

### **What does a 'covenant loan' mean?**

Lifesong's adoption loan is not the same as a traditional, legally binding, promissory note used by lenders. Instead, we ask the couple to enter into a "covenant agreement" whereby they covenant to reimburse Lifesong in monthly or annual payments as mutually agreed upon. The covenant commitment is then between the couple, Lifesong and God. The couple agrees to exercise financial stewardship responsibility to both Lifesong and to God, to use funds that God provides to them to reimburse Lifesong for the financial assistance that God graciously provided.

### **How is the loan amount and repayment determination made?**

Loan amounts are up to \$12,000 and the exact amount is based on your financial need and Lifesong's available funds. Repayment terms are determined on an individual basis and repayments are made on a monthly and/or annual basis.

### **Do we have to use the money we receive from our Federal Adoption Tax Credit to reimburse Lifesong?**

It is agreed that you will reimburse Lifesong the amount of the Federal adoption tax credit utilized on your Federal income tax return until the Covenant Loan Amount is paid in full. The annual payment will be made (60) days after filing of the income tax return for any year.

### **What if we experience financial hardship during our repayment period?**

Although you need to honor your covenant agreement to repay the assistance you received, Lifesong will work with you through your financial hardship.

### **Are funds paid directly to the family or directly to the adoption agency?**

For payments owed to the agency, Lifesong will make payments directly to the agency whenever possible. We can reimburse families upon receipt of documentation of the amounts needed.

### **May I designate my contribution for the benefit of a specific family?**

According to the IRS guidelines, a donor may not retain control over how a nonprofit organization ultimately uses the donated funds, but the donor may make a request that his or her funds be used in a particular manner. The organization is permitted to consider the request, while the ultimate authority regarding the disposition of the funds is in the discretion of the organization. Lifesong is grateful for each donation, as each gift enlarges the amount of money available to us, thus making it more likely that each approved family will receive the funds they need.

### **Why use Interest-Free loans?**

A key strategy for the interest-free loan program is that it would become a 'self-perpetuating' fund which continually "recycles" to help one adopting family after another. For example, one \$5,000 loan over 10 years becomes \$40,000 helping 8 families adopt (given an average loan repayment of 15 months).

### **Application/Approval Process**

The couple sends their application to Lifesong along with a copy of their home study report and the other information requested on the application. We try to review each application within 6-8 weeks after we receive it and send a letter to inform the couple of our determination.



*A higher standard.  
A higher purpose.*