GUIDE TO IMPLEMENTATION OF 1K CHURCHES LOANS:

PEER LENDING HOST
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INTRODUCTION

There is a critical transition in the 1K Churches process between completing the five-session 1K Churches Bible Study and diving into the exciting work of finding a small business doing good in your community and making your loan. We assume that this is the point where you find yourselves right now or will in the near future. This guide is designed to help you take the next steps thoughtfully, confidently and creatively. You will be expressing your faith through the economic action of making a small loan. In turn, this simple action begins to shape the economy in small ways and fuels your imagination about how God’s economy might work.

It is important that your group has taken time to complete the Bible Study before plunging into the loan process. Together you have pondered and discussed God’s economy as reflected in the original household and garden in the story of creation. You have thought about sin in economic terms as a failure of relationships and lack of interdependence. We see sin reflected in our economy that clearly does not work for all. You have rejoiced in God’s love that not only forgives and restores you to wholeness, but also works for the restoration of all things, including the economy. You have gained courage and confidence to believe that we can do better, that by God’s grace we can mend relationships and co-create a more just economic system. Finally, you have celebrated the hope of God’s kingdom, a realm of abundance, where hunger and oppression are no more.

The Implementation Guide builds on that important theological grounding. The key now is to apply those faith commitments as the process moves forward into the practicalities of making a loan. How do we build economic relationships that reflect our understanding of God’s will for the world and God’s call to each of us as players in the economy?

We assume that those who shared the study and reflection experience will form the core of the group that will implement the loan, even as others may join the group at this point. The participants in the Bible Study were asked to make four decisions regarding the loan, before completing their study and beginning this next phase.

Those decisions were:

1. The source of the capital you will be lending, whether it is from an established congregational fund, from contributions of members of your group or some other source.
2. The amount of capital you are prepared to offer as a loan. Criterion recommends a loan between $500 and $5,000, because a loan in that range is large enough to be significant but not so large as to cause anxiety that might complicate decision making.
3. The mission focus you want to further through a loan to a small business. That might be anything from food security, to health, to environmental concerns. It might focus on the wellbeing of veterans, women, immigrants, former prison inmates, etc. Your identified mission concern may be an on-going focus of the congregation as a whole or the special interest of this small group.
4. The loan model you will pursue, chosen from the five investment pathways introduced in the Bible Study and listed below.

- **ANGEL INVESTOR.** A direct relationship with a borrower, in which you set the terms, choose the borrower and administer the loan.

- **PAY IT FORWARD.** A direct relationship with a borrower, in which you set the terms, choose the borrower and administer the loan which is paid back through goods and services donated to the community at twice the value of the initial loan.

- **PEER LENDING.** A relationship with a community of business leaders who come together and select who from among their number receives the loan.

- **JUSTICE PARTNER.** A partnership with a local lending organization as an intermediary which approves the loan application and administers the loan according to its standards and procedures.

- **PUBLIC WITNESS.** A direct relationship with a borrower chosen by you with Kiva serving as an intermediary in approving the loan application, administering the loan and raising capital for the loan through on-line crowd funding.
Your group has chosen to follow the Peer Lending Host pathway. The fuller description of this pathway from the Bible Study is provided below:

**YOUR INVESTMENT PATHWAY: PEER LENDING HOST**

As a peer lending host, your congregation or group selects a set of small businesses and hosts them as they participate in a cohort of fellowship and support. This cohort has access to funds from a loan provided by the congregation. The participating businesses choose one (or more) of their peers to receive the loan. This path shifts power from the church to a group of peers, who hold each other accountable and choose where the loan goes.

Sourcing of the loan (how to find the business): Work through a local community organization, such as, the Chamber of Commerce, a Small Business Development Center (SBDC) or a Community Development Financial Institution (CDFI). Such organizations can identify existing businesses for you to approach.

Due Diligence (how to evaluate the business): Collect tax and bank information that verifies the viability of the business and its ability to manage the loan.

Interest Rate: Less than 5% interest

Collection Practices: Congregation is responsible for receiving payments and monitoring the loan; an implementation committee within the congregation is responsible for encouraging repayment

Term of Loan: One year, with extensions possible

Documentation Required: Simple loan agreement (see sample provided on the Criterion Institute website - [https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources](https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources))

Example: A church in a community with high unemployment gathers a group of 10 entrepreneurs who, as part of their recruitment and agreement to join the cohort, are poised and enabled to hire at least one person in their business within the next year. The group decides who among them will receive $1,500 that the church has invested in the group.
As the Peer Lending Host you will be fostering collaboration among your neighbors and practicing the art of sharing power. This implementation guide will walk you through the steps of making a loan of $500-$5,000 available to a group of small business owners in your community and trusting them to determine which business is best positioned to make use of the capital. You will also determine the interest rate, if any, and a repayment plan for a given period of time, usually one year. This pathway is enhanced when congregations facilitate support sessions and courses in business practices for the cohort of business owners. If your group is part of a congregation, you will want to be sure that all necessary approvals are in place and the congregation as a whole is aware and supportive.

The intent of the 1K Churches campaign is not simply to get money out the door to deserving businesses. The deeper intent is to engage congregations in reflecting on their economic relationships. It is a starting place for imagining, discovering and practicing God’s economy. This is not a guide to put a full lending program in place. To efficiently and effectively put out larger amounts of money requires a different kind of planning. The guide includes:

- Tools that can facilitate the process of making the loan
- Recommended processes
- Templates and sample communications
- Stories and lessons learned
- Questions for theological reflection
- Ideas for rituals and celebrations

The tools and practices recommended in this guide build on four essential principles:

1. **STAY GROUNDED IN RELATIONSHIP**
   
   Most of us look at our financial lives as a series of transactional experiences, distilled in documents like contracts, bank statements and mortgage agreements. We do not think of our financial interactions as the human relationships that they are. In the Bible Study, the title of each investment pathway reflects how you are in relationship with the borrower. We intended this language to remind you of the relational center of this whole process and your role in the relationship.

   As in any developing relationship, it’s important to demonstrate compassion and respect and to remember the common goals you share. Have conversations that center on what each person seeks to gain in the relationship. You may choose to use language of investing rather than lending to communicate a sense of mutuality rather than dependency. All of this sets the stage for open communication and support from all involved.

   There is a saying: “You do not have money problems; you have relationship problems showing up as money problems.” If you get the relationship part right, then the money part will actually be easier. You really cannot make the money part work without the relationship part working.
2. REFLECT TOGETHER IN FAITH
   When you link back to the important work done in the Bible Study, you are reminded that you are seeking to build real, human relationships as you make your investments. You learned how interdependent our world was meant to be and what harm happens when that interdependence breaks down. The Peer Lending Host pathway encourages humility. It challenges you to give up your very human need for control and to empower others to make decisions. Continue to reflect and pray on these and other important theological insights whenever you come together to make decisions and move forward in the investment. In the process, you will be creating a safe place to practice economic relationships grounded in our faith.

3. MOVE TOWARD ACTION IN THE COMMUNITY
   Keep action and reflection in dynamic tension. We have intentionally designed this process to include plenty of time for study and reflection. But then it is time to take action and move into the community. To live faithfully in economic relationships, you actually need to engage. That means you have to be willing to take some risks.

   Once you are clear about what kind of loan you are prepared to offer and have gathered a pool of potential borrowers, act quickly and decisively. Give the process of actually making the loan a timeline of a month or less. That pace will help keep you focused as a group. It also reflects the timeliness that businesses need when receiving funds. A business owner might need help with a cash-flow situation in the very short-term or ready cash to take advantage of a growth opportunity right now. Remember that the loans you offer are alternatives to the rigid and drawn-out processes that micro-businesses face in dealing with banks and other lenders. By remaining fast and flexible, you can also build the type of trust and frequent communication that will be critical for the duration of the loan.

4. KEEP THE LOAN ITSELF SIMPLE
   Do not overthink implementation. Discipline yourselves not to get bogged down in all of the worst-case scenarios. What if the loan is not repaid? What if the business ultimately fails? What if the relationship does not develop as you hoped? Keep the loan itself as simple as possible. That way you can stay more focused on the relationship, which is not likely to stay simple or predictable. Relationships come with all the complexities and failings we share as individuals and communities.
HOW TO USE THIS GUIDE

Following the Introduction, this guide describes the steps you will take in implementing the loan:

1. FORM (OR RE-FORM) AN IMPLEMENTATION COMMITTEE
2. CLARIFY AND COMMUNICATE THE INVITATION THE CONGREGATION WILL OFFER
3. FIND OR FORM BUSINESS OWNER GROUPS
4. INVITE BUSINESS OWNER GROUPS TO PARTNER WITH YOU
5. GATHER INFORMATION AND MAKE DECISIONS
6. FORMALIZE THE RELATIONSHIP
7. SUSTAIN ENGAGEMENT THROUGH REPAYMENT
8. EXIT THE LOAN AND REDEFINE THE ONGOING RELATIONSHIP
9. EXPLORE YOUR MISSION IN OTHER KINDS OF ECONOMIC RELATIONSHIPS

This Implementation Guide is full of principles and procedures for how to make this loan and, more importantly, how to make it in a way that builds good relationships. Think of this guide not as a book of rules to follow, but as advice from fellow travelers, who have learned from their own experience, the experience of many congregations and the experience of experts in the field of finance and micro-lending.

You are free to experiment with different processes, using your own knowledge and experience and customizing for your own context. Let us know what you discover. We are continuing to learn and develop tools to support congregations in this mission. As we collect your stories and best practices, we will build this guide into a fuller toolkit.
1. FORM (OR RE-FORM) AN IMPLEMENTATION COMMITTEE

Before you started the Bible Study, you had to form some kind of planning team to convene the study group and to make a few initial decisions. In most cases, a 1K Churches Steward was a key leader in pulling that group together and keeping it on track. To implement the loan, you will need to either re-form the original planning team or convene a new group to serve as the Implementation Committee. This committee will recruit and select a group of small business owners in your community and maintain a relationship with them through the life of the first loan and hopefully beyond. It is highly desirable that there be strong representation of people who have experienced the Bible Study on the Implementation Committee.

A FEW GUIDELINES IN SETTING UP THE IMPLEMENTATION COMMITTEE:

INVITE INTENTIONALLY
The implementation process creates an opportunity for the congregation to enlarge the circle of people who are participating directly in making the loan and reflecting on what that means in terms of their faith. If there has been a positive buzz in the congregation about the Bible Study, you may find people eager to be participate in this next phase. In one congregation, a micro-business owner who had not been able to join the Bible Study was honored to be personally invited to join the Implementation Committee and empowered by this opportunity to help another business.

You might consider inviting particular people with relevant skills or experience to join the Implementation Committee itself or to serve in a more targeted advisory capacity. You might add someone with experience in a credit union or bank. If you will be working with business owners who are new to this country, you might invite someone who can help with translation. If you plan to include a coaching or training component, you might seek to add members who have experience in small business or who have mentored entrepreneurs or taught in a small business development program.

KEEP THE GOOD OF THE WHOLE CONGREGATION IN MIND
If you are seeking to involve the congregation as a whole and to make micro-lending part of the congregation’s identity in the community, then it is a good idea to invite new people to join the Implementation Committee and to enlarge the circle at each stage in the process. If, on the other hand, you are content to have this be a special project of a self-selected segment of the congregation, then keep the Implementation Committee small, but find creative ways to stay connected and appropriately accountable to the congregation as a whole.
SET CLEAR EXPECTATIONS OF ROLE AND TIME COMMITMENTS

The Bible Study is designed to fit within a fairly concentrated, five-session period of time. The full implementation of the loan is going to extend over more than a year. Clarifying the terms of your loan, selecting the cohort of small business owners, and finalizing the contract will be a concentrated set of work at the beginning of the implementation process. Loan repayment will take place over the course of a year or more and calls for regular engagement throughout.

CREATE AN EXPECTATION OF SUSTAINED FAITH FORMATION

As you form or re-form the Implementation Committee, make sure that the new people share the expectation that faith formation will continue. The Implementation Committee is likely to attract doers who want to get to work and get that money out the door where it will do some good. It will not serve well in the long term, however, if the lessons of the Bible Study are left behind as the focus moves to doing. Action alone is not enough. Reflection on this simple action of making a loan is the key to deeper theological understanding and lasting change in how we understand our economic relationships.

The Service of Blessing at the beginning of the loan process and the Service of Thanksgiving and Reconciliation at the end help to connect action and reflection. Both are provided in the 1K Churches Resource section of the Criterion Institute Website (criterioninstitute.org/our-church-work/1kchurches/bible-study-resources).

CLARIFY AGAIN WHO HAS THE FINAL SAY IN DECISION-MAKING

If members of the group made commitments to raise or contribute their own money for the loan, check to see that those funds are actually in place. Also make sure you agree in advance that the group of business owners themselves will select the loan recipient. You will help by providing criteria and a process for the group to use in deciding who will receive the loan. But finally, it is their decision and all those involved should agree to abide by the decision. It is not helpful for people to vote with their money or withdraw their support if their preferred borrower is not finally selected by the group.

If there is a congregational governing body (such as a church council or a vestry) that authorized the money for the loan, confirm the amount of the loan that has been approved and clarify that the Implementation Committee is authorized to entrust the final decision about who receives the loan to the selected group of business owners. This pathway will not work if the governing board insists that it take the final action of approving the loan recipient. When you are in the midst of building a relationship with potential borrowers, you want to be able to clearly communicate what they can expect and to move through the decision-making process without confusion or unanticipated complications.
EMBRACE THE FREEDOM TO IMAGINE NEW KINDS OF ECONOMIC RELATIONSHIPS

While you will want to take advantage of all the resources available to you, it is important that the Implementation Committee itself takes responsibility for deliberating and making decisions that reflect their vision of God’s economy. It is natural for us to turn to the lawyers and bankers in the congregation to tell us how to implement the loan. They know how it is usually done. This program is intentionally designed, however, to be a place to imagine new kinds of economic relationships, not just to live within the existing ones.

Some professional business or finance people in the congregation will be eager to make connections between their work and their faith, to reflect theologically on the way business works, and to explore alternatives to the rules of business as they have experienced them. If they usually find themselves in functional roles as financial secretary or treasurer, they may welcome this opportunity to engage with the congregation when it is talking about fundamental values and mission.

MANAGE THE RISKS

What is the right amount of money to risk? We consistently suggest that congregations keep their loans in the $500 to $5,000 range. If the amount is too small, the loan itself may be trivial to both the borrower and the lending group. If it is too large, concern about risk may become paralyzing to the congregation.

The participants in the Bible Study were encouraged to decide on the size of the loan before the implementation phase began. It was their job to determine how much they would risk and why. The Implementation Committee begins with a clear idea about the amount of capital available and shares this figure with the cohort from the beginning. The cohort selects the business owner who can benefit from such a loan. If you wait until you find out how much money the preferred borrower needs and try to match that need, you may fail or wind up risking more than the group or the congregation can comfortably afford.

Making a loan will be a new experience for most of you. Taking this action is meant to be a place to practice. It is important to keep the risks within bounds that the congregation can accept, so that there is freedom to experiment, explore and reflect on what you are learning. How does the process of assessing risk challenge your understanding of economic relationships? Be sure that the committee and the congregation know that there is room for failure and that those who are willing to take the risk can count on support without recriminations.

SAMPLE WORK PLAN

We have developed a rough plan for how the Implementation Committee might accomplish its oversight of the process of making a loan and maintaining a relationship with the loan recipient through the course of the loan period. As you will see, this is far more than a list of tasks to check off the list. Each step involves you in thinking through economic relationships and how they might more closely reflect God’s economy.
STEP 1: ORGANIZING THE COMMITTEE (GOAL: 1 MONTH)

- Invite a leader to organize and convene the committee
- Extend invitation to potential committee members, building on Bible Study group, but open to others who have interest or bring specific gifts
- Make this Implementation Guide accessible to committee members
- Set times for the first three meetings of the committee, hopefully within no more than six weeks, and additional meetings as required

STEP 2: PREPARING TO OFFER A LOAN (GOAL: 1 TO 3 MONTHS — OR HOWEVER LONG IT TAKES)

*Important to complete this work before beginning to publicize loan opportunity or invite applicants.*

- Review and confirm decisions already made by the Bible Study group about loan model to pursue, the amount and source of the proposed loan and the mission interest it is to further
- Decide whether you intend to offer a training component for the cohort as an optional or required part of the process, and, if so, determine who will be responsible for designing and delivering the program.
- Clarify what the terms of the loan will be and the criteria by which a group of peers will select the loan recipient.
- Communicate regularly with the congregation.
- Develop and implement a plan for identifying one or more new or existing communities of business owners who may be interested in this loan program.

STEP 3: ENGAGING WITH POTENTIAL BORROWERS (GOAL: NO MORE THAN 1 MONTH BETWEEN INVITATION AND SELECTION)

- Invite one or more groups of business owners to apply.
- Initiate conversations and gain necessary information from one or more groups of potential borrowers.
- Select the group which will be entrusted with the loan to award to one of its members.
- Organize learning opportunities to strengthen their businesses, if you have decided to include such a component in the process.
- Initiate the process by which the peers will select the borrower.

STEP 4: CARING FOR THE LOAN RELATIONSHIP (GOAL: 1 YEAR OR HOWEVER THE TERMS AGREED TO FOR LOAN REPAYMENT)

- Formalize the relationship with the borrower and the peer group
- Sustain the loan relationship and collect repayments
- Determine whether to make another loan when the first loan has been repaid.
2. CLARIFY THE INVITATION THE CONGREGATION WILL OFFER

As a Peer Lending Host, you are extending an invitation to one or more groups of small business owners in your community. Invitations have great power. They set the tone for the whole relationship you hope will develop. It is important, therefore, that you give careful thought to what you will include in your invitation long before you deliver it. Given the relatively large number of people involved in the Peer Lending model, the danger of misunderstanding is multiplied and the need for simplicity and clarity is all the greater.

Just like an invitation to a party or other event, your invitation gives the potential borrowers the details they need so they can determine how they want to respond. Think about how you relate to those details in the invitations that come your way. If it is a party at a lake and you do not know how to swim, do you go? Or if it is not clear what is going to happen, do you feel anxiety about whether you will be able to participate or what clothes to wear?

Think through what allows you to feel good about receiving an invitation. What does it take for an invitation to be truly “inviting?” Is it thoughtful? Does it fit you? Does it make you feel honored? Is it attractive? Does it create a connection? Build community? Are you free to decline? Is it clear what is expected of you? Does it tell you what you need to know to participate?

Invitations about money are often complicated, both practically and emotionally. They intersect with our assumptions about money. Debt makes us vulnerable. There are parts of our economy set up to exploit that vulnerability. By using the Peer Lending Host pathway, you minimize the power differential between the lender and the debtor and the associated experiences of shame and helplessness. At the same time, you are inviting business owners into a group where they will be required to share financial information with one another and to take responsibility for selecting the loan recipient. Participants are going to have to be able to handle the vulnerability and to abide by the decisions of the group. They need to understand and embrace the adventure they are being invited into.

DO YOUR HOMEWORK FIRST

As the Implementation Committee, you will need to spend time early on becoming absolutely clear about what you are offering to a group of business owners and what kind of relationship you are inviting them into. If you are going to make the loan contingent on participating in an educational process, this needs to be clear from the beginning. All of this needs to be completed long before you begin publicizing the loan program or inviting people to apply.

As you work towards clarity, you will learn new things and you will likely change your mind about certain things. Even so, try to be consistent in your conversations with the potential peer group members. There
will be anxieties on your end about the risk you are taking in making loan. It is important, however, that you appreciate the anxieties associated with borrowing money. You can help reduce anxieties by being clear about where you stand, what you expect, what kind of return you are going to need to feel whole. You will put others at ease if you do not project an anxious presence but maintain a calm and reasonable manner.

As a committee, make sure you know what your process will be, so that you can help potential borrowers understand what will be involved if they choose to participate. Nothing feels worse than being invited and showing up . . . and then realizing it was not at all what you expected.

Once you are clear about expectations, make sure you are prepared to meet them on your end. Do not promise what you cannot deliver. If you say you are going to have a meeting in a month to make a decision, have the meeting and make the decision.

**CLARITY ON REQUIREMENTS**

Make sure you are in agreement about the specifics of the loan so that you can communicate truthfully and give people straight answers. We suggest the following rules of thumb but realize that all the members of the peer lending group may not measure up to all of the criteria. For example, not all the businesses in a diverse group will be directly aligned with a mission focus of your church. Or you might decide that it is worth the risk to consider making a loan to a start-up. If you want to change the criteria or constraints suggested, talk about it and be clear what rules you will follow.

1) **THE LOAN RECIPIENT** meets the following criteria:
   - Business located in your community
   - Business is not a start-up, three-year history preferred
   - Business has five or fewer employees

2) **THE LOAN** is structured within these constraints:
   - The amount of the loan may range from $500 to $5,000; you decide on an amount within that range
   - The interest on the loan may range from 0 to 5%
   - The time length of the loan will normally be 1 year
   - The repayment schedule may be monthly, but we suggest allowing the flexibility of full repayment by the end of the year, both to save paperwork and to give the loan recipient the use of the capital for the full year
Make sure you are in agreement about the specifics of the loan so that you can communicate truthfully and give people straight answers. We suggest the following rules of thumb but realize that all the members of the peer lending group may not measure up to all of the criteria. For example, not all the businesses in a diverse group will be directly aligned with a mission focus of your church. Or you might decide that it is worth the risk to consider making a loan to a start-up. If you want to change the criteria or constraints suggested, talk about it and be clear what rules you will follow.

The Loan Agreement is available in the 1K Churches section of the Criterion Institute website (https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources).

3) PARTICIPATION expected of the members of the cohort:
   - Reasonable attendance at any support group meetings or educational program that is offered by or recommended by the Implementation Committee
   - Sharing information about their business plans and financial records with their peers.
   - Interaction with the congregation by at least some members of the cohort.

PRACTICE HOSPITALITY

Our Christian understanding of hospitality encourages us to welcome the stranger, knowing the stranger will change us. We are seeking to be changed in our relationship with the borrower in ways that deepen our faith and bind ourselves more deeply to our community. If we are truly open, we will also be changed in ways that we cannot anticipate. Be prepared to be surprised!

THE NEED IS REAL

We do not recommend that you conduct an extensive needs analysis in the community to determine who really needs a loan or who is worthy. Of course, there are risks in such open-endedness. For this amount of money, however, extensive analysis is unnecessary. You can learn more by watching how people respond to a first invitation. And there is good data already available about small businesses and what kind of money micro-businesses need in general. Two relevant articles about the need for microloans in general are available in the 1K Churches Resources section of the Criterion Institute website (https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources):

   - Bigger Than You Think: The Economic Impact of Microbusiness in the United States, prepared by AEO, Association for Enterprise Opportunity
   - In Search of Solid Ground: Understanding the Financial Vulnerabilities of Microbusiness Owners, prepared in 2014 by CFED, the Corporation for Enterprise Development
“Microbusinesses represent 92% of all US businesses”
— Bigger than You Think: The Economic Impact of Microbusiness in the US, Association for Enterprise Opportunity (AEO)

“If one in three Main Street microbusinesses hired a single employee, the United States would be at full employment.”
— Bigger than You Think: The Economic Impact of Microbusiness in the US, Association for Enterprise Opportunity (AEO)

“Lower-income business owners are more likely to report no or bad credit as a barrier to their ability to borrow. When lower-income businesses are able to borrow, they are face high interest rates.”
— In Search of Solid Ground: Understanding the Financial Vulnerabilities of Microbusiness Owners, Corporation for Enterprise Development (CFED), April 2014

COMMUNICATING WITH THE CONGREGATION AND THE COMMUNITY
A small group within in the congregation participated in the Bible Study. Now the loan implementation process presents an opportunity to amplify the message and expand the conversation. There is a positive story to tell. The whole congregation and the wider community can share in the excitement and participate in various ways.

CONGREGATIONAL CONNECTIONS
It is important from the beginning of the Bible Study and throughout the whole loan process for the group immediately engaged in this initiative to share how it fits within the larger goals and life of the of the congregation. Their learning through action and reflection should be seen as part of the overall faith-formation program of the congregation and not simply as another social ministry project.

Making a loan to a small local business through a group of business owners is a good way for a congregation to become more visible and connected in the community. The congregation as a whole should be helped to understand this process as a key strategy for community outreach. Share with the congregation ideas you may have to maximize the wider impact and solicit their ideas as well.

PUBLIC COMMUNICATIONS
Once the Implementation Committee has done the basic work of clarifying the specifics of the loan and their criteria for potential peer business owner groups, they can begin to go public with their communications. You will want to target existing business networks or associations in your town.

Here are some key opportunities to get the word out in the congregation and in the community. In the congregation:
• Share that you are looking for a business owners’ group and enlist the help of the congregation in spreading the word and identifying possibilities.
• Announce the group of business owners you have selected and encourage the congregation to support the group and its member businesses through prayer, friendship and patronage.
• Plan a ritual of blessing for the loan, the specific borrower and the whole peer group in the context of Sunday morning worship or invite congregational members to attend the ritual in another context.

In the community:
• Meet with financial, civic, and business groups to share your intent to invest in local businesses and solicit their help in identifying potential groups of small business owners. These might include the Chamber of Commerce, a Small Business Development Center (SBDC), or a Community Development Financial Institution (CDFI). A CDFI is a financial institution that provides credit and financial services to underserved markets and populations. Such organizations can identify existing businesses for you to approach. A congregation that wanted its loan to support an immigrant owned business got tremendous support and assistance from the local Hispanic Chamber of Commerce. You may be surprised by how excited such groups are to see the church reaching out in this way.
• If the group is willing or even enthusiastic about going public, this might make a good story for a local newspaper or TV channel. Each business in the group might put up a small sign in their place of business recognizing the partnership with your church.
• Share what you are doing with other congregations in your community and encourage them to begin the 1k process in their context.

KEEP THE MESSAGE POSITIVE
As you communicate, focus on the relationship with the business owners’ group, rather than on the individual business receiving the first loan. This diverts attention away from the financial situation of one business. Highlight the mission. The loan is made not for its own sake, but to further the overall mission of the congregation, to build meaningful relationships within the community, and to strengthen the community. Talk about what these businesses make possible in the world and how that aligns with the values of the congregation.

It is important to be clear, even if it seems obvious, that this micro-lending initiative is not meant to replace other forms of engaging in the community. In investing in local businesses with micro-loans is one more way of being in relationship in the community.

DEALING WITH DIFFICULT CONVERSATIONS
Not everyone will share your enthusiasm for involving the congregation in a local business. You should anticipate that some church members will want to keep business relationships outside of and separate from the life of the church itself. The reality is that this is not possible. The church hires consultants,
plumbers, professional and support employees. The church rents space and buys supplies. All of those business arrangements are actually relationships that work for good or for ill. Think of ways that this process of getting involved in a small business can inform how the congregation handles the everyday conflicts and opportunities that develop within their existing economic relationships.

The Implementation Committee and those who participated in the Bible Study have been through some serious exploration of how economic relationships connect to our call from God. Make use of the wisdom of this group by giving them a role in helping the congregation sort out issues related to how it conducts its own business, handles its investments, and resolves employment issues.

As we know, conversations about money at church can be hard. You probably encountered awkward moments or conflicts within the context of the Bible Study. Here are a few of the more explicit negative comments we have collected from participating congregations:

2. “I don’t see or want to see businesses as part of our community as a church.”
3. “There are people in poverty throughout the world; there is no reason our church’s money should go to support a business who is just looking to get rich.”
4. “Our banking system is corrupt. It will infect our church if we bring its practices into our life.”

Those comments were made in the relative safety of small group discussions where trust had been developed. They likely continued in coffee hour and beyond. We have a lot to learn about how to have these conversations within church. This work will test and stretch our ability to respond and engage in ways that help us become a more honest and caring community.

This program is fundamentally about our faith formation. Your small loan will not solve the challenges of small businesses in your community. It will not even solve all the challenges for one business. Taking this simple action is a way for us to practice being in specific economic relationships in the context of our faith. We do not need to turn this into an argument, but rather to humbly walk a path, seeking to learn how we can be in better relationship with God and with one another.

Remember that you have access to Criterion staff and a network of other congregations doing this work. Some of their stories are shared in the monthly 1K Churches Newsletter; Supporting Your Journey. Contact info@criterioninstitute.org with questions or requests for help. We can walk you through any situations that might arise or put you in touch with other congregations dealing with the same issues. Make use of your own resources and take time within the Implementation Committee to support each other.
3. FIND A POOL OF BUSINESS OWNERS TO BE POTENTIAL BORROWERS

Through the Bible Study and ongoing conversations within your congregation, you have made a shift. While most people see businesses as a place of disembodied financial transactions, you are more likely now to regard businesses as groups of human beings working to earn a living and create something of benefit to the larger community. You have a new level of empathy for business leaders and more interest in understanding what makes their world work. You have come to the place where you are actively seeking to loan capital and form a relationship with a small business owner in your community.

You know now that microbusinesses need the kind of money that you are offering. Low interest and unsecured lending open-up a whole set of possibilities that do not exist within the formal banking systems. These small businesses will welcome your investment, as long as the invitation works for them.

We suggest that you begin with existing groups of peer business owners, rather than trying to put one together yourselves. There may be an active association of small businesses in the neighborhood where your church is located. A group of minority business owners may already be functioning in your town. You probably do not have time to recruit and support a whole new group. A group that already has some history will be energized by the availability of new capital and the freedom to decide among themselves which business can make the best use of a small loan now. The ideal group would probably be between five and ten members.

Now, how do you find these existing groups of small business owners? And even more important, how do you find them in a way that will lead to a good relationship? They do not know that anyone out there is working to provide them loans. They do not know where to look for help. They are certainly not expecting help with their businesses from a local congregation. Formal systems like major banks do not tend to serve microbusinesses, so they are not able to help you find the association of business owners who can make the best use of your loan.

You will have to use your own creativity and ingenuity. You will discover them by working through existing organizations in your community and by activating your own informal networks. Remember, this could be as simple as a small set of business owners in your congregation who already know each other from the fellowship in the church. As we have suggested above, you will find good allies in the Chamber of Commerce, a Small Business Development Center (SBDC), or a Community Development Financial Institution (CDFI).

It is easy for congregations, even highly motivated congregations, to get stuck at this point. But it can also be an energizing time, because it is basically the work of relationship-building. While Christians value relationship, we do not always know how to make new ones beyond the congregation. Finding
potential business owner groups through personal and civic networks forces the congregation out of its familiar and often inward-looking circle and becomes the occasion for real community engagement.

Consider using one or more of the following techniques to get to know the businesses in your community and how they are organized.

**WORK THROUGH EXISTING RELATIONSHIPS**
Identifying potential microbusinesses networks or associations may seem like a daunting task at first. But while you may not know where they are, you know people who do. Just as we ask friends and neighbors for referrals when we are looking for a doctor or mechanic, it’s best to work through the relationships we already have. Start with members of your church. Open your eyes to the small businesses that are already part of your life or are connected to people you know. Ask these business owners if they are part of a larger organization or network of peer businesses.

**USE COMMUNITY CONNECTIONS**
Another option is to connect with individuals who are already well connected to the community. They may be strangers to you, but they are known by the community and can help you build relationships with local business owner groups. Check your local Yellow Pages or do your research online. Or get recommendations through the local business association, chamber of commerce, community center, the business department a local college or an agency that works with microbusinesses or entrepreneurs.

**RELY ON LISTS OF AREA BUSINESSES**
Draw from your local Yellow Pages or pull a list of businesses from the local chamber of commerce for your zip code(s). You can screen based on a mission focus or by the type of business. Once you’ve screened, create an action plan to contact them. Try simply walking into the businesses for introductions and conversations. You are doing the work of evangelism here as you offer yourselves as a welcoming presence and a potential resource in the community.

**CONNECT THROUGH NATIONAL OR STATEWIDE NETWORKS**
Organizations with wider scope can also lead you to the small business organizations in your town. These might include business associations like the Small Business Administration of the U.S. government or the Christian Business Association.

Use your imagination! This is a critical step for your group. If you are not able to identify an interested group of small business owners, you might consider using another loan pathway.
4. INVITE BUSINESS OWNER GROUPS TO PARTNER WITH YOU

As we have said, invitation is a powerful form of interaction. Relationships begin with invitation. Invitation has the power to expand, strengthen, and deepen pathways to meaningful participation. The invitation itself makes a difference regardless of what the eventual response may be. Invitation is a form of power that does not coerce but opens a door that allows the other to take a step they might not have otherwise. Because invitations have this kind of power, it is important that we extend them with care, with respect for the recipient, and with regard for relationship we hope to create.

Refer back to the second section called Clarify and Communicate the Invitation the Congregation Will Offer. Much was said there about the importance of the committee’s work in coming to agreement about the particulars of the loan agreement and the nature of relationship you want to invite the business owners group into. You need to reach this clarity well before you actually begin to extend the invitation. You do this for the sake of the group as potential borrowers, so that your uncertainty does not create unnecessary confusion or anxiety for them. With this preparation completed, your invitation can be simple and clear and genuinely inviting.

Based on section three, Find Business Owner Groups, you also have some ideas about who you might invite. Through personal connections, exploratory conversations and interaction with networks in your community, you have identified a pool of business owner networks or associations. Maybe you have just one or two such groups in your pool. Or if you are in a large metropolitan area, it could turn out to be a long list. These groups may or may not know about your micro-loan initiative yet. Their members may or may not be actively seeking a loan. In some cases, you will have a pre-existing relationship with a member of the group; in others you will have had some initial conversation; in still others there has been no direct contact.

The next step is for you to get an appointment to talk to the leader or representative of the peer groups you are interested in. Explain your congregation’s intention to offer micro-loans to small businesses in your community and that you want to do this through a group of business leaders like theirs. Let them know that the loans will be within a certain range that you have already determined. Explain your plan to begin with one loan, and that the group of peers would be able to determine which business would receive the first. When the loan is repaid, the church would determine whether to reinvest the funds through the group. It would be helpful if you could prepare a one-page hand-out describing what you have in mind to leave with the representative business owner. If the representative is interested or even curious, offer to meet with the group as a whole to present the idea and respond to their questions.

When you meet with the peer group, you can expect that they will be surprised at what you are proposing. As a church investing in local businesses, you are doing something new, creative, gracious
and completely unexpected. It is going to take some serious conversation for people to understand and trust that this is for real. There is no quick path to turning this unusual invitation into a new relationship.

Approach the members of this potential partner group as neighbors and business leaders who are enriching the community through their enterprises and through their collaboration. The invitation needs to be both affirming and authentic for it to be inviting. You are inviting them into a relationship that will lead to one or more of their members receiving a loan and assuming debt. You do not want to come across like another credit card company going after their business. Think through parallels to your own experience of someone offering you money or inviting you to take on debt.

You honor these business owners with your genuine interest and curiosity. Give them a chance to tell you about themselves, their businesses and about the group. How did it get started? What do the members get out of it and what do they contribute? How does this association benefit the community? Is there an educational component? How do they make decisions?

As you extend the invitation, remain open to hear from them: Do their members need money for their businesses? What kind of money do they need? What do they need the money for? In some cases, a business owner may value the visibility the business receives in the loan process even more than the cash itself. In some cases, the loan will allow a business to expand; in others it will simply provide the security of easing cash flow. Growth tells a good story, but peace of mind is also of great value.

Leave space for them to ask their questions: What is the loan process? What would they be getting into? How much interest are you charging? What if it does not work out? Why is a church getting involved like this anyway? Do I have to belong to your church? Do I have to be a Christian?

While personal communication is always best when you are building relationships, it is also good to reinforce the oral communication with a written invitation. You can leave copies of the invitation or a flier with the group. Allow time for them to consider whether they want to be considered as a partner with the church as the lending host. Set a time for them by which you will need to know their response to your invitation.

Do not rush it. At this point you are simply engaging these business owners in a conversation that will let you get to know one another. Your first invitation to a potential spouse is not a proposal of marriage! You are more likely to propose a cup of coffee first. Inviting people into this process is not the same thing as offering them money. You build relationships step by step as you spend time together, learn about each other and establish a basis for trust.

You can extend the invitation broadly, without promising anyone money. You are giving them an opportunity to apply to be a partner with you making investments in small businesses. While they may be disappointed if they are not chosen in the end, they will not see it as a betrayal or as inconsistent as long as the invitation was clear. You will only be able to partner with one business owners group,
although you may invite several the process. But, if you reach out with care and integrity, each person you connect with through the invitation can become a friend and create a positive connection between the church and the community.
5. GATHER INFORMATION AND MAKE DECISIONS

EVALUATING AND SELECTING THE BUSINESS OWNER PEER GROUPS

Once the invitation has been extended and you have received a positive response from one or more groups, the Implementation Committee will want to learn enough about them to make a decision to go forward with one particular group. You can do this by reading any printed material they may provide, checking their website, consulting with local agencies.

Most likely, the best way for the Implementation Committee to get to know them is by talking with them. This can happen informally, perhaps by some members visiting their places of business or attending one of their peer group meetings. Eventually there will be a more formal conversation in the context of an interview with the whole Implementation Committee. One goal is of these conversations is to learn about their businesses, about their hopes and dreams and challenges, and about their interest and capacity to evaluate their peers and award the loan that you are making available. The other goal is to make sure that the peer group has a good understanding of what the congregation is offering and what it expects.

After learning about the interested peer groups, the Implementation Committee will choose the one to which they will entrust their loan funds, and the peer group will choose the actual loan recipient.

RESOURCES FOR THE PEER GROUP TO USE IN SELECTING THE LOAN RECIPIENT

The members of the chosen peer group are charged with making the decision about who will get the loan. The Implementation Committee can help them with this task in at least three ways:

1) GATHERING RELEVANT INFORMATION FOR THE PEER GROUP’S USE:

The Implementation committee distributes to members of the peer group a simple loan application form and requests that members interested in the loan submit their completed loan application by a certain date. The Implementation Committee will then make the completed loan applications available to the peer group to inform their deliberations. A sample Loan Application Form is accessible on the Criterion Institute website (https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources). This form asks for basic information about the history, financial status, and future goals of the business. The form we’ve provided is designed to be much less complicated and cumbersome than the traditional bank loan applications.
Some of this might not be necessary where all the applicants are known by the other members of the peer group, and the group can work through a process to share what information they are comfortable with.

2) **SUGGESTING CRITERIA FOR THE PEER GROUP’S DECISION MAKING**

The initial qualification for being considered for a loan is active membership in the peer group and meeting that group’s membership requirements. In evaluating the loan applications, the peer group should consider both the value of the business to the community and the capacity of the business to meet its goals. The following questions raise important issues that should be part of the peer group’s deliberations. The peer group will surely add to this list.

- Does this business contribute something of significant value to the community?
- Is the owner’s reason for seeking this investment compelling? Creative? Reasonable?
- Is this business community-minded?
- Is the business owner a person of integrity who is regarded as trustworthy?
- Is this business viable?
- Does the value of the business’s assets exceed the amount of current debt?
- Does the loan the congregation is offering provide enough capital for what the borrower needs? If not, do they have other sources for capital?
- Are there sufficient sources of revenue to repay the loan? A loan should not be more than 10% of business’ total annual revenue
- Is the timing right for this business to take advantage of this loan opportunity?

3) **CREATING A CONTEXT FOR PEER GROUP MEMBERS TO LEARN MORE AND MAKE BETTER DECISIONS**

In some cases, the peer group members know each other well and have an established pattern of meeting for mutual support, planning and learning about running small businesses. The new relationship with the church adds a new dimension to their association and the loan opportunity brings new energy and focus.

In other cases, the peer group is less structured or just getting started. The church might provide educational resources that both enrich the peer group experience and also provide a context for evaluating the readiness of the various businesses to make good use of the small loan being offered. Some congregations with a depth of expertise in business among their members could offer a program that addresses relevant topics, such as: developing a business model, understanding your customer, building a team and basic bookkeeping. Such a program might also provide mutual support and include a focus on relating work and faith. The Implementation Committee could also encourage the peer group to take advantage of similar educational opportunities in the community.

THE SELECTION
It could be challenging for a group to evaluate their peers and decide which one will have access to the small loan offered by a congregation. But it is also enormously empowering for these small business owners. Their experience matters, and their voices count. Putting the decision in their hands communicates the church’s trust and respect for its neighbors in the business community.

Finally, the relationships are more important than the money. The peer group should be encouraged to keep the process simple and work for consensus. Being a part of this process, allows space for the group to learn about each other, reflect on each other’s needs, and build trust. It may take time for the group to meet and build their relationship enough to feel comfortable with making a decision regarding a loan. Before making a decision, the group should focus on building trust together, discuss the dynamics of power in decision making, and rely on the church to set the tone of grace and hope. Once the group makes its decision, it is important that all the members get on board and support their colleague. The Implementation Committee abides by the peer group’s choice and proceeds with the formalities of making the loan and determining a repayment plan.
6. FORMALIZE THE RELATIONSHIP

Remember that the signed piece of paper that states the terms of the loan is not actually what will make this work. It is the quality of the relationship, the open communication, and the clarity about expectations that will ensure a good outcome. So, as you enter this process of formalizing the loan with the chosen loan recipient, continue to reflect on God’s economy and the human dimensions of the relationship you are building. The loan agreement will necessarily focus on the money. Balance that focus then by making sure the next communication with the business owner is not about the money, but about something else. To assist you, this guide includes advice on how to draw up the loan agreement itself and how to formally call down God’s blessing on the actions you are taking.

CREATING THE CONTRACT

You will need a formal document, however simple or complex, for the lender and the borrower to sign. A sample form of a Loan Agreement is provided for your convenience in the 1K Churches Resource Section of the Criterion Institute website (https://critterioninstitute.org/our-church-work/1kchurches/bible-study-resources), but you are certainly not restricted to this resource.

There may well be lawyers and bankers on your committee or in your congregation, who are willing and able to share their expertise and to provide templates for the agreement you and your borrower will eventually sign. Draw them into the process. Talk together about what needs to be included in the document to assure clarity for all parties and a level of comfort regarding risk. In these conversations, also take time to indicate how this note may differ in some ways from business as usual. Unless you intend to sue the borrower if the loan is not repaid as stipulated, you do not need to build in elaborate legal protections.

RITUALIZING THE RELATIONSHIP

For the other loan pathways, we suggest that the signing of the note itself occur in the context of prayer that invokes blessing on this action of making and receiving a loan and on the relationship this action represents. In the Peer Lending Host pathway, it makes more sense to ritualize the moment in which the congregation entrusts the loan capital to the peer group. This puts the emphasis on the partnership of between the congregation and the peer group. The ritual you devise can be as simple as a pause for free prayer before a representative of the congregation sign a written agreement with the peer group leader regarding the promised loan. Or it might be a more formal service that stands on its own or is embedded in the congregation’s Sunday morning worship.
A sample Service of Blessing for the Granting and Receiving of a Loan is provided in the 1K Resource section on the Criterion website (https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources). You are invited to use it, adapt it, or select portions to use. If your group wants to create its own ritual, you may consider including the following elements:

- Clear and simple statement of what is being celebrated and formalized
- Time to tell stories from the perspective of the congregation and the peer group.
- Signing of the agreement.
- Expressions of intention regarding the relationship
- Prayers of gratitude and blessing
- Announcement of a ceremony of thanksgiving and reconciliation one year hence

You will want to give careful thought to what is the best setting for this blessing ritual in your context. As you begin this relationship, pay special attention to what is going to feel comfortable and hospitable to the peer group. Will they feel honored by being included in a Sunday service and receiving the blessing of the whole assembly? Will they be more comfortable in a small, simple ceremony with the Implementation Committee? Or is it best to bring this ritual of blessing into a regular meeting of the business owners’ group?

Think also about what will work best for your congregation. Including the ceremony within the regular Sunday morning service provides a great opportunity to bring the whole congregation on board and lets them experience this highpoint in the loan process. The whole congregation at worship that morning can be enlisted to patronize the businesses represented in the peer group. If the congregation has not been kept well informed all along, however, it may be hard for them to understand and participate. Time constraints may not allow for a full and meaningful ceremony. There are also good reasons for keeping the blessing ceremony in the intimacy of the group that has gone through the Bible Study and implementation process, have participated in choosing the peer group and have a sense of responsibility for maintaining the relationship.

Whether your blessing ceremony is part of a larger Sunday morning service or a stand-alone event, set the date well in advance and open the invitation for congregational members and others in the community to attend if they choose. You will want to invite the members of the peer group or at least a representative to be present. Having someone from the local chamber of commerce or town council or
the mayor’s office could be a breakthrough in community relations. Whether individuals choose to attend or not, they have received a hospitable invitation and intriguing information about something exciting going in their congregation or community.
7. SUSTAIN ENGAGEMENT THROUGH REPAYMENT

By now the Implementation Committee has worked hard to find and select a business owners peer group, and the group has chosen a loan recipient. You have developed and signed a Loan Agreement with the chosen recipient. The money is now in the hands of a business owner, trusted by his or her peers, where it can do some good. You may feel like your work is done. But it will be your responsibility to sustain engagement through the repayment period. The opportunity to develop a meaningful relationship, that grows through the ordinary ups and downs of business and of life, has really just begun.

In the end, this guide is about how to build caring economic relationships in the context of communities of faith. It is not always easy translating the desire for relationships into the practical realities of being in relationship. How do we build trust throughout the loan process? How does that experience extend into the congregation as a whole?

TRUST, ACCOUNTABILITY, AND THE AMAZING POWER OF GRACE

Your relationship with one member of the peer group now includes a loan. Promises have been made. Reasonable due diligence has been done. Expectations and terms are clear. You have signed a loan agreement and shaken hands. You are dealing with a business owner you have good reason to trust. You rightly anticipate full repayment of your loan on time and with interest, if you charged interest.

In your ongoing relationship with the peer group and the loan recipient in the months and maybe years to come, proceed in a spirit of trust. Assume that any anxieties you may have about whether the money will be repaid are not nearly as great as the concern on the part of the business owner about keeping a promise and not letting down peers. You have some money at stake, but not more than you can afford to risk. The business owner selected to receive the loan has his or her reputation and honor at stake. In this spirit, make building the relationship your first concern in your communications with the business owner. Use the regular give and take of payment reminders as an opportunity for building relationships, not just a mechanism for getting the money back to lend again. Think about how you can word the repayment notice so that it comes across as a helpful reminder and not as an implied threat. Include words of encouragement. Keep informed about how the business is moving forward on its plan and express appreciation for the progress that is being made or for the hard work that is being done before progress begins to show.

If things are not moving forward according to plan, stay open to the possibility of renegotiation. Whatever the agreed terms of the repayment plan, it is best for the Implementation Committee to have the understanding that, if need be, the borrower has the use of the money for the full time-period that
was agreed to. You can adjust the repayment timetable to reflect the natural business cycle or the point at which the investment is likely to result in increased revenue for the business. In some cases, you may offer a period of grace that goes beyond the scheduled conclusion of the loan period. It is not just a coincidence that this extra bit of time goes by the name of grace. Leave yourselves room to be gracious.

BEYOND THE MONEY
Your relationship with this group of business leaders includes a loan to a specific business. But it is not all about the money. There are ways to show mutual support that go way beyond the capital. You can decide whether to focus your non-monetary support on the loan recipient or to extend it to the whole group. During the loan period and even when it is done, you and your peer group partners can help one another in ways you may not have thought about:

- **PATRONAGE.** Encourage members of your congregation to buy goods and services from your partners and have them tell their friends about this great business – or businesses.
- **ADVERTISING.** You have avenues in your newsletter, website, weekly bulletin, radio spots to give the businesses some free advertising.
- **SHARING SKILLS.** You have business skills to share, and these small business owners may welcome mentoring, as long as you do it in a way that does not come across as bossy or controlling. The business owners may also welcome the gifts of the youth group to paint or clean their place of business. The youth can also help with information technology. The property committee could do some repairs. Share the gift of home baked cookies with employees at break time or a warm meal at the end of a long day’s work.
- **INVITE STORIES OF HOW THESE BUSINESSES ARE DOING AND SERVING THE COMMUNITY.** Publish the stories in the church newsletter. Some might be worthy of sharing with the local newspaper.
- **PRAYER.** Pray for the businesses in the peer group during Sunday services along with prayers for the community, commerce and the general economic good. Add concern for these businesses to your congregational prayer list. Encourage individuals to remember them in their prayers during the week. Let the business owners and employees know you are praying for them.

Though this is not a required part of the deal, the business owners may also be looking for ways to build the relationship and show appreciation. One loan recipient asked if he could have a small sign posted on the window of his restaurant, acknowledging the support his business had received from a local church. When the owner of a landscaping business came to express his thanks to the congregational council, he brought with him shirts for the pastor and the chair of the Implementation Committee, like the ones his workers wear, embroidered with their names and the business logo.

DEALING WITH CONFLICTS OR UNMET EXPECTATIONS
While we proceed in a spirit of trust and hope everything will go well, we should not be all that surprised when things do not go exactly as planned. We are human beings. We make mistakes. We miss deadlines. We overestimate what we can accomplish. We make comments that hurt, often
unintentionally. We misunderstand one another. In our anxiety, we become impatient. We sin. All of us. Lenders and debtors. That’s who we are. How do we stay in relationship?

Sometimes when things do not go according to plan, it is not really anyone’s fault. People get sick. Accidents happen. Valuable employees leave for reasons beyond anyone’s control. Hailstorms and drought ruin the crop. What was a promising economic environment slows down. All of these factors can affect the ability of the business owner to realize the anticipated growth and repay the loan according to schedule. How do we share the risk?

Disappointments are hard to swallow, and conflict can be painful. But as Christians, we should not be afraid of getting involved in the messiness of life. Jesus never shied away from mixing it up with all kinds of people and meeting danger head on. The whole of scripture is a testimony to God’s enduring promise and unfailing love toward people who disappoint him again and again and again. God’s way is to reach down and lift up the weary and the wayward. God’s way is to enter the fray, to meet people where they are, with compassion and also with the truth about who they are. God’s way is to name the sin and love the sinner and stay connected. God does not hide from sin and evil. God’s way is the way of forgiveness and new beginnings.

We like to think of church as a conflict-free zone where everyone is “nice.” We also know that is not true. Conflict is never fun, but it can be constructive when it is dealt with openly and with love and the ever-present promise of forgiveness. We can bring this confidence to our economic relationships, knowing that conflicts will come and that we are able to deal with them.

**TENDING THE RELATIONSHIP THROUGH STRUGGLES**

Here is a real-life example of struggle, starting with a simple conversation at coffee hour. You can imagine something like this happening at any of our churches. A participant in the 1k Churches Bible Study was deeply committed to being engaged with the borrower no matter what loan process was chosen. She wanted people from the church to be hands-on and actively helping to build the business. Once the loan was made, she visited the business intending to build the relationship. When she came back to the church, she shared her concerns about the product and the behavior of staff at the business with the leadership. She said she would likely never return to the business again. The relationship was broken.

*The minister called the congregation together when she learned that their loan recipient had left town with the $1000 they had lent him. She checked with the police and discovered he had been charged with nine counts of fraud. The members of the congregation were disappointed, but not shocked. “We were aware of the risks”, one member said. “If this were a gift instead of a loan, we would never have known what happened to it,” one woman observed. “We should have done a better job checking on him”, said another. “It wasn’t fair to put all this on the minister to do. We should have more lay people doing the leg work next time.” And they decided at that meeting there would be a next time. The minister made plans to visit the loan recipient in jail.*
What might have been a better way for her to start a conversation with the business owner about her concerns? How do we build the practices that allow us to stay engaged? In the Bible Study we discussed the reality of our alienation from God and from one another. What do we do when we experience that alienation with one another or with this new partner? Where did it begin: In the negotiation of the interest rate? In the practice of collections? In that awkward gap when the loan is not being paid back as we expected? It is in the nitty-gritty of relationships that we sense the alienation creeping it. It is also in those moments of stress and frustration and humiliation that we can find each other at a deeper level.

What is really important in the midst of all this noise? How can you navigate objections and challenges as you move into implementation? This is not about getting money out the door. It is not really about the loan, in and of itself. It is about how we are called to be in economic relationships and how we explore those relationships together in our worshiping communities.
8. EXIT THE LOAN AND REDEFINE THE ONGOING RELATIONSHIP

The loan period will come to an end. Hopefully the relationship between your church and this business and the peer group will not end but will transition into a sustained connection with continued mutual interest, patronage, encouragement, care and prayer. But you will have to be intentional to make this happen. We tend to regard our economic relationships in strictly utilitarian terms and let them go once the economic exchange is done. We can do better.

The chances of making this shift in the relationship graceful and enduring are much better if you are intentional about it. You want to be clear about the ending of the loan relationship and your hopes for an ongoing bond. In some cases, it is as simple as celebrating and giving thanks for the experience you have shared. In other cases, a successful transition is going to take some honest sharing, forgiveness, and reconciliation. In most cases, it will be a blend of the two.

If you really have no intention of continuing the relationship given other priorities, do not raise those expectations. Do not promise more than you can realistically deliver. Close the relationship with words of thanks and blessing.

SERVICE OF THANKSGIVING AND RECONCILIATION

As you navigate a graceful transition to an enduring relationship with the business owner and the peer group beyond the loan, we encourage you to make use of the ritual resources of our faith. A Service of Thanksgiving and Reconciliation is available in the 1K Churches Resources section of the Criterion Institute website (https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources). It creates a context for thanksgiving, celebration, honest sharing and reconciliation at the end of the loan period.

Plan ahead to hold a service of Thanksgiving and Reconciliation one year after finalizing the loan. Whether or not the loan is paid back by then, have a public service to commemorate and celebrate the relationship with the local business or businesses you have supported. Having the date for the service on the calendar is a reminder to give thanks at the end, just as you asked for blessing in the beginning. Through this year you will have learned a lot and loved a lot. You will have made new friends. Hopefully you will also have seen a business strengthened to serve the community in ways that you value. It is time to celebrate.

Scheduling this service in advance is also a powerful way to communicate the central importance of the relationship and the intention to stay in relationship even when things do not all play out as hoped and
expected. In fact, it assumes that there will be disappointments in any human interaction, because none of us is perfect. We cause harm and let people down both intentionally and unintentionally. We call this sin. It is part of the human condition and we are right to anticipate it. In our Christian tradition we ought to be able to talk about sin and disappointments, because we know firsthand the reality of forgiveness. In honesty and love we can resolve conflicts without breaking relationship, forgiving one another as God forgives us.

The sample service of Thanksgiving and Reconciliation is for you to use as is or adapt to fit your context. Elements that seem particularly meaningful include:

- Report on progress toward the fulfillment of the loan agreement
- Report on progress towards the fulfillment of the loan agreement
- Naming and giving thanks for the good things that have happened
- Naming and confessing possible hurts and disappointments
- Announcement of forgiveness
- Prayers for empowerment to do better

As you plan how to do this ceremony, use the same care you exercised in the earlier Service of Blessing. Will it be formal or informal? Small or large? In the regular service or at a special time? Include in the invitation to this service the same people who were invited to the Service of Blessing or even expand the circle. Encourage all the members of the peer group to attend. Do not limit your invitation to those who attended the earlier service. This is another opportunity to share what is going on and help people feel a part of it in some way.

**USE OF THE CAPITAL THAT IS REPAID**

Whatever the highs and lows of your relationship with this business and its owner, chances are very good that at the end of the loan period the borrowed money will have been repaid. With the Peer Lending model, the repaid funds are intended to return to the church, which will determine whether to provide a loan to another participating business owner or go in another direction.

If it is not feasible to continue with the business owner’s group, you have an opportunity to make some new decisions. What do you do with the capital now that it has done its job one time? Here are some possibilities for you to think about:

- You might want to engage with a different peer group of business owners and reinvest your loan money there or engage with the same group and cycle the money to another member.
- You might want to make another loan using a different loan pathway. Think about how you would do it differently based on your experience. Is there more expertise you would like to gain if you were going to continue making loans on a regular basis? Can you see this as an ongoing ministry of your congregation? Is this a ministry you feel called to? Are there others you would like to invite to join the group?
- You might want to start another Bible Study group and have them make a loan. The new group could take the loan money you used and loan it to another business that is benefiting the
community. Do you think this is an experience more people in your congregation would benefit from? Would the congregation and the community benefit from more people thinking in new ways about God’s economy?

- In some cases, what becomes of the money once it is repaid may not be up to the Implementation Committee to decide. If the capital for the loan came from a congregational fund or endowment, you may be obliged to return it so that it is available for whatever purposes are determined by those in charge. Based on your experience, you could make a compelling case for them entrusting it to your group to invest for another year.

- You may decide to expend the funds as a gift or one-time grant that furthers a shared mission concern.
9. EXPLORE YOUR MISSION THROUGH OTHER ECONOMIC RELATIONSHIPS

Congratulations! You have taken on this grand 1K Churches adventure of discovering God’s economy and you have seen it through all the steps from searching Scripture to making a loan to a small business in your community. You’ve probably had some frustrations along the way and some sense of satisfaction in reaching out into your community in a new way and making a difference in the life of business owner and all the people that business touches. And you’ve forged relationships that hopefully will last long beyond the repayment of the loan. Perhaps you’ve made plans to make another loan or invite a new group into the Bible Study and start again.

You’ve done a lot. Now you are invited to pause and think about what you have learned. Take a break from action to reflect on a few questions:

1. What did you learn...
   • About yourselves, your congregation, your community?
   • About the role of finance and economics in our lives and in our relationships?
   • About how God is at work in our world?

2. How did you grow...
   • In your faith?
   • In your relationships?
   • In your sense of empowerment to make a difference as a person of faith?

3. How will this experience inform the work of your church moving forward...
   • In the way you think about finance and conduct your business as a church?
   • In the way you relate to businesses in your community?
   • In your ongoing reflection on the church’s role in shaping how the economy works?

4. Where do you want to challenge yourselves more?
   • Study more deeply? Criterion can point you to some resources for further reading.
   • Try a different lending pathway on your next loan and see what more you can learn from that? For example, you might partner with a local credit union or other financial institution that shares your values.
   • Get involved with other organizations working for a just and compassionate economy?
   • Share your experience with other congregations or denominational leaders to encourage their participation and transformation.
ACKNOWLEDGEMENTS

1K Churches has been a work of co-creation. A number of people have walked alongside Criterion Institute throughout the process of imagining and bringing 1K Churches to life. We are deeply grateful to be part of a significant body of people imagining God’s economy.

We want to thank everyone who piloted an earlier version of this Bible Study in the fall of 2013.

We are enormously grateful for the role that early regional leaders have played – Rev. Julie Wakalee-Lynch in Berkeley, Jim Kucher in Baltimore, Rev. Dr. Ruy Costa and Mary Beth Mills-Curran in Boston. We learned from you what champions need to be effective in this work.

The class at Christian Theological Seminary... who facilitated four loans.

Ross Baird of Village Capital, who reviewed this Peer Lending Host Implementation Guide, bringing his vast experience investing venture capital through groups of entrepreneurs.

Rev. Dr. Matthew Boulton, was instrumental in developing the overall framework that provides structure for this Bible Study. The experience of teaching “Discovering God’s Economy with you at Christian Theological Seminary is and will inform this work

Rev. Dr. Herbert Anderson and Rev. Dr. Phyllis Anderson did amazing work drafting the theological commentary within this Bible Study. They deepened the theological insights and did the primary editing on this study guide.

Finally, we want to thank all of our donors who made this work possible.

Joy Anderson
Founder and President, Criterion Institute
CONNECTING TO CRITERION INSTITUTE

May God walk with you as you explore these questions within your community and your congregation.

Go to https://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources for the following additional resources:

- Getting Started Guide
- 1K Churches Bible Study Guide
- 1K Churches Prayer Book

And most importantly, please contact us to tell us your stories.

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