possibly face a national crisis.

"A trend in church foreclosures is causing national leaders representing African-American communities all over America to focus their attention on potential solutions to avert an impending crisis," writes Michael Grant, president of the National Bankers Association in a three-page report, released exclusively to the Trice Edney News Wire. "With the advent of the mega-church as a phenomenon, church leaders are being forced to rethink their growth strategies."

At least 138 church properties were sold by banks last year and about 270 around the nation since 2010, according to CoStar, a Washington, D.C.-based real estate information company. Ninety percent of the sales reportedly result from foreclosure.

On March 6, Reuters reported, "Banks are foreclosing on America's churches in record numbers as lenders increasingly lose patience with religious facilities that have defaulted on their mortgages, according to new data...The surge in church foreclosures represents a new wave of distressed property seizures triggered by the 2008 financial crash, analysts say, with many banks no longer willing to grant struggling religious organizations forbearance."

According to Grant, whose organization has a membership of 37 banks, he sees no major

disparity between the numbers of foreclosures upon Black and White congregations. However, he writes, "A preliminary analysis of many African-American churches that pursued aggressive expansion strategies has yielded a few interesting and common patterns."

He ticks off the patterns as follows:

*Expansion efforts were not usually directed by financial plans constructed by individuals who had the expertise to give church leaders sound financial advice.

*Many financial decisions by those who oversee aggressive expansion strategies were not rooted in frugal planning or monitored by systems of accountability.

*Record-keeping is often not dictated by accepted accounting practices.

*Lending institutions are oftentimes not contacted early enough to avail the church of bank assistance in the forms of loan modifications or forbearance.

*Many church leaders mistakenly believe that bank assistance is available after foreclosure procedures have begun. In reality, by the time the church is being foreclosed on, the bank has exhausted all of the remedies at its disposal.

Grant concludes that though many church decisions are made based on faith and visionary leadership, "The church must be thought of as a business."

He states, "Just as the hospital exists to promote physical health and wellness, it is nonetheless a business. The church's business is to promote spiritual health and well-being. It is also a business. If sound business principles are not adhered to, the church jeopardizes its ability to provide a valuable benefit to its congregants."

Church leaders across the nation are being impacted by the economic crisis, not only causing a shortage in the collection plate, but the decreased ability to help parishioners in financial trouble and difficulty paying its own bills, including staff salaries and mortgages. Though small and middle-sized congregations are seeing more foreclosures, even mega-churches have not been exempt from drastic measures.

Bishop T.D. Jakes, pastor of the 30,000-member Potter's House in Dallas, said he was forced to make major cuts three years ago in order to avoid doom.

"Membership has gone up. Income has gone down. We've laid off about 40 people from our staff. We've had to make some hard choices. We've had to curtail some of the services that we've normally had to provide to the community because our resources are hard hit. I'm getting calls from pastors all over the country who are downsizing, cutting back on services, cutting back on office hours because they are being adversely affected by this also," he said in an interview with this reporter.

Currently, church organizational leaders are exploring new ways to operate financially as they

await improvement in the economy. The Rev. Dr. Franklyn Richardson, chairman of the Conference of National Black Churches (CNBC), says understanding more about banking, how it works and specifically how Black banks can help abate financial crisis in churches is on his agenda. He agrees that the Black church, as an institution, does not fully understand how best to relate to banks.

"I don't think we actually do. I also don't think we take advantage of what our collective deposits could demand on Monday mornings after Sunday," said Richardson after holding a session on economics and the Black community during a CNBC meeting late last month. "So, we're looking at - especially given the electronics today, if we were able to bring our Sunday morning deposits together electronically and leverage them in the market, how that could change or have impact on how we can get banking services in our communities. That's what we're talking about now."

Bishop Eugene Ward, Pastor of Greater Love Missionary Baptist Church in Cleveland, Ohio is also board member of CNBC, which comprises nine denominations and an estimated reach of over 10 million parishioners across the U. S. He says church officials are sometimes actually leery of Black banks.

"I really believe that in most cases we find ourselves being careful when it comes to Black institutions. And we migrate more to Caucasian institutions because of our ignorance and our lack of trust for those who are in Black banking," Ward says. "The dry answer and a very good example for us is that many of us look to them to favor us and we abuse them rather than cooperate with them to do the same things that we would do with Caucasian institutions." Ward adds that church leaders have a skewed view of banks in general.

"We really only want banks for money, but a lot of us right now can't really afford to pay back," he said. "And because of banking practices, now Caucasian agencies have turned to where they are really not operating to lend money to Black churches any more, now we're finding ourselves in really dire straits because we don't have anyone to turn to. Had we started to invest with the credit unions and the Black institutions, I feel that we would be in much better shape."

Grant outlines 12 basic facts that church leaders need to know about banks. Among them are the following:

*Churches that seek their bank's help or assistance as soon as a problem with making payments arises stand a far greater chance of avoiding foreclosure.
*Loans to churches are classified as commercial (or business) loans.
*Proportionately and historically, African-American banks make and have made the largest percentage of all loans to Black churches.
*Loans are the primary sources of revenue for banks.
*Foreclosures could cause banks to diminish their loan loss reserves and negatively impact the community and real estate values.

Ultimately, Grant writes that churches must become more like businesses as they seek to survive in the current economic climate:

"Identifying qualified financial counselors and utilizing certified accountants is no longer a luxury. If the church is to survive to continue its work, it must have an organization structure that resembles the modern corporation."