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A BIBLICAL DEFENSE FOR THE  
FINANCING OF CHURCH LAND AND BUILDINGS

A Thesis Project Submitted to  
Liberty Baptist Theological Seminary  
in partial fulfillment of the requirements  
for the degree

DOCTOR OF MINISTRY

By

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Lynchburg, Virginia

May, 1996

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LIBERTY BAPTIST THEOLOGICAL SEMINARY

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## ABSTRACT

### A BIBLICAL DEFENSE FOR THE FINANCING OF CHURCH LAND AND BUILDINGS

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Liberty Baptist Theological Seminary, 1996

Mentor: Dr. Frank Schmitt

A sampling of pastors, who are Liberty graduates, reveals a need for scriptural education concerning the financing of church land and buildings. The purpose of this dissertation is to illuminate the minister regarding the permissibility of taking out a loan to aid in acquiring property and facilities so that their ministries may grow. The project describes the contemporary philosophy of Larry Burkett who is opposed to churches obtaining loans. The thesis then refutes this erroneous claim and finally, provides information that may assist in the process of obtaining a church loan for the congregation that chooses to exercise this liberty.

Abstract length: 100 words.

## DEDICATION

This work could not have been possible without the contribution of several special people. My wife, Sheila, has provided encouragement as well as an ability to help organize my thoughts and ideas. To my grandparents Mildred O. & C. A. Conner (a.k.a. Memaw and Papaw) I am forever indebted. Without their financial assistance my education would not have been possible. Another facilitator was my mother. I am grateful for her commitment to nurturing me, as well as my two brothers and sister, as a single parent. Finally, to the membership of the King's Way Church of Williamsburg who provided their prayers and friendship during this endeavor.

## TABLE OF CONTENTS

|   |    |
|---|----|
| INTRODUCTION . . . . .  | 1  |
| Statement of the problem . . . . .  | 4  |
| Review of the literature . . . . .  | 6  |
| Special terminology . . . . .   | 8  |
| Biblical/Theological basis . . . . .  | 9  |
| Statement of methodology . . . . .  | 10 |
| Statement of limitations . . . . .  | 13 |
| PART I. THE BURKETT MODEL   |    |
| Chapter   |    |
| I. A TALE OF TWO CHURCHES . . . . .   | 16 |
| First Baptist Church . . . . .  | 16 |
| Community Bible Church . . . . .  | 21 |
| Conclusion . . . . .  | 25 |
| II. THE STANDARD - A Church's Financial Reputation . . . . .                | 26 |
| View of the local church . . . . .  | 26 |
| Authority over the church . . . . .   | 29 |
| Requirement of faith . . . . .  | 30 |
| III. THE SCRIPTURES - Burkett's Biblical Analysis on<br>Borrowing . . . . . | 32 |
| Borrowing is always negative . . . . .                                      | 33 |
| God's promises are not kept through loans . . . . .                         | 36 |
| Obedience prevents borrowing . . . . .                                      | 38 |
| Worship structures built without credit . . . . .                           | 39 |
| IV. THE STEWARDSHIP - The Church's Accountability . . . . .                 | 42 |
| Christian service . . . . .   | 42 |
| Treasure . . . . .  | 44 |
| Testimony . . . . .   | 44 |
| Giving . . . . .  | 45 |
| V. THE STEERING - God's Will Through Money . . . . .                        | 48 |
| Patience . . . . .  | 49 |
| Control . . . . .   | 51 |

|                        |    |
|------------------------|----|
| Chapter                |    |
| Supernatural . . . . . | 52 |
| Conclusion . . . . .   | 53 |

## PART II - THE BURKETT MODEL OF CHURCH FINANCE REFUTED

|   |     |
|---|-----|
| VI. WHOSE STANDARD? - Is It God's or Burkett's? . . .       | 57  |
| Survey results . . . . .                                    | 59  |
| What is a church? . . . . .                                 | 62  |
| A higher standard? . . . . .                                | 64  |
| An inferior approach? . . . . .                             | 66  |
| Conclusion . . . . .  | 67  |
| VII. WHAT DOES THE BIBLE SAY? . . . . .                     | 69  |
| Debt defined . . . . .                                      | 70  |
| Is debt negative? . . . . .                                 | 74  |
| Old Testament references . . . . .                          | 79  |
| New Testament passages . . . . .                            | 86  |
| VIII. WHAT ABOUT FISCAL RESPONSIBILITY . . . . .            | 95  |
| Is giving hindered? . . . . .                               | 97  |
| Paying interest . . . . .                                   | 100 |
| Limits God? . . . . .                                       | 106 |
| Borrowing guidelines . . . . .                              | 108 |
| Conclusion . . . . .  | 110 |
| IX. FINDING GOD'S WILL . . . . .                            | 111 |
| Two problems . . . . .                                      | 112 |
| Biblical approach . . . . .                                 | 118 |
| X. A HISTORICAL LOOK AT FINANCING CHURCH BUILDINGS. . . . . | 129 |
| The early settlers . . . . .                                | 129 |
| The Colonial era . . . . .                                  | 131 |
| Late 19th century . . . . .                                 | 133 |
| Post World War II . . . . .                                 | 136 |
| The 1960's and 1970's . . . . .                             | 137 |
| The 1990's . . . . .  | 139 |
| Conclusion . . . . .  | 140 |

## PART III - A STRATEGY FOR CHURCH FINANCING

|                                     |     |
|-------------------------------------|-----|
| XI. A SEVEN-STEP APPROACH . . . . . | 143 |
|-------------------------------------|-----|

|   |     |
|---|-----|
| Step 1: Know what God's Word says . . . . .         | 144 |
| Step 2: Be sensitive to the circumstances . . . . . | 145 |
| Step 3: Seek godly counsel. . . . .                 | 147 |
| Step 4: Fast and pray . . . . .                     | 149 |
| Step 5: The peace of God. . . . .                   | 151 |
| Step 6: Is there unity? . . . . .                   | 152 |
| Step 7: Consider your options . . . . .             | 154 |
| XII. APPLYING FOR A BANK LOAN . . . . .             | 158 |
| Qualitative . . . . .                               | 160 |
| Quantitative . . . . .                              | 167 |
| Conclusion . . . . .                                | 174 |
| CONCLUSION . . . . .                                | 175 |
| APPENDIX 1 - Project Survey. . . . .                | 176 |
| APPENDIX 2 - Questionnaire Summary . . . . .        | 179 |
| BIBLIOGRAPHY . . . . .                              | 186 |
| VITA . . . . .                                      | 191 |



## INTRODUCTION

Building church facilities is not a new phenomenon. The practice has been carried out for centuries. What began as house churches in the book of Acts, has evolved into European gothic cathedrals of the past to the modern day worship centers. Regardless of the era, Christians have discovered the importance of establishing a meeting place for fellowship, edifying the saints and perpetuation of the Gospel of Jesus Christ.

What has changed over the years are the rules. According to Holck, whether you are talking about college, church facilities or salaries for professional athletes, this is a different world than it was back in 1950.<sup>1</sup> What is the major difference? It is the economy. Holck continues,

With two exceptions the church leaders of today who were born in the first half of the twentieth century grew up in a world of stable prices. The first exception was the inflationary wave of 1915 through 1920, when the price level in the United States doubled; but by 1933 the price level was only 27 percent above what it had been eighteen years earlier. The second exception was in the dozen years during World War II and the Korean conflict. In 1953 the price level in America was

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<sup>1</sup>Lyle E. Schaller, gen. ed., Creative leadership Series, 17 vols. (Nashville: Abingdon Press, 1983), vol. 17: Church Finance in a Complex Economy, by Manfred Holck, Jr., p. 7.

83 percent above the 1941 figure. By contrast, the period since 1965 has been the longest inflationary era in American history . . . The price level, as measured by the Consumer Price Index, tripled between 1965 and 1983 and is continuing to climb.<sup>2</sup>

Times change. Economies change. Those who adapt continue to survive. Those who do not will suffer the consequences.

One area which calls for adaptation is in how one finances their church structures. In a chapter titled, "Problems and Possibilities" (with building churches) Scotford writes, "Costs have not merely risen; they have multiplied. This has not been a simple across-the-line boost."<sup>3</sup>

Because costs continue to rise, churches are faced with the choice to either borrow some money or wait until the necessary funds are raised by the church congregation. Waiting often means putting up with obsolete or rented facilities which often hinders church growth.

This explains why many churches and denominations have practiced what businesses must do. They borrow safe amounts of money to provide capital improvements so growth may continue. This practice has gone on for several decades. Today there are scores of people who have come to a personal relationship with Jesus Christ because a ministry stepped

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<sup>2</sup>Ibid.

<sup>3</sup>John R. Scotford, When You Build Your Church, 2nd ed. (New York: Channel Press, Inc., 1958), p. 11.

out by faith and borrowed money to erect a facility that provided a lighthouse to their community.

However, for the past twenty-five years one writer in particular has strongly opposed the issue of churches borrowing money to purchase land and construct buildings. The writer is Larry Burkett.

While Mr. Burkett offers sound wisdom in many of his works regarding personal budgeting and money management, his inconsistencies become evident in his philosophy regarding a church's permissibility in borrowing money to finance facilities. As a result, there is confusion and division in the body of Christ that may produce barriers to church growth.

This became evident in a personal way when our church made the decision to purchase land and erect our first church facility. When the opportunity was made available, a few families were in opposition to the project. Even though the church had displayed a five year record of total fiscal responsibility these families believed that the litmus test for determining God's will and timing was to have the funds necessary to preclude securing a loan. This "cash only" philosophy was a result of their understanding of the writings of men such as Larry Burkett.

Burkett is revered by many as a Christian financial expert. In his widely published financial books he claims that it is not scriptural for churches to borrow money for

the purpose of financing its buildings. The families that were influenced by the teachings of Burkett promptly left the church when the majority of the members voted to borrow some of the money to purchase land and construct a building.

While some individuals may see this experience as a pruning of problem parishioners, it can also be a tool of Satan to disrupt the work of the church of Jesus Christ. As a pastor, experience has shown that ministries are greatly handicapped as more and more Christians accept the teachings of these books in lieu of seeking God's wisdom regarding their particular situation. While it is desirable for all of us to live in our society without borrowing money to build a church, it certainly is not the only Biblical method sanctioned by God. It is the belief of this writer that a proper understanding of Scripture will provide consistency in establishing principles in which churches can make wise decisions to determine if financing is the best option for their ministry to provide the necessary worship facility for their congregation.

#### **Statement of the Problem**

The purpose of this project is to educate the Christian community on the issue of a church's permissibility to borrow money to purchase land and construct facilities.

The majority of books written dealing with the issue of churches building facilities, assumes the need to borrow some monies as a normal practice. As Holt puts it, "Few

churches stay in existence for any length of time without resorting at one time or another to the use of borrowed funds."<sup>4</sup>

Unfortunately, these writings are stored up in libraries across the country. Larry Burkett, on the other hand, has produced many books for laymen dealing with how a Christian should handle money. In addition to his books, Burkett holds numerous seminars, hosts radio programs and publishes monthly articles in popular Christian magazines. Well known Christian psychologist, Dr. James Dobson, considers Burkett an "expert" when his radio show "Focus On The Family" invites him to speak on behalf of family finances. All of this exposure has made Larry Burkett a highly respected Christian financial expert. As a result, when he speaks on the issues of finances, his beliefs are seldom challenged.

As more and more Christians assimilate his entire philosophy, they impact the churches they attend. For instance, when the church's leadership announces they are entering a building program which requires borrowing some amount of money, those who accept Larry Burkett's philosophy that it is wrong for churches to borrow money, will create conflict. The schism created will often end up hurting some people, hindering growth or even producing a church split.

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<sup>4</sup>David R. Holt, II, Handbook of Church Finance, (New York: The Macmillan Company, 1960), p. 83.

After a thorough comparison of the writings of Mr. Burkett against the Scriptures concerning the issue of churches borrowing money, a plan will be provided to assist the congregation in determining what God would have them do in their given situation.

### Review of the Literature

A survey of the literature confirms that very little material exists on financing church land and buildings. Of the works that are available, most deal with budgeting, building, planning and fund raising. With the exception of Larry Burkett, many of these writings assume the permissibility for churches to borrow money. What is dealt with by most of these authors is how a ministry should handle its freedom to borrow, not whether it can borrow.

Most of what has been written can be arranged in three categories. Those associated with church budgeting and planning, others that address procedures in planning for the building and finally, those that deal with fund raising.

Tennyson's book is largely devoted to helping a church set up an effective system of church finances. It is very practical. Everything from budgets to office computers are discussed in his book.<sup>5</sup> Holt's book also addresses the issues of church budgeting and added insurance, wills and

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<sup>5</sup>Mack Tennyson, Church Finances For People Who Count, (Michigan: Zondervan Publishing House, 1990).

legal aspects of church financing.<sup>6</sup> Holck also gives wisdom as to how a church can creatively fight inflation to preserve as much of its income as possible.<sup>7</sup>

The materials available for carrying out a building program are very helpful as well. They provide the necessary disciplines that can help prevent churches from starting a building project with a lot of zeal and very little knowledge. The volumes by Scotford<sup>8</sup>, Stiles<sup>9</sup> and McCormick<sup>10</sup> provide insight into leading a congregation through a building program from the first decision to build until one takes occupancy. Roland Smith<sup>11</sup> adds an emphasis to the spiritual preparation. He communicates the need to not only have adequate physical space, but stresses the spiritual commitment as well.

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<sup>6</sup>David R. Holt, II, Handbook of Church Finance, (New York: The Macmillan Company, 1960).

<sup>7</sup>Lyle E. Schaller, gen. ed., Creative Leadership Series, 17 vols. (Nashville: Abingdon Press, 1983), vol. 17: Church Finance in a Complex Economy, by Manfred Holck, Jr.

<sup>8</sup>John R. Scotford, When You Build Your Church, 2nd ed., (New York: Channel Press, Inc., 1958).

<sup>9</sup>Joseph Stiles, Acquiring And Developing Church Real Estate (New Jersey: Prentice Hall, Inc., 1965).

<sup>10</sup>Gwenn E. McCormick, Planning and Building Church Facilities (Nashville: Broadman Press, 1992).

<sup>11</sup>Roland A. Smith, Before You Build Your Church (Nashville: Broadman Press, 1979).

The final group tackles the need to pay for the building project. Johnson<sup>12</sup> and Knudsen<sup>13</sup> address the issue of providing finances for the church year round. Atkinson<sup>14</sup> and Lumley<sup>15</sup> deal predominately with fund raising for the actual church building during a campaign.

Regardless of the emphasis placed by the aforementioned authors in their writings, each shares at least one common denominator--borrowing money is not sinful.

Since most of these books are several decades removed from our present time they do not deal with Larry Burkett's philosophy. They simply assume borrowing money to build church facilities is the general rule not the exception. The most recent to rebut the Burkett Model is Sherman Smith.<sup>16</sup> His book is perhaps most instrumental in providing a defense.

### Special Terminology

The following terms will be used throughout the project and therefore need to be defined for clarity.

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<sup>12</sup>Douglas W. Johnson, Finance in Your Church (Nashville: Abingdon Press, 1986).

<sup>13</sup>Raymond B. Knudsen, New Models For Financing The Local Church (Chicago: Follett Publishing Company, 1974).

<sup>14</sup>C. Harry Atkinson, How To Finance Your Church Building Program (New Jersey: Fleming H. Revell Company, 1963).

<sup>15</sup>Arthur W. Lumley, Raising Money For Church Building Projects (Nashville: Abingdon Press, 1954).

<sup>16</sup>Sherman S. Smith, Exploding the Doomsday Money Myths (Nashville: Thomas Nelson Publishing, 1994).



THE CHURCH: Unless otherwise noted, the word "church" refers to a local group of baptized believers assembling together for the purpose of fulfilling the Great Commission.

DEBT: The word "debt" refers to an obligation that one has toward another. In this project it will most often refer to money. When an individual enters into an agreement for using money or a particular good or service, for a designated or undesignated period of time, it is considered a debt.

USURY: In its primary form it simply means interest paid on a debt. However, in this project it will refer to an extortionate amount of interest that is charged for a debt.

INTEREST: A reasonable amount of money agreed to be paid by one who is borrowing money from another.

LOAN: Anything, especially money, that is lent.

### **Biblical/Theological Basis**

The Biblical position on borrowing money is a very important issue. Should the Bible not prohibit this activity, then many churches can see financing as a legitimate option as they seek to expand their ministry.

If, on the other hand, Biblical evidence supports the philosophy that it is only permissible to pay cash for church property and buildings then it must not only be taught in our seminaries, but the negative effect that

churches (that have borrowed money) have had on our society for the past three decades should attempt to be corrected.

### Statement of Methodology

To determine the solution to the question regarding the borrowing of money to finance church property and buildings, it will be necessary to first examine Larry Burkett's philosophy on churches borrowing money. The first chapter will provide a hypothetical scenario. It will depict two churches, in two different communities, with the same problem. What links these two churches together is the need to build their own church building. One chooses the route of paying cash. The other church needs to secure a loan. Is one ministry more spiritual than the other? Or is the method of church financing irrelevant?

In the following chapters of part 1, what this author calls the "Larry Burkett Model for church finance" will be examined. Chapters two through five will be dedicated to explaining the four major criteria which support the Burkett Model. Part 2 will then offer a refutation of this philosophy. Part 3 will be a Biblical alternative to provide ministries with the necessary tools for establishing their own financial philosophy for purchasing land and constructing facilities.

The first pillar of the Burkett Model will be recorded in chapter two. It will be important in this section to explain what Larry Burkett refers to as the church's

standard or reputation. Since a church's financial reputation is at stake when it borrows, it is necessary to investigate how a church loan affects it.

The next chapter handles the second pillar of the Burkett Model: the Scriptures. This part will establish the Biblical references used by Larry Burkett to enable him to arrive at his conclusion on church borrowing.

In the fourth chapter, the third pillar--stewardship, becomes the focus. Since God's Word is clear about the relationship of money to the Christian, it will be important to see how the Burkett Model views the church's accountability to God when it enters into a loan agreement.

The last chapter of this first section will explain the fourth pillar of the Burkett Model. It will reveal Burkett's belief that obtaining a loan confuses the church's ability to know the will of God.

The second part of the paper will be a refutation of the Burkett Model. It will begin by using the results of a survey which shows both a lack of scriptural knowledge on the issue as well as the negative impact Larry Burkett's teachings have had on churches.

Chapters six through nine will offer a critique of each of the four components which make up the Burkett Model. It will be demonstrated how inconsistent Larry Burkett is within his own writings as well as how incorrect he is with his interpretation of Scripture. Once that is accomplished

it will become evident that his philosophy on financing church land and buildings is erroneous.

Chapter ten traces the use of borrowed funds for church buildings historically. The dates used will include the time period from the founding of this great nation to the present. The evidence disproves any theory that borrowing money for church structures was foreign to our ancestors.

The last major section will offer an alternative to the Burkett Model. After it has been demonstrated that church borrowing is permissible, this section will provide a strategy for churches to determine if it is best for them.

This chapter will provide a seven-step plan that should be used by churches that are seeking to make the decision of whether or not they should borrow money. This plan has been utilized successfully in seeking God's wisdom to make such a decision.

It is important to understand that not all ministries are alike. Since God has not ordained a specific method for planting churches, then there must be freedom to seek His will in each individual case. The seven-step plan was created with this in mind.

In the final chapter, a model for applying for a church loan will be given. Should a ministry find itself in need of securing a loan, this section will give important advice as to how it should be done.

It is necessary to understand the importance of exhausting all of one's options. This project is not about encouraging all ministries, in all circumstances, to obtain a loan to buy property and construct a building. The objective is to point out that borrowing is an option, but not the only option.

Since each ministry is unique, God does not have patented answers. Individual churches in various locations reaching particular kinds of people will require different approaches.

For some, long-term renting is a viable means. Others may discover that purchasing an existing church building is an option. Still others may choose to finance. Financing may include numerous variations from borrowing a small percentage of the amount, up to the lending institution's limit. And, of course paying cash for the investment is also a possibility.

#### Statement of Limitations

While this project will be dealing with money, churches, and loans, it is not designed to be a paper on budgeting and investments. Nor is its purpose to instruct how to build a church building or conduct a successful fund raising campaign. It is believed that there are other volumes available that pertain to these issues.

Neither will this project establish that borrowing money is always the best or only thing to do. It will

attempt to show that borrowing money should be viewed as an option and must not be perceived as evil or sinful.

PART 1  
THE BURKETT MODEL

## CHAPTER 1

### A TALE OF TWO CHURCHES

#### **First Baptist Church**

First Baptist Church was a ministry in a small rural town located near the Blue Ridge Mountains. Pastor Richardson came here after his seminary training and planted the church.

It did not take long for the church to blossom. The people of the community loved Reverend Richardson dearly. After all, he was one of them. A tall, strong, husky man (who grew up on a farm) seemed to be the perfect man to minister to this community.

From the church's inception, the people met at the local elementary school. The classrooms were ideal for Sunday school rooms. The assembly hall proved to be an excellent facility for the worship service. All was going well. Those who were, at first, unbelievers were converting to Christianity. Several families that were experiencing marital struggles received spiritual counsel and were healed.

Like all spiritual endeavors, little time passed before the spiritual battle manifested itself. After several years



of renting at the elementary school, the school board decided they no longer desired to rent to the First Baptist Church. The school board felt that the church's growth was becoming a problem for the school facility. The classrooms were experiencing excessive wear-and-tear, and the elementary school teachers were complaining about the way they were finding their rooms on Monday morning. It became evident that the only alternative was to terminate the rental agreement at the end of the year.

At first, Pastor Richardson was concerned. Just when the church seemed to really get established and become indigenous, they found themselves at an impasse. One day the ministry appeared to be running as smooth as a finely tuned engine. Then the next day, they discovered that eight months were all they had left to continue at their present location.

When the pastor met with the church leadership, they held a very intense prayer meeting. Following the time of prayer, the leadership decided to form a committee that would explore all of the available options.

Four weeks had proven to be enough time for the committee to be formed, to do the research and now to report their findings to the First Baptist Church. Doing the research was not a long and arduous task. (Living in a rural community does not provide many options for rental space for churches.)

The committee explained that the area high school was not available because they would have the same complaints as the elementary school. A lack of office retail space made that option unlikely; and old abandoned buildings did not exist in their location. The local movie theater could provide an auditorium space for worship. However, Sunday school and nursery would have to be organized in separate buildings. (Some of those buildings would include member's homes.) Since this did not seem very practical, the committee decided against it. The only other option was to purchase a piece of property to build their own building. Unfortunately, this young rural church only had \$12,000.00 in its building fund. That was hardly enough money to buy land, much less build a church building.

The property that the church had hoped to acquire was a seven-acre parcel of land located in the same section of town as the elementary school. The price tag was \$40,000.00. Since First Baptist Church was a ministry composed of farmers and blue collar workers, it did well just to pay the pastor his salary. Buying land and building a church building seemed impossible.

Needless to say after the committee gave its bleak assessment of the options, the congregation became very discouraged. As the committee chairman stepped down, the pastor took his place. Sensing the disappointment in the people, he reminded them that God was bigger than any lack

of meeting facility they were experiencing. He also reminded them that God had brought him here to start First Baptist Church and that this current dilemma was just an opportunity for their faith to be strengthened.

That Sunday, Pastor Richardson was led of the Holy Spirit to preach a message on prayer and fasting. At the end of the service, he challenged the congregation to join him in committing the following week to praying every day for God's wisdom and then fasting and praying all day Saturday.

Almost the entire congregation participated. Each day the congregation set aside a time to pray specifically for God's wisdom regarding a meeting place. Then on Saturday, they voluntarily gave up their physical food to call upon God to show them what they should do.

About two o'clock Saturday afternoon Pastor Richardson had a knock at his front door. It was Jim Bailey, a prominent business man in the community. Mr. Bailey proceeded to tell the pastor that he was thankful for the impact that his ministry was having on the community. The local radio program that First Baptist Church broadcast was instrumental in bringing him to salvation in Jesus Christ. The plump business man then handed Pastor Richardson a check for \$40,000.00. He said, "Take it. I understand that you have been interested in a seven-acre piece of property."

Pastor Richardson could hardly believe his eyes. He could not wait to get on the phone and call his church leaders and tell them the good news.

The next day, the pastor announced to the entire congregation how God had answered their prayers. With six and one half months left in their lease, he challenged the parishioners to pray for God's leading in their lives regarding what they could give to help pay for the construction of their own building. The pastor said that if God could provide us with the money for the land, then certainly He can give us the funds necessary for the building. Pastor Richardson suggested that the church raise the money needed for the construction materials and then build the facility themselves. There were enough men in the church who were knowledgeable about building structures that they could save a lot of money by doing the work themselves.

For the next several weeks many of the parishioners brought tremendous amounts of money to the church for construction. Testimonies were given by individuals who sold valuable items they had, cashed in savings bonds, had bake sales, et cetera. Everybody participated. Even the children sold some of their favorite belongings. Some commented that it was just like occurrences in the book of Acts. People were giving sacrificially to see the Lord's work accomplished.

With the land paid in full and the money for the building materials pouring in, construction began. The men of First Baptist would work each evening and most of the day on Saturday. The women were faithful to provide food and beverages for the workers.

In six months, the church was completed. Pastor Richardson stood up on the day of building dedication and announced that God had truly performed a miracle. "It was obvious that this is what God wanted us to do," said the pastor, "because He provided the money to verify His will."

#### **Community Bible Church**

The call came to Pastor Seville on a Wednesday evening. It was the owners of the property that his church considered purchasing a year ago, telling him that they were willing to bring down their asking price. It just so happened that the Community Bible Church had a scheduled church policy meeting the next Sunday evening.

After meeting with the property owners, Pastor Seville and his building committee chairman were excited about the possibility of purchasing the four and one-half acre parcel of land. The property was located on a future four lane road and considered by many experts to be prime real estate. Since the zoning was acceptable and the potential to double the acreage, in years to come, was more than plausible the two leaders were convinced that the congregation would agree

that it was God's will for them to move ahead and buy the land.

During the next church policy meeting, the congregation was informed of the circumstances regarding the property. The building committee presented the plan. The only questions that needed to be answered were the ones dealing with the house that was situated near the back of the land. The church agreed to have the building committee obtain the answers to the questions and then reconvene in one month to vote on the purchase of the property. Pastor Seville suggested that the church spend the month diligently praying for God's direction. He also requested a time of prayer and fasting the day prior to the vote. All agreed to pray that month, and commit the Saturday before Sunday morning's vote as a day to fast and pray for God's wisdom.

Most of the members of Community Bible Church were excited. They recounted the five year history of the young ministry. They discussed their first two years meeting in a local school multi-purpose room. Then they recounted the next two years renting a small Seventh-Day Adventist church building. When their lease ran out they were forced to rent the local library auditorium. A hand full of families had lost confidence in Community Bible Church when it changed locations for the third time in five years. Therefore, many left the church for other ministries that had their own facility. After seven months in the library, Community

Bible Church was ready for the good news about the land. Well, at least most of them were ready.

There were several families that were not too supportive of the idea of borrowing money to buy the church property. Their opposition was rooted in the belief that the Bible teaches it to be a lack of faith for churches to borrow money. This belief is held by Christian financial counselor Larry Burkett.<sup>17</sup>

Knowing this to be the case, Pastor Seville was torn by the decision the church was about to make. As a seminary student and former associate pastor, Reverend Seville had been exposed to ministries that accumulated massive debt all in the name of "faith." Therefore, when he planted Community Bible Church, the ministry adopted a fiscally responsible plan to start a building fund and to keep a minimum of two month's operating expenses in surplus at all times. (By the time the church was faced with the opportunity to buy land, it had accumulated over \$100,000.00 in the building fund.) From his past experience he also developed the philosophy that if God truly was leading a ministry to buy property or construct a church building, then He would provide the money, in advance, to show His approval and timing. Now that Pastor Seville was a senior pastor, and

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<sup>17</sup>"Unfortunately, faith isn't demonstrated when the church indebts itself to do God's work." Larry Burkett, Answers to Your Families Financial Questions (Pomona, California: Focus on the Family, 1987), p. 97.

facing the decision for himself, he wondered if his philosophy was based on Scripture or opinion.

To be sure that his doubts were not strictly emotional, Pastor Seville contacted one of his mentors to seek advice. Pastor Seville told his mentor how he truly wanted to do the right thing. He told of his contentment whether the church bought the property or not. If it was sin for his church to borrow money, Pastor Seville wanted no part of it. If, on the other hand, it was acceptable he did not want to hinder the ministry in the community by restricting the potential for growth.

As the weeks passed, the pastor prayed fervently for God's wisdom. During the week prior to the vote the questions that the congregation felt needed to be addressed, all were answered in favor of purchasing the land. It was also during this final week that Pastor Seville had finished reading a book, recommended by his mentor, which also gave him a peace regarding the land. It seemed very clear that his prayers had been answered in the affirmative.

After the day of fasting and prayer, the church came together for a vote. A majority of the congregation voted to borrow the necessary funds to purchase the land and construct their own church facility. Unfortunately, those who were opposed to the decision publicly questioned the spirituality of the pastor and left Community Bible Church.



On a day when he should have been excited, Pastor Seville felt betrayed. There now seemed to be a plethora of questions and a dearth of answers. How can people who serve the same God pray for His direction, and come up with opposing views? Can the departure of these members, who left the church over the decision to borrow money for land, be a sign that the pastor's peace was of Satan and not God? Is it more spiritual for a church to pray in all of its necessary funds to avoid borrowing any money?

### Conclusion

These two case studies form the foundation as to why this project is necessary. If you believe that God's only way of directing a church to acquire land and build facilities is representative of First Baptist Church in the first scenario, then read on. You may be amazed to discover the freedom God's Word offers for financing His work. However, if you believe Community Bible Church to be your model, you too, must read on. This research is designed to provide one with the necessary tools to aid in the process of acquiring a church loan.

## CHAPTER 2

### THE STANDARD: A CHURCH'S FINANCIAL REPUTATION

Larry Burkett is a Christian financial counselor who began teaching principles of handling money in 1973.<sup>18</sup> His books, seminars, radio programs et cetera, have helped and continue to help many families. Much of the fundamentalist, evangelical community owes a great deal of gratitude for his contribution towards helping families overcome the misuse of credit.

In addition to his family financial counseling, Larry Burkett also offers his opinion regarding church finances. The following offers an overview of his teachings regarding the borrowing of money to purchase land and build facilities for ministry.

#### View of the Local Church

The first aspect of the Burkett Model is seen in his view of the local church. He believes that, when it comes to borrowing money, the individual member is under a different set of guidelines than the church itself. For instance, regarding the issue of a home mortgage, Burkett

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<sup>18</sup>Larry Burkett, Victory Over Debt, (Chicago: Northfield Publishing, 1992), p. 55.

says, "God's Word doesn't prohibit borrowing. It's almost a certainty that most couples will have to borrow for their first home."<sup>19</sup> However, regarding the church Burkett cites Proverbs 22:7 and interprets it as follows:

Thus the Word indicates that an unnecessary authority is created by borrowing. The question is often asked, "If borrowing is allowable for individuals, why shouldn't churches also be able to borrow?" The answer is twofold. One, churches **can** borrow. The evidence is abundant around us. Second, just because they can doesn't mean they **should**. The church as an entity comes under a more stringent judgement from God's Word because of its visible position.<sup>20</sup>

He believes James 3:1 reinforces this principle when it says, "Let not many of you become teachers, my brethren, knowing that as such we shall incur a stricter judgement."<sup>21</sup> Therefore, according to Burkett, a ministry should abstain from the temptation to borrow money for ministry expansion. Just because the business world goes into debt to finance its enterprise, does not mean that the local church should subject itself to the lower standard. He believes the Bible is pregnant with passages that challenge the believer to be different, separated and removed from worldliness.

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<sup>19</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 91.

<sup>20</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 78.

<sup>21</sup>Ibid.

Financing land and church buildings affects a Christian's testimony just as much as any other action he chooses to take. When a church buys land and builds a building without having to get a loan, it shows the rest of the community the power of God. After all, "Few would deny that there is something at least unique about a debt-free ministry," says Burkett.<sup>22</sup>

The concept of the church being of a higher standard is also realized in its purpose. Burkett writes, "The church as a physical entity exists for just one purpose: to glorify God. It stands as the visible image of God's best, not subject to worldly compromise."<sup>23</sup> If a church wants to glorify God, then she must see herself as the epitome of virtue. If there is ever any compromise her testimony will be tainted. If hypocrisy is to be avoided, then the church of Jesus Christ must exemplify the power of God working through it. He adds, "It seems contradictory to profess the belief that God can heal the sick, feed the poor, transform the hearts of the corrupt, but can't supply the funds in advance with which to do these things [church borrowing]."<sup>24</sup>

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<sup>22</sup>Ibid., p. 80.

<sup>23</sup>Larry Burkett, Dollars and Sense (Uhrichsville: Barbour and Company, Inc., 1993), p. 30.

<sup>24</sup>Ibid.

### Authority Over the Church

Another important aspect to consider is that of authority. Should the church subject itself to the authority of a secular institution? Referencing Proverbs 22:7, Burkett writes, "Scripture says that the borrower becomes the lender's slave, and I find it hard to believe that God would have His church indebted to the secular world, particularly to a bank."<sup>25</sup> In another one of Larry Burkett's writings he uses the same passage of Scripture in discussing the dangers of borrowing. He adds,

. . . when you borrow, you become a servant of the lender; the lender is established as an authority over the borrower. This should clearly define God's attitude about borrowing from secular sources to do His work. After all, how many Christian organizations would like to be the servant of a secular banking or financial institution?<sup>26</sup>

Since the church is the bride of Christ, it would only stand to reason that she should not find herself in servitude to any other than her Bridegroom. If borrowing money places the church in a position to compromise this principle then the need to maintain a higher standard will be lost. Mr. Burkett believes this so strongly that he writes, "Even

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<sup>25</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 97.

<sup>26</sup>Larry Burkett, Your Finances In Changing Times, revised ed. (Chicago: Moody Press, 1993), p. 50.

if a debt is current (all payments up to date), the borrower is potentially in a state of servitude."<sup>27</sup>

### Requirement of Faith

A final area that reflects the issue of a higher standard is faith. Very few would deny the fact that God requires a life of faith from His followers. Faith, in fact, is at the very core of Christianity. Not only are we saved by faith, but our daily Christian walk is to be characterized by faith.

God's ministry through the local church is no different. If a church is to exemplify God's power and omnipotence, it only stands to reason that it must bear the reputation as operating by faith. Larry Burkett records that, "Unfortunately, faith isn't demonstrated when the church indebts itself to do God's work."<sup>28</sup>

Why should the God of the universe need to display His power through a bank loan? While referencing Philippians 4:19, Burkett says, "God promises that He will provide what we need. As best I can tell, God has never manifested Himself to anybody through a loan."<sup>29</sup>

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<sup>27</sup>Larry Burkett, Victory Over Debt (Chicago: Northfield Publishing, 1992), p. 53.

<sup>28</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 97.

<sup>29</sup>Ibid., p. 96.

According to the Burkett Model, faith is exercised when a Christian organization trusts God to provide their financial needs, in advance, without having to borrow from a financial institution. "It is not a lack of funds that requires a church's borrowing. It is a lack of commitment on the part of God's people to give and trust."<sup>30</sup>

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<sup>30</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 80.

## CHAPTER 3

### THE SCRIPTURES: BURKETT'S BIBLICAL ANALYSIS ON BORROWING

For a Christian, the authority on anything always rests with the Word of God. The Bible is God's way of communicating to us His guidelines in all areas of life. When asked a question regarding the advisability for a church to borrow money for a building program, Larry Burkett responded, "The only source of truth we have is God's Word. Anything else is opinion."<sup>31</sup>

Borrowing money for church land and buildings has become a normal practice in today's society. Burkett writes,

It is no more abnormal for a church to finance a building program today than for a business to do so. Approximately 90 percent of all church building programs carry with them indebtedness ranging from one to twenty years.<sup>32</sup>

Does this, however, make it Biblically correct? God's Word never advises or commands a believer to make decisions based on majority opinion. In fact, most of what Christians

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<sup>31</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 96-97.

<sup>32</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 78.



stand for (particularly in the "latter days") will in fact represent the view of the minority. God's Word stands as our authority regardless of how many people believe it. So, "Just because a practice is normal [such as borrowing money] does not mean it is scriptural or best."<sup>33</sup>

According to the Burkett Model, Scripture does not support the idea of borrowing money for purchasing church land or facilities. Larry Burkett says, "After reviewing the references to borrowing in Scripture, I came to several conclusions:

- 1) Borrowing is always presented in the negative (Proverbs 17:18).
- 2) God never once made a promise to anyone and fulfilled it through a loan (Luke 6:38).
- 3) God promised His people that if they would obey His commandment, they would not have to borrow (Deuteronomy 28:12).
- 4) God had worship structures built at least three times in the Bible, and no credit was used (Exodus 25:1-2; 1 Chronicles 29:16; 1 Kings 6; 2 Kings 12)."<sup>34</sup>

In order for these four conclusions to have any merit, they need to be discussed individually. The following will be a synopsis of each.

### Borrowing Is Always Negative

To understand how God views borrowing, one only needs to look at the passages of His Word that deal with the issue. In Proverbs 17:18 we find the foolishness involved

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<sup>33</sup>Ibid.

<sup>34</sup>Ibid., p. 79.

in making a pledge for another. The Bible calls this surety. In one of his writings, Larry Burkett says, ". . . surety is accepting an obligation to pay without having a certain way to make that payment."<sup>35</sup> The writer admits co-signing is the most common form of surety, however, he adds, ". . . surety also can be any form of borrowing in which you sign an unconditional guarantee to pay."<sup>36</sup> To illustrate how common the practice of suretyship is with our society, Burkett provides this example:

Almost everybody who borrows signs surety. For instance, if you finance an automobile, you sign surety. The lender knows that the automobile is rarely going to be worth what is owed on it. Yet the loan agreement requires that you, the buyer, guarantee any deficiency if the car is repossessed and resold. Thus, the buyer stands surety.<sup>37</sup>

The only way you can avoid this negative connotation when borrowing is to have a guaranteed way to repay a loan.

Another Christian financial counselor, Ron Blue, advises the use of an exculpatory clause in the contract. According to Blue, "an exculpatory clause literally means that the lender will exonerate you from having to repay the

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<sup>35</sup>Larry Burkett, Victory Over Debt (Chicago: Northfield Publishing, 1992), p. 56.

<sup>36</sup>Ibid.

<sup>37</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 84.

debt, taking back as full payment the asset that was used for collateral.<sup>38</sup>

Another passage that the Burkett Model believes places borrowing in a negative way is Proverbs 22:7. In commenting on this verse Larry Burkett writes,

Christians who are trapped by borrowing have violated one or more of the Scriptural principles God has given. He says that when someone borrows, he or she becomes a servant of the lender; the lender becomes an authority over the borrower. This clearly defines God's attitude about borrowing.<sup>39</sup>

In another Burkett book, the author comments on the negative light in which borrowing is depicted in the Bible. Again, using the Proverbs 22:7 passage he emphasizes that a borrower becomes a slave. Therefore, an unnecessary authority is placed over a church when it borrows money.<sup>40</sup>

According to the Burkett Model of church finance, borrowing money is seen as a negative practice because almost all borrowing is a type of suretyship. Since the Bible warns against suretyship, one should avoid borrowing money. The exception to this is when the amount borrowed for the item does not exceed its value. A second problem is

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<sup>38</sup>Ron Blue, The Debt Squeeze (Pomona: Focus On The Family Publishing, 1989), p. 81.

<sup>39</sup>Larry Burkett, Dollars and Sense (Uhrichsville: Barbour and Company, Inc., 1993), p. 15.

<sup>40</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press 1985), p. 78.

that borrowing creates an unnecessary servitude on behalf of the borrower towards the lender.

### God's Promises Are Not Kept Through Loans

A second conclusion, regarding borrowing, that Larry Burkett has made is the fact that Scripture is void of any instance where a promise was made by God and then fulfilled through a loan. Larry Burkett sites the following passage as God's way of providing for one's needs. "Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap. For with the measure you use, it will be measured to you" (Luke 6:38 N.I.V.).

God's method of providing needs is through the gifts of fellow Christians. When a believer gives properly God will give back to him in return.

Instead of taking out a loan to fund a church facility, God's people are to learn how to give. Burkett writes, "We have enough money in North America to fund all the Christian work in the world if the people would just give."<sup>41</sup> The problem, however, is the Christian's worldly attitude towards material goods. Burkett further adds, "Unfortunately, money needed for ministering to others is often tied up in large monthly payments."<sup>42</sup>

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<sup>41</sup>Larry Burkett, The Word On Finances (Chicago: Moody Press, 1994), p. 180.

<sup>42</sup>Ibid.

Other New Testament passages are also used to support the Burkett philosophy. In Acts chapter four we find a reference involving those with financial needs. Verses thirty-two through thirty-seven present Christians as sharing their possessions with one another so that no one was in want. Whenever a need arose, the people would rise to the occasion and sell what they owned in order to provide for each other.

"The first generation church set an example for us when they sold their assets and surrendered the proceeds to meet the needs of other believers,"<sup>43</sup> says Burkett. In Second Corinthians chapter eight we are told that even though the Macedonian churches were experiencing severe trials and financial poverty, they gave very generously to meet the needs of those who were less fortunate than themselves.

This is sacrificial giving. Like the widow who gave in Luke chapter twelve, likewise, other Christians should learn to give beyond what is expected. When it comes to sacrificial giving, Larry Burkett says, "Until we are able to go beyond the tithe and start giving gifts out of a free nature to other people, we will never really experience the provision God has for us."<sup>44</sup>

The Burkett Model advocates that when God's people have a financial need, they should not go to a bank they should

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<sup>43</sup>Ibid., p. 189.

<sup>44</sup>Ibid., p. 174.

go to each other. If all Christians would learn to tithe and practice sacrificial giving, there would be no need to borrow money for the advancement of God's Kingdom.

### Obedience Prevents Borrowing

A third conclusion is seen in Deuteronomy 28:12. In this verse God is outlining for the Israelites the blessings that will come to them if they are obedient to His laws. The second part of the verse reads, "You will lend to many nations but will borrow from none" (Deuteronomy 28:12b N.I.V.).

Since the context teaches us about God's blessings and how to obtain them it is obvious that lending to others is the positive blessing. The negative result of disobedience is having to borrow. Larry Burkett does not advocate that to borrow is a sin. It is just that ". . . His plan [God's] is for us to be lenders rather than borrowers."<sup>45</sup>

The natural conclusion is if a church has to borrow money to accomplish its mission, then it is not experiencing God's blessing. Again, Burkett recognizes that lending is not prohibited by Scripture. However, he does comment on lending being God's blessing for the obedient Christian.<sup>46</sup> Therefore, an obedient church is not borrowing money, rather it is able to lend.

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<sup>45</sup>Ibid., p. 153.

<sup>46</sup>Larry Burkett, Dollars and Sense (Uhrichsville: Barbour and Company, Inc., 1993) p. 126.

### Worship Structures Built Without Credit

A fourth conclusion is found in several Scripture passages. Exodus 25:1-2, 1 Chronicles 29:16, 1 Kings 6 and 2 Kings 12 all describe occasions when God had worship structures erected. In each of these occasions, no credit was used. The money and materials needed to construct these facilities were obtained through the gifts of God's people.

The Exodus 25 passage says that Moses was to raise a contribution, for the construction of the tabernacle, from everyone whose heart moves him. This would seem to indicate that when God wants to construct a facility, He will move upon the hearts of those who are to give. If the money is not available to construct God's house then He is not moving upon His people. If God is not moving upon His people, it is not His will. This concept is exemplified in the Burkett Model when he writes, "God can and will provide what He ordains by providing surpluses to His people at the appointed time."<sup>47</sup>

1 Chronicles 29 records King David passing the responsibility of building the first temple on to his son Solomon. After delivering his charge to Solomon in front of the entire Israelite assembly, David takes the lead in giving money and precious stones for the construction of the temple (vv. 2-5). The leaders and officers of each tribe of Israel

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<sup>47</sup>Larry Burkett, The Word On Finances (Chicago: Moody Press, 1994), p. 149.

followed David's example. Finally, the people did the same until all had given ". . . freely and wholeheartedly to the Lord" (vv. 6-9). Then in 1 Kings chapter 6, we have the account of Solomon constructing the temple after the death of his father David.

The 2 Kings chapter 12 passage is not actually an account of a new structure being built without credit. However, it is an account of the dilapidated temple being refurbished.

During one of the many rebellious times of Israel, the temple had become neglected and abused. When Joash became king he instructed the priests to take voluntary contributions, taxes, and money from personal vows to be used to repair the temple (v. 4). After twenty-three years, the temple still had not been repaired. Then Jehoida, the priest, took a chest and bored a hole in its lid. The priests then took all the money brought into the temple and placed it in this box. When sufficient amounts of money were collected, it was used to pay the workers to repair the temple (vv. 6-12).

In each of these three situations God's house needed either constructed or repaired. Each time, however, it was God's people giving, not a loan, that made it possible.

Burkett says, "It might be said that these aren't valid examples because borrowing was not a normal practice during these times. If not, then Solomon wasted a great many



parables dealing with the dangers of too much credit."<sup>48</sup>

In referencing the absence of New Testament examples of churches financing their buildings Larry adds, "It would seem very out of character that the leaders of the first-century church who risked their very lives to deliver God's Word would have condoned or even permitted their churches to borrow."<sup>49</sup>

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<sup>48</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 79.

<sup>49</sup>Ibid.

## CHAPTER 4

### THE STEWARDSHIP: THE CHURCH'S ACCOUNTABILITY

The Bible says "Moreover it is required in stewards, that a man be found faithful" (1 Corinthians 4:2 K.J.V.). God's Word often depicts a Christian as a steward. A steward is a manager. Larry Burkett adds, "Each of us is a manager, not an owner. God is the owner, and we are to manage according to His plan."<sup>50</sup>

Since we are a manager, we will have to give an account to our Superior when we reach the end of our time of service. It is this accounting which should drive every Christian to be as diligent as possible. According to the Burkett Model on church financing, the church will be accountable for its Christian service, treasure, testimony and the discipline of giving.

#### Christian Service

One area of accountability that will require our diligence is in our service for God. Larry Burkett says, "A

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<sup>50</sup>Larry Burkett, Your Finances In Changing Times, revised ed. (Chicago: Moody Press, 1993), p. 35.

debt within the church restricts its ability to serve God."<sup>51</sup> This restriction is due to the fact that, ". . . controlling decisions are based on the need to meet debt payments rather than on God's direction of funds to current needs."<sup>52</sup> It would become all too easy for a ministry to compromise the preaching of the Word of God so that it could satisfy large donors in order to continue to meet the financial obligation to the bank. Other possible problems could be a decrease in missions spending and outreach programs because of the pressing need to pay back a debt first.

This situation can be clearly seen in the following illustration. When a couple overextends themselves financially, the first thing to go is the tithe. Charitable giving is limited because they are too busy playing catch up with their income to give to their local church.

The same is true on the larger scale. When a church finds itself indebted to financial institutions, the first area to suffer is ministry and outreach. Our human nature causes us to take care of those problems that are the most pressing. God, unlike the creditors, does not call you on the phone reminding you that your contributions to Him are behind schedule and if not paid soon you will have all spiritual services disconnected. As a result, God's work is

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<sup>51</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press 1985), p. 80.

<sup>52</sup>Ibid.

restricted because physical needs take precedent over the spiritual during a debt crisis.

### Treasure

A second problem created by churches borrowing money for land and buildings is similar to the first. "Huge sums of God's people's money go to meet interest payments. That money could otherwise be used to further God's kingdom rather than Satan's."<sup>53</sup> Since we are to give an account of our finances to our Creator, it would seem foolish to stand before Him and be embarrassed at how much money we gave to the financial institutions. Burkett comments, "Many major denominations spend more on interest payments than on foreign missions."<sup>54</sup> It is shameful to think our evangelism is being limited because we are more interested in our buildings than we are in reaching souls.

### Testimony

A third problem created by churches borrowing money for constructing facilities is it reflects improper values. "God's Word teaches that the way we handle our money is the clearest reflection of our spiritual value system."<sup>55</sup> Jesus tells us, "For where your treasure is, there your

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<sup>53</sup>Ibid.

<sup>54</sup>Ibid.

<sup>55</sup>Larry Burkett, Dollars and Sense (Uhrichsville: Barbour and Company, Inc., 1993), p. 196.

heart will be also" (Matthew 6:21 N.I.V.). If our money coffers are making huge contributions toward interest payments it clearly reveals our emphasis on the material things of the world over the spiritual.

We live in a debt driven society. Burkett says:

Probably forty percent of all American families are in debt in a typical year. They're unable to make the monthly payments on the money they borrowed. Many actually borrow more money to make payments on the money they've already borrowed.<sup>56</sup>

This clearly teaches us where we, as Americans, have our values today. It is more important for us to buy now and enjoy than it is to wait patiently for God to provide us with the necessary funds to make purchases. This same mentality carries over into our churches. It is more important to us to have church facilities, which require financing, than to rent temporary space and free up more money for actual ministry.

### Giving

A fourth area of stewardship impacted negatively when we borrow money is that of giving. When a church or Christian ministry decides to finance their facilities they are, in essence, choosing to make monthly payments instead of challenging the congregation to give sacrificially up front. "Borrowing denies God's people the opportunity to experience

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<sup>56</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), p. 78.

His overwhelming blessings in response to giving what is clearly within God's will," says Burkett.<sup>57</sup>

Borrowing appears to be the easy way out. Christians today need to learn from their Biblical ancestors. If a house of worship is important enough to have, then it should be important enough for which to sacrifice. Larry Burkett illustrates this with one of his personal experiences. He writes:

I remember one Sunday when I was about to speak to a church that was in the middle of a building program. I met with the pastor and the board of deacons before the service. One of the questions I asked them was, "Why are you going to borrow money?"

The chairman of the deacon board responded, "What do you mean, 'Why are we going to borrow money?' We're going to borrow because we don't have the money to build."

So my next question was, "Well, if you did have it, would you still borrow?"

Obviously, if they had the money in the bank and were still going to borrow, it would not be an issue of need but a commitment to debt.

He said, "No, if we had the money, we wouldn't borrow."

Then I asked the pastor, "Pastor, if I could prove to you that you have all the money you need to build, would you make a commitment to do it debt free?"

He said, "Yes, I believe that we would."

About six hundred people attended the church that morning. During the service I took a quick financial survey.

I said, "I'd like to know how many people in the congregation own at least one ounce of gold in their family, including rings, earrings, watches, etc." Almost every hand in the church went up.

"Okay," I continued, "how many families believe they own at least ten ounces of silver, including silverware, flatware, candlesticks?"

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<sup>57</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), pp. 79-80.

Again, almost every hand went up. That happened to be at the time when gold and silver were at a very high premium. I turned to the pastor and said, "Pastor, as best as I can calculate, you have every dollar you need in this congregation this morning to build your church. Now I showed you they've got it; you figure out how to get it from them."<sup>58</sup>

One of the greatest joys in life is in giving. It would be dishonoring to the Lord for church leaders to deny its membership the blessings God has for them through the challenge of giving instead of taking out a loan.

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<sup>58</sup>Larry Burkett, Answers To Your Family's Financial Questions (Pomona: Focus On The Family Publishing, 1987), pp. 97-98.

## CHAPTER 5

### THE STEERING: GOD'S WILL THROUGH MONEY

The Burkett Model purports that churches should not borrow money to build buildings and purchase real property because the church is called to a higher standard, Scripture support is negative, it is not good stewardship and finally it hinders God's steering in our lives.

As a Christian, one of the most important responsibilities is to seek out God's will and then to obey it. It is the desire of everyone of us to know His will in every area of life, especially career, education and future mate.

It is no different with one's personal finances. "In every decision, accept that God guides your direction,"<sup>59</sup> writes Burkett. This means individuals should seek God's will in various purchases such as: homes, cars, boats, et cetera. When it comes to the local church, it certainly would include important investments such as land and buildings as well. Since our authority, the Bible, does not specifically tell us 'thus says the Lord' in each decision

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<sup>59</sup>Larry Burkett, Dollars and Sense (Uhrichsville: Barbour and Company, Inc., 1993), p. 96.



we are left to discern His guidance in our lives through other avenues.

When a church chooses to borrow money for land and buildings, it hinders God's leading according to His will. According to the Burkett Model, churches that do borrow money lack patience, desire control, and reject the possibility for the supernatural.

### Patience

In order to know God's direction for our lives we must first learn patience. Patience does not come easily. The Bible reminds us in the book of James, chapter one, that one of the reasons for experiencing trials in our lives is to produce this virtue known as patience.

Unfortunately, patience with our money seems to be even more challenging. Commenting on the issue of patience with our money Larry Burkett says,

From the time we're born we want what we want when we want it. We tend to run out and get what we want, or if it can't be bought, then we lose patience. God can't be rushed. He hears us and when the time is right, He will provide.<sup>60</sup>

If we will wait on God's provision, we will know His direction. One of the best ways to discern God's will regarding a purchase is the amount of money we have with which to make it. Burkett says, ". . . I find the need to wait upon God's provision in advance to be confining.

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<sup>60</sup>Ibid. p. 148.

However, it is also tremendously freeing. If God can direct us by providing, then He can also direct us by withholding."<sup>61</sup>

The obvious conclusion then is if we are truly seeking God's will in purchasing real property for a church or to finance the construction of a building, then we can know His answer by looking at our savings account. If we have the funds, or can raise the funds in advance to do the task, it becomes a green light to proceed. If, on the other hand, the funds are not available it is a clear indication we need to wait.

Most of us are just too impatient to wait on God. We are taught early in life to get what we want. We are told we deserve to have what we want. In fact, we see much of this in advertising. In order for a product to be sold, it must first become enticing. The manufacturer wants you to be convinced that you have to have it. When this is accomplished, you rush out to purchase the product or buy it in the store the next time you see it because you were convinced either you needed it or everybody else had it and so you must obtain it as well. "It's easy to rationalize a self-indulgent lifestyle in a society in which most people

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<sup>61</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 80.

indulge themselves."<sup>62</sup> Christians, however, are to be different. We must exhibit self-control.

### Control

In addition to needing patience to learn of God's directing in our lives, it is also important to understand the issue of control. We cannot learn of God's will for our financial situation as long as we seek control of it ourselves.

As we learned in the previous chapter on stewardship, Christians are managers not owners. Since we are not the owners we should not try to control that which God has loaned to us. We need to just manage it.

Like developing patience, this is not easy to accomplish. The ability to be in control of one's own financial life, to many people, is tantamount to not being able to breathe. Our nature is to rebel at someone else telling us what we can and cannot do. It is our natural desire to hold tight to the reigns of our life and guard it from foreign rule, even if that ruler is God!

Some of us do not trust God to be the One in charge of our spending. Others, simply are ignorant. Regardless, it is imperative for Christians who desire God's financial leading in their lives to say "no" to their own will and

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<sup>62</sup>Ibid., p. 188.

"yes" to God's. "God cannot be in control as long as we believe we are the owners."<sup>63</sup>

### Supernatural

When we choose to borrow money to purchase land and build church buildings, not only are we lacking patience and taking control of our finances but thirdly, we are denying God an opportunity to do a miracle. Burkett writes:

Before making any purchase, regardless of the amount, give God the opportunity to provide that item first. Many times we forego blessings God has in store for us because, being impulse buyers, we purchase without giving God the opportunity to show us His will. God will often manifest Himself by providing our needs from a totally unexpected source.<sup>64</sup>

Most churches today are void of any supernatural manifestations of God's power. Whenever our practices within the church become identical to those outside the church, we should take a careful look at those actions and determine if the Holy Spirit is truly in control. Just because a business can secure a loan does not necessarily mean that the church should.

If we are to reach the lost world with the gospel of Jesus Christ, then we should be committed to upholding a

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<sup>63</sup>Larry Burkett, "God's Guidance Through our Finances," Moody, October 1995, p. 28.

<sup>64</sup>Larry Burkett, Your Finances In Changing Times, revised ed. (Chicago: Moody Press, 1993), p. 69.

good testimony to the unsaved community. As Larry Burkett writes, "Very few nonbelievers could be convinced that there is anything supernatural or miraculous about a loan. Few would deny that there is at least something unique about a debt-free ministry."<sup>65</sup>

For a ministry to truly be manifesting God's financial leading, it must discipline itself from the temptation of financial bondage. God will direct us if we will be willing to wait upon Him. "Too often we believe that God will direct our lives only through an abundance of money, and we keep probing to see where He supplies it. God, however, can steer us through the lack of money just as quickly."<sup>66</sup>

### Conclusion

In preparing the Burkett Model of church financing, the goal has been to provide an accurate account of what Larry Burkett has said in his various writings. For the record, however, this writer is in total disagreement with this model. In fact, there is evidence that this philosophy is harming church growth today.

This is not to say that Larry Burkett is purposefully trying to destroy the Church of Jesus Christ. We owe Mr. Burkett the credit he deserves for waking up many Christians

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<sup>65</sup>Larry Burkett, Using Your Money Wisely (Chicago: Moody Press, 1985), p. 80.

<sup>66</sup>Larry Burkett, "God's Guidance Through our Finances," Moody, October 1995, p. 28.

to the dangers of handling their finances inappropriately. However, when the issue of churches borrowing money to purchase land and construct facilities is addressed he is wrong.

Many who adhere to the Burkett Model of church financing, do so unknowingly. Usually, when an individual becomes an "expert" in a particular field, the tendency is to accept whatever they have to say (in that area) without challenge. The same is true in the case of Larry Burkett. While we applaud his contribution to the Christian community on personal finances we should not automatically accept his philosophy in the area of church finances to be the final authority.

After a careful examination of the successful people in the Bible one thing becomes very evident, apart from Jesus Christ, no other person was infallible. Men like Abraham, Isaac, Jacob, Noah, Moses (and the list goes on and on) all became known as great men of faith. The Bible, however, reveals their mistakes as well as their great achievements. Even though the majority of their works characteristically point to having the wisdom of God, still they displayed occasions of weakness.

This is why the book of Acts records for us the noble character of the Bereans. Luke writes, ". . . for they received the message with great eagerness and examined the

Scriptures every day to see if what Paul said was true"  
(Acts 17:11 N.I.V.).

This next section, Part II, is dedicated to searching the Scriptures and the silence of the Scriptures in regard to church borrowing. The goal is to discern if the Burkett Model is God's sanctioned method for churches to purchase land and build facilities, or if other options are available.

PART 2

THE BURKETT MODEL OF CHURCH FINANCING REFUTED



## CHAPTER 6

### WHOSE STANDARD: IS IT GOD'S OR BURKETT'S?

As denoted in chapter 2, the Burkett Model teaches it is unacceptable for a church to borrow money to purchase land and construct facilities because it (the church) is called to a higher standard. But whose standard is it? Is it God's standard or Larry Burkett's?

There have always been various groups and individuals who have, in the name of God, established rules and guidelines for others to follow. These legalists may or may not have right motives. The result, however, is still the same. They produce bondage.

One of the character traits Jesus warned His disciples concerning the legalistic Pharisees was, "They tie up heavy loads and put them on men's shoulders" (Matthew 23:4 N.I.V.). Unfortunately, this is the case with the proponents of the Burkett Model. When Christians are taught that the spiritual method of acquiring land and facilities is to do it "debt free" an unnecessary burden is placed upon the shoulders of the church. Also, an inaccurate litmus test is established for determining a church's faithfulness to God.

At a recent pastor's conference, the story was reported of a church that was able to raise 50 million dollars to relocate its facilities to the suburbs of Dallas, Texas. It is exciting to hear of such examples of personal sacrifice and dedication on behalf of God's people. But this illustration does not represent God's will for every church. What about the thousands of churches in our country who do not have the resources of this Texas church? Are they less spiritual because they need a loan? Someone may say, "But God is our resource." That's true. However, a careful study of Scripture fails to reveal any indication that borrowing money is either sinful or of a lower standard. This will be explained in greater detail later in this chapter.

A personal experience may give you an idea of how irrational these proponents of the Burkett Model can be. When our church was five years old, we were presented an opportunity to purchase a piece of property in our Williamsburg community that was ideal for our ministry. As our building committee brought the issue before our congregation for a vote, one particular family was in opposition. Their opposition was because we would have to borrow a portion of the money from a bank. They adopted the Burkett Model as the only way God leads a church in deciding these issues. If you do not have the cash, you are accepting a lower standard.

This family, in opposition, then gave an example of how God provided for another church in our community when it came time for them to acquire property. They explained that the acreage was donated to them. Since this other ministry did not have to take out a loan for their land, it was obviously God's leading. The irony, however, is six years after the land was accepted, it was learned that the property was given illegally. So according to this family, it is more important to God for a church to receive land illegally and not have to borrow money than it is to take out a loan legally.

### Survey Results

A recent survey of 395 Liberty graduates who are now pastoring churches shows us why growth in the church is being hindered. (See the Appendices for the complete survey and a summary of the results.) Of the 395 letters sent, eight were returned undeliverable. Of the remaining 387, 202 responded. The respondents indicated either confusion or the possibility of a negative impact of the Burkett Model philosophy in their ministry a significant percent of the time!

The negative impact was seen in one of four ways. In the first group forty of those responding (about 20 percent) have either adopted the belief it is not acceptable to borrow money to obtain a church mortgage or they remain ignorant of scriptural teaching on this matter. Of the

forty pastors in this first group, nineteen were dogmatically opposed to churches borrowing for land or facilities. Another nineteen had no opinion on the matter, and the remaining two did not even respond to the question.

A second negative impact revealed in the survey was observed in the size of the ministries which were either ignorant, confused, or had adopted the Burkett mentality. Of the 202 churches responding to the survey, 108 churches have a ministry which generates \$100,000 or less each year. Of these 108 churches, forty-five percent either showed confusion on the permissibility of ministries borrowing money or the embracing of the Burkett philosophy.

On the other hand, as the size of the ministry increased the percentage of those who are either ignorant of scriptural teaching or have adopted the Burkett philosophy, decreased. The data seem to indicate that of the ninety churches generating over \$100,000.00 per year, the percentage of those confused or adopting the Burkett Model decreases to only twenty-seven percent. This is not to say that all small ministries are less important than larger ones. However, it is interesting to see that the confusion regarding the church's permissibility to borrow is more prominent in these smaller ministries than in larger ones.

The third group consists of sixty-three respondents or about thirty percent. This portion of ministers indicated that if they were to borrow money to purchase land or

construct facilities it would potentially create relational conflicts with other members in their congregation. It is disheartening to think that borrowing money to construct facilities that could further a ministry may cause division in one out of every three churches by people who are misinformed.

The final group represented sixty-nine of the total responding or about thirty-three percent. This category of pastors could easily be labeled the confused. The confused pastors are, as this writer once was, influenced in part by the arguments for the Burkett Model on church financing, yet without enough knowledge of it to actually make the proper decision.

The confusion of the individuals manifested itself when they indicated in one part of the survey it was wrong, or it was a lack of faith, for a church to borrow money to purchase land or construct facilities and later indicated how God could lead a congregation to borrow money for such endeavors.

All four groups indicate the need for a study such as this one, to educate pastors and congregations to the truth about church borrowing. If such a high number of those in this study group are being adversely affected, how about nation-wide? Imagine the number of evangelical churches restricted from growing and fulfilling the Great Commission,

not because of indifference, but due to financial misinformation.

If, in fact, churches borrowing money to purchase land or construct facilities are giving in to a lower standard then the following must be true: First, Scripture would have to indicate a distinction between a church (collectively) and its individual members. Second, it would be necessary to prove not only a distinction but also a clearly mandated higher standard for the local congregation over its individual membership. Finally, to believe this kind of church borrowing to be of a lower standard it must be determined that it is an inferior approach.

#### What Is A Church?

The first question that must be addressed is, what is a church? Is there a difference between the organization and the individuals who make up that organization?

Dr. Elmer Towns is a noted authority on the church today. In his theology notes Dr. Towns gives the historical development of the word church (ekklesia). In secular Greek, "The word "ekklesia" had a political meaning, never a religious meaning. In Athens, for example, the ekklesia was the regularly summoned assembly of all the citizens, that is, of those who had the freedom of the city."<sup>67</sup> Towns continues by writing:

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<sup>67</sup>Elmer L. Towns, "Studies in Theology" (Student Workbook, Liberty Baptist School of Religion, 1983), p. 14.

At the call of the herald the citizens came out of their homes, separated themselves from the rest of the inhabitants of the city, and assembled in a place agreed upon to discuss city affairs such as the nomination of magistrates, officers, governors of the city, military operations, et cetera. Each convocation began with prayer and sacrifice.<sup>68</sup>

By the time Jesus used the word ekklesia to denote His assembly, the concept was already in the minds of His audience. The concept was that of a called out assembly. This gathering of individuals, known as the New Testament church, was designed to carry out the Great Commission, given by Christ, in Matthew 28:20. According to Towns:

A church is an assembly of baptized believers, in whom Christ dwells, under the discipline of the Word of God, organized for evangelism, education, fellowship and worship; administering the ordinances and reflecting the spiritual gifts.<sup>69</sup>

Throughout the evolution of the word church, there does not exist a dichotomy between the individuals and the organization. The two are inseparable. If you do not have the individual members then the organization does not exist. An authority on the church, Robert Saucy, agrees with this definition when he writes, "Members of the body are always individuals, not churches."<sup>70</sup>

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<sup>68</sup>Ibid.

<sup>69</sup>Ibid., p. V.

<sup>70</sup>Robert L. Saucy, The Church In God's Program, (Chicago: Moody Press, 1972), p. 25.

1 Corinthians 12:12-27, gives us an excellent example of this very thing. In this passage, the apostle Paul is describing the church as a body. The comparison of the church is with a human body. Just as a human body is a combination of many sophisticated parts, unified for one singular purpose, so is the church. A church is made up of many different people grouped together for one common goal. Verse 27 says, "Now you are the body of Christ, and each one of you is a part of it" (N.I.V.).

#### A Higher Standard?

For Larry Burkett to say that the church (organization) is to represent a higher standard of righteousness than its individual members is not possible. The church is the people. The Biblical standards for God's people are the standards for the church.

This being the case, the Burkett Model begins to show some cracks. In one of his writings he answers the question, Is a home mortgage wrong? "It's almost a certainty, says Burkett, that most couples will have to borrow [money] for their first home."<sup>71</sup> While Larry Burkett dislikes the notion of borrowing money, he does recognize its necessity in the case of a large purchase such as a home.

If it is necessary for a young couple (individually) to borrow money for a home mortgage due to a lack of cash, why

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<sup>71</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus on the Family Publishing, 1987), p. 91.



is it wrong for these same people (corporately) to borrow money for a house of worship? In order to support his claim of a lower standard Burkett writes:

It is clear that the standards for leaders in the church are more stringent than for the individual members (1 Timothy 3:1-2). If that is so, then it would seem obvious that the standards of the church organization must be higher than that of its individual members.<sup>72</sup>

While it is true that leaders of the church are held to a higher standard than its individual members, the illustration cannot be analogous to churches borrowing money. This is because the qualifications for church leadership focus on the blamelessness of the individual. In other words, are there sinful habits in the candidate's life that would bring reproach upon the ministry if the person was to be ordained?

To make the comparison that a church should represent a higher standard over its individual members just like a leader in the church is of a higher standard over its individual members, would only be true if borrowing money was a sin. But borrowing money is not a sin. Even Larry Burkett admits this when he says, "God's Word doesn't prohibit borrowing."<sup>73</sup>

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<sup>72</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 79.

<sup>73</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus On The Family Publishing, 1987), p. 91.

### An Inferior Approach?

So, if the church (corporately) is not to be distinguished from the individual members; and if borrowing money is not a sinful act, then can it be said that it is inferior to paying cash? When asked the question, "If borrowing is allowable for individuals, why shouldn't churches also be able to borrow?"<sup>74</sup> Burkett responds:

The answer is twofold. One, churches can borrow. The evidence is abundant around us. Second, just because they can doesn't mean they should. The church as an entity comes under a more stringent judgment from God's Word because of its visible position.<sup>75</sup>

He then goes on to cite James 3:1 as a scriptural text to verify his claim.

Once again, Larry Burkett uses Bible verses out of context to make a point. When James wrote this verse to his fellow brethren, who had been scattered by persecution, he was explaining to them the tremendous responsibility they had, as teachers, to be accurate in their exposition of Scripture. To equate this passage with churches borrowing money is a tremendous stretch. But, even if this passage could be used to establish a reason for churches to not borrow money, it would only do so if borrowing was determined by God to be wrong.

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<sup>74</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 78.

<sup>75</sup>Ibid.

In another attempt to prove church borrowing to finance the purchasing of land and construction of church facilities as an inferior approach, Larry Burkett sites the abuse of credit by its membership. The reason, according to Burkett is, ". . . much of the borrowing that individual Christians do is, in itself, unscriptural because it is done in excess."<sup>76</sup> So, according to Burkett, when a church (corporately) decides to borrow money to purchase land or construct facilities, it has engaged in an activity that is less than God's best because its individual members are known for using credit in excess.

For someone to say a church's permissibility to borrow funds to purchase land and construct facilities is less than God's best just because its members do not live up to the financial standards of Mr. Burkett, is ludicrous.

### Conclusion

In conclusion, to believe a church is settling for God's second best when it borrows money in order to buy land and/or build facilities may violate Larry Burkett's standard, but it certainly does not violate God's standard. A church is a collection of individual members, and Scripture does not draw a distinction between the church (assembly) and each individual member. A church is a group of individ-

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<sup>76</sup>Ibid., p. 79.

uals uniting as one to fulfill the Great Commission. One person, or family, is not a church.

Second the Bible does not teach a set of standards for the church (corporately) and another set of standards for the church individuals. Since the church is the people of which it is composed, its reputation is based on the attitudes and actions of those who are a part of it.

Third, it cannot be established that churches borrowing money is somehow inferior to paying cash. For this to be true, borrowing would have to be a sin. But it is not. Also, to say individual Christians have misused credit, therefore it is inferior for churches to borrow, is an illogical statement.

## CHAPTER 7

### WHAT DOES THE BIBLE SAY?

The Burkett Model on churches borrowing money, is committed to searching the Scriptures and allowing God's Word to be the authority--as it should be. However, there are certain rules of interpretation that must be followed. A wise professor once said that a text out of context is only a pretext. Which is to say that anyone can make the Bible justify whatever sin they desire. All they have to do is take a passage out of context.

The point is, when the Bible is used to verify a belief, it is important to use proper hermeneutics in the interpretation of a passage. One of the greatest dangers, when studying a passage of Scripture, is taking a predisposition into the study. This causes the outcome to be tainted.

Clearly, Larry Burkett is guilty of this very thing. On several occasions he acknowledges this bias against borrowing money. In relating his introduction into the study of finances over twenty years ago, Larry Burkett admits his temptation to align himself with those who

advocate all borrowing and lending is wrong. Burkett writes,

When I first came across this prohibition in my study on finances I thought, "Aha! Here is the justification for us to get rid of all credit, especially those who have misused it." But I found myself in a quandary. I'd like to share my conclusions, for I believe them to be accurate and confirmed. You can make up your own mind. Just bear in mind that when I began my study I was looking for a justification of the teaching that all borrowing is wrong.<sup>77</sup>

In another of his published writings, he comments, "In doing a survey of this subject, [churches borrowing money] I tried to be as objective as possible, knowing that I rarely observe the good side of credit."<sup>78</sup> With this admission in mind, let us look at the Scripture passages the Burkett Model uses to substantiate the belief that churches should not borrow money to purchase land or construct facilities. When finished we will be better equipped to determine what the Scripture does say about this controversial issue.

This section, will first look at the definition of debt. Then it will be necessary to investigate the belief that when the Word of God speaks about borrowing money, it is usually negative. Finally, it will be important to observe how borrowing (or debt) is viewed in both the Old and New Testaments.

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<sup>77</sup>Larry Burkett, Victory Over Debt, (Chicago: Northfield Publishing, 1992), p. 55.

<sup>78</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 79.

### Debt Defined

According to a Bible Encyclopedia a debt is, "The rendering of several Hebrew and Greek words, with the general meaning of something due."<sup>79</sup> Webster defines debt as something owed to another, especially money.<sup>80</sup> However, when Larry Burkett defines the word debt it is not as simple. In fact, a detailed research of his writings reveals that his definition usually changes to fit the topic he is discussing.

For instance, when Burkett is desiring to show debt as making a person a slave he writes,

Most people use the word debt to describe any borrowing, but although that is not entirely inaccurate, it is not precise enough . . . Even if a debt is current (all payments up to date), the borrower is potentially in a position of servitude.<sup>81</sup>

In the case of expressing contempt toward churches borrowing money to finance a building program, Burkett's definition changes.

Debt defined. For the sake of simplicity, we will define church debt as any borrowing by a church that carries with it a contingent liability. That means the lender expects the money to be paid--no matter what. That would include building loans and bonds. A debt would be defined scripturally as

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<sup>79</sup>Charles Randall Barnes, ed., The People's Bible Encyclopedia, 2 vols. (Chicago: The People's Publication Society, 1910), 1:260.

<sup>80</sup>New Webster's Dictionary And Thesaurus of the English Language, rev. ed. (1993), s.v. "debt."

<sup>81</sup>Larry Burkett, Victory Over Debt, (Chicago: Northfield Publishing, 1992), p. 53.

"surety." Definition: "to deposit a pledge, either in money, goods, or part payment as security for a bargain."<sup>82</sup>

What Larry Burkett has done is to assign a negative connotation toward church borrowing by using, in his definition of debt, the idea of suretyship. This is a grave error. While debt is not a negative concept Biblically, suretyship is.

Suretyship is defined as, ". . . becoming liable for a client's debts in case of his failure."<sup>83</sup> This means you are becoming a co-signer. To say that suretyship is negative does not mean it is wrong or sinful. It simply means a voluntary risk is being taken which has the potential for sin. The sin which could result is a wrong attitude toward the one whose debt you became responsible for when they defaulted. This is why suretyship should not be enacted unless you are willing and able to accept total responsibility in a worse case scenario. Our love for other people is more important to God than money. So, if your relationship with another individual would be hindered by suretyship it would be better for you NOT to enter into the agreement.

A third Burkett definition can be found in another book he has authored. He writes,

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<sup>82</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p.78.

<sup>83</sup>William Smith, ed., Dictionary Of The Bible, (Connecticut: S. S. Scranton & Co., 1897), p. 923.



The scriptural definition of debt is the inability to meet agreed upon obligations. When a person buys something on credit, that is not necessarily debt, it is a contract. But, when the terms of that contract are violated, scriptural debt occurs.<sup>84</sup> (*Italics mine.*)

Here, again, we see the negative bias of Larry Burkett. To suggest that an "inability to meet an agreed-upon obligation is scriptural debt," is irresponsible. First of all, it assumes debt (according to the Bible) to be a negative thing. Second, it leaves you with the impression that there are two types of debt, scriptural and non-scriptural. No wonder his writings on this issue are so confusing.

Contrary to what Burkett says, buying something on credit is debt. Why? Because money is now due to the creditor on an agreed time frame.

Debt does not occur only when one fails to pay on time. According to God debt is not sin, but failure to pay on time is sin. Debt is a neutral word. It is neither positive nor negative. Positive and negative connotations are assigned to debt based on our usage. When we pay our debts at the agreed time with the agreed amount, we are honoring God. If, on the other hand, we are tardy or unable to pay our debt, then we are disobedient to God. This is consistent with God's Word. The Psalmist wrote, "The wicked borrow and

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<sup>84</sup>Larry Burkett, Your Finances In Changing Times, (Chicago: Moody Press, 1993), p. 51.

do not repay" (Psalm 37:21 N.I.V.). This passage makes it obvious as to where the sin is. It is not in the borrowing, it is borrowing and failing to repay.

Debt can be compared to a television set. It, too, is amoral--a neutral object. When used properly it can be a positive influence in an individual's life. If one chooses to watch programs that would harm their testimony before family or community, then it becomes wrong.

Again, context is the key. While the definition of some words is affected by context, the definition of debt does not change with its context. It remains the same. It always means an obligation. The application of the word debt can change but not its meaning.

### **Is Debt Negative?**

You might ask, If debt is neutral why does God's Word seem to be negative towards it? The answer is, God's Word is not negative towards debt. Larry Burkett says it is, but this is another inaccuracy.

### **Surety**

According to the Burkett Model, Proverbs 17:18 is the passage supporting the negatives of borrowing money. The verse reads, "A man lacking in judgment strikes hands in pledge and puts up security for his neighbor" (N.I.V.). Here, again, Larry Burkett is confusing borrowing with suretyship. As stated previously, when you co-sign you are

assuming the risk of another person's loan should they default. Clearly, that is a reason to be cautious.

When commenting on this very passage, expositors Deane and Taylor-Taswell had this to say:

Where the debtor possessed nothing which he could pledge, he gave the personal security of a friend. This was a very formal proceeding. The surety gave his hand both to the debtor and to the creditor before an assembly legally convened, he deposited a pledge, and, in accordance with this twofold promise, was regarded by the creditor in just the same light as the debtor himself, and treated accordingly.<sup>85</sup>

According to these scholars, debt and surety were different. In fact, both were a normal economic function possessing guidelines. The caution emphasized is in suretyship. If you decide to make a pledge on behalf of another, you must be willing and able to assume total responsibility. This passage is not implying that borrowing money is wrong, it is suggesting the dangers of co-signing for your neighbor on his loan.

### Interest

Burkett will site the negative impact of paying interest to do God's work as reason to avoid a loan. He makes this statement without using Scripture to support it.

However, God's Word does speak to the issue of using inter-

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<sup>85</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Co., 1950), vol. 9: Proverbs, Ecclesiastes, Song of Solomon, by W. J. Deane and S. T. Taylor-Taswell, p. 386.

est. The issue of spending money on interest payments will be discussed further in the next chapter. However, it is necessary to clear up the misconception that the Bible refers to the paying of interest as a negative factor against obtaining a loan.

The Bible does not teach that interest is wrong. It teaches us to avoid usury. Interest and usury are different terms. According to Exodus 22:25, a Hebrew was not permitted to loan a fellow Hebrew (who was poor) money and then charge usury for it. This is because usury, according to Sherman Smith is, ". . . an unfair interest charged on borrowed money . . . " <sup>86</sup>

God's law was designed to protect people, in this case it is the poor. It is not wrong to charge interest for borrowed money. What is wrong, is to charge unfair interest rates, especially to the poor. Smith says, "To extract high interest from a person who has little ability to repay his loan because he has fallen on hard times is against the Word of God." <sup>87</sup> When discussing what a fair interest rate is, Sherman Smith responds, "Around 10 percent." <sup>88</sup>

Borrowing and lending money has been a normal practice of everyday living for thousands of years. Loans were made

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<sup>86</sup>Sherman Smith, Exploding The Doomsday Money Myths, (Nashville: Thomas Nelson Publishing, 1994), p. 115.

<sup>87</sup>Ibid., p. 116.

<sup>88</sup>Ibid.

between fellow Israelites as well as with foreigners. The Bible says, "You may charge a foreigner interest, but not a brother Israelite . . . " (Deuteronomy 23:20 N.I.V.). God never opposed borrowing and lending. He did not object to loans between fellow Hebrews. God's main concern was with how one treated his own. This is why He established parameters to avoid the misuse of the practice. One writer put it this way, "In the Mosaic Law the duty of aiding the poor was strongly emphasized . . . but all loans to fellow-Israelites were to be without interest (Deuteronomy 15:2), and usury was looked upon with deepest contempt."<sup>89</sup>

### **First Century Teachings**

Larry Burkett would like us to believe that all righteous people, prior to the twentieth century, paid cash for everything they purchased. Then, after World War II Americans began a downward spiral toward greed. Finally, it evolved into our debt driven economy of today.<sup>90</sup> Since many (including Christians) have abused the use of credit and since our government has become the greatest perpetrator of this indulgence, Burkett alludes that credit is the sin that will destroy America and usher in the reign of Antichrist.

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<sup>89</sup>Charles Randall Barnes, ed., The People's Bible Encyclopedia, 2 vols. (Chicago: The People's Publication Society, 1910), 1:260.

<sup>90</sup>Larry Burkett, Whatever Happened To The American Dream, (Chicago: Moody Press, 1993), pp. 30-37.

To believe, however, that borrowing money is somehow a contemporary phenomenon is simply not true. Early, in the first century, there was a type of bond called a shetar.<sup>91</sup> Jesus alluded to this kind of document in Luke 16:6 in His parable regarding the shrewd manager. This shetar,

. . . was not signed by the debtor, but only by the witnesses, who wrote their names (or marks) immediately below the lines of the document to prevent fraud. Generally it was further attested by the Sanhedrin of three, and contained the names of creditor and debtor, the amount owing, and the date, together with a clause attaching the property of the debtor. In fact, it was a kind of mortgage. When the debt was paid the legal obligation was simply returned to the debtor; if paid in part, either a new bond was written or a receipt given.<sup>92</sup>

If borrowing money is a negative practice, why does Jesus implement the practice in His teachings about the Kingdom of Heaven? It is because borrowing money is not representative of God's second best. Only those who uphold the Burkett Model believe this. In Matthew 25:27 Jesus rebukes a wicked, lazy servant for not, at the very least, putting his talent (loaned money) in a bank so, at minimum, it would draw interest. Jesus used illustrations that His willing listeners could understand. What was understandable to them was the concept of banking; that is, borrowing and lending. To them borrowing was not something to be considered negative, just another aspect of their lives.

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<sup>91</sup>Charles Randall Barnes, ed., The People's Bible Encyclopedia, 2 vols. (Chicago: The People's Publication Society, 1910), 1:261.

<sup>92</sup>Ibid., pp. 260-261.

### Old Testament References

At this junction, the true definition of the word debt has been determined. It has also been demonstrated that borrowing money is not a scriptural negative. Now, the focus will be turned toward the issue of borrowing money in both the Old and New Testaments.

#### Israel

Those who hold strongly to the Burkett Model like to use Deuteronomy 28:12 as a key passage to support the idea that borrowing money is somehow inappropriate. In this passage, God is speaking to the Hebrews. He says, "The Lord will open the heavens, the storehouse of his bounty, to send rain on your land in season and to bless all the work of your hands. You will lend to many nations but will borrow from none" (N.I.V.).

To understand this verse in context, it is important to know another principle of hermeneutics. All promises in the Bible are not for everyone. There are times when God is speaking to a specific person or group. There are other occasions when He is making a promise that applies universally. Still, there are other moments when the Word of God is addressing a contemporary audience and its promises are for the rest of His children.

Like all other Biblical passages, context is always important in determining interpretation. If Christians are to practice every law and guideline God gave to Israel,

there would be monumental changes in one's lifestyle. For instance, one would be diet. God instructed Israel not to eat any animal that chews its cud but does not have a completely divided hoof or that has a completely divided hoof but does not chew its cud (Deuteronomy 14:7). Another, is the issue of disciplining a rebellious son. According to God's Word, if a son was out of control and would not conform to righteous standards, he was taken before the elders of the town and stoned (Deuteronomy 21:18-21). There are many other examples throughout the book of Deuteronomy as well. There is a very good reason why these activities are not practiced today. They are not universally applied.

To adopt such Old Testament standards for today is absurd. God's Word must be studied in context. When one searches the Scriptures to determine God's standards, there is more work involved than simply identifying the particular verses and reading them through the eyes of western culture. Careful study should be given to discern if a certain passage is for a particular group or if it is to be applied universally.

In the Deuteronomy twenty-eight passage God is making a promise specifically to Israel. He was instructing them to be obedient to all of the laws given to them when they entered the land of Canaan. If they were, they would enjoy bountiful harvests. The result would be to lend to the foreigners. On the other hand, disobedience to God's laws



would produce oppression by the neighboring heathens. God's purpose for this promise was to let the children of Israel know that servitude and obedience to Him would result in blessing. On the other hand, servitude to heathens would result in oppression.

It is important to realize that this promise by God was for Israel nationally. It was not individual. One prominent scholar concurs when he writes:

It is well to remember, as explaining anomalies in the histories of righteous men under the old covenant, that the promises in these verses were primarily national. They could be realized to the individual only in connection with the obedience of the nation as a whole.<sup>93</sup>

To assume Deuteronomy 28:12 is proof that borrowing money to build church buildings is wrong, or inferior to paying cash, is a result of ignoring the context.

There are others who agree with the interpretation that this passage is for Israel alone. Listen to what Sherman Smith writes about Larry Burkett's opinion that this Deuteronomy passage is for Christians today. Smith records, ". . . but his [Burkett's] interpretation of those verses differs with many well-known Bible commentators--Matthew

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<sup>93</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1950), vol. 3: Deuteronomy, Joshua and Judges, by J. Orr, p. 435.

Henry, Strong, Barnes, Young, Adam Clarke--who agree that it is a warning to Israel alone."<sup>94</sup>

### Slavery

Another Old Testament passage Larry Burkett uses to support his view is Proverbs 22:7. The Word of God says, "The rich rule over the poor, and the borrower is servant to the lender" (N.I.V.). Burkett believes borrowing money causes you to become a slave. This position of servitude is not becoming to any believer who is supposed to be the servant of Christ alone. Therefore, the logic continues, borrowing is less than God's best because it puts the debtor in a position of servitude to someone other than the Lord. Burkett favors this negative connotation that goes with the word slave.

This, like the other inaccuracies sounds good, but it, too, falls short. Again, the writer agrees with Smith who writes, ". . . the word servant would be better translated obligated in the sense he owes the lender."<sup>95</sup> Another writer lends support to this concept when he addresses the issue of regulations with respect to debtors. When a person borrowed money and could not repay, one of the recourses was, ". . . the debtor might be sold, with wife and children, as hired servants (not slaves) until the [year of]

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<sup>94</sup>Sherman Smith, Exploding The Doomsday Money Myths, (Nashville: Thomas Nelson Publishers, 1994), p. 36.

<sup>95</sup>Ibid., p.114.

jubilee."<sup>96</sup> The Bible, therefore, is teaching responsibility with respect to a loan. If you can not repay, then you and your family will work off the debt.

The idea of becoming a slave is not the scriptural interpretation of one who takes out a loan. The correct rendering is that of obligation in respect to responsibility. This becomes clearer when one understands the concept of slavery to a Hebrew. When God gave guidelines to regulate slavery, it was not the kind of slavery we think of in modern day language.

When commenting on the issue of slavery found in Leviticus chapter twenty-five, one writer says:

But the fact that an Israelite could not be kept in slavery for more than six years (Exod.21:2), and that the period of his service had to be still shorter if the jubilee fell before the seventh year, and the further fact that at the time of the jubilee he would not only be free, but recover any ancestral property that he had forfeited, so that he might become once more on an equality with his master, would have made his position totally different from the hopeless, helpless state of the Greek or Roman slave, even without the positive command that he was to be treated, not as a bondservant: but as an hired servant, and as a sojourner.<sup>97</sup>

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<sup>96</sup>Charles Randall Barnes, ed., The People's Bible Encyclopedia, 2 vols. (Chicago: The People's Publication Society, 1910), 1:261.

<sup>97</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1950), vol. 2: Leviticus Numbers, by F. Meyrick, p. 396.

This concept of slavery stands in stark contrast to Burkett's. Slavery, to a Hebrew, was more like a relationship between employer and employee. One never lost his freedom or human rights. He primarily served. Another writer supports this in his research. When explaining the concept of Hebrew slavery he writes:

Masters must treat Hebrew servants as hired servants, not with rigour, but with courteous considerateness as brethren, and liberally remunerate them at the close of their service.<sup>98</sup>

This same idea of slavery carries over into the New Testament as well. When the apostle Paul considered himself a slave to Jesus Christ, he meant a commitment to freely carry out His will. Christianity is not slavery in the sense of bondage without freedom or rights. It is, however, liberty to serve the Lord.

### **Moses and Solomon**

The Burkett Model on church financing sites references to houses of worship in the Old Testament as a model for churches today. Since neither Moses nor Solomon had to take out a bank loan to construct the tabernacle and temple, neither should New Testament churches take out loans to finance their houses of worship.

Exodus chapter twenty-five is the record of Moses receiving unprovoked gifts from the Hebrews to construct the

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<sup>98</sup>A. R. Fausset, Bible Cyclopaedia, (Hartford: S. S. Scranton Company, 1909), p. 656.

tabernacle. 1 Kings six is the account of Solomon's building of the temple. While both structures can be viewed as a foreshadowing of the New Testament church, that is the extent of the analogy. The Old Testament houses of worship were erected during different economies from our present. There were no banks or other lending institutions from which to obtain a loan.

A second difference is seen when one recognizes for whom the structures were built. Both the tabernacle and the temple were to be places of worship for the entire Israelite nation. It would not be difficult to build just one house of worship (viz. the tabernacle) from offerings taken from approximately two million people. As for the temple, the nation of Israel had never experienced prosperity like it had seen under the reign of Solomon. In other words, there was no need to build a church on every street corner, nor was it necessary to have a bank to supply any of the funds.

A third reason the Old Testament structures are bad analogies is because they were divinely directed. Both the plans for the tabernacle and the temple were given by God, Himself. As one writer put it, "The ark of Noah, the tabernacle of Moses, and the temple of Solomon, are probably the only buildings ever erected from plans furnished by direct revelation."<sup>99</sup>

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<sup>99</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1950), vol. 1: Genesis Exodus, by J. Orr, p. 243.

The Burkett Model needs to distinguish between God's activities in the Old Testament versus His dealings in the New Testament. Even though "God is the same yesterday, today and forever," His methods are subject to change according to His choosing. Contrary to Larry Burkett's exegesis, borrowing money is not a negative practice verified by Old Testament Scriptures.

### **New Testament Passages**

Not only does the Burkett Model on church finance misappropriate the Old Testament Scriptures, but it also makes grave mistakes with regards to the New Testament. It has already been established that Jesus spoke in several parables about borrowing money. Yet not one time did He condemn the practice. The way Larry Burkett uses the New Testament to support his "no borrowing" philosophy is by using several passages on giving and God's provision, along with the argument from silence.

### **Giving**

As was noted in chapter three, Larry Burkett believes God expects His children to give to one another to meet their needs as opposed to taking out loans. One passage he uses to support his claim is in the Gospel According to Luke. "Give and it will be given to you. A good measure, pressed down, shaken together and running over, will be

poured into your lap. For with the measure you use, it will be measured to you" (Luke 6:38 N.I.V.).

When one looks at the context, it becomes evident that Jesus is not giving a sermon on loans. His emphasis is on how one should treat his fellow man. "We must expect to be dealt with ourselves as we deal with others,"<sup>100</sup> says Matthew Henry. Since the clear teaching of this verse describes a Christian's attitudes and actions in this life, it is a stretch to implicate a teaching on rejecting loans.

Other Scripture passages used by Larry Burkett are found in Acts chapter four and 2 Corinthians chapter eight. The Acts four passage tells of the early church's commitment toward meeting the needs of the people even if it meant the voluntary selling of one's property. The Burkett philosophy advocates returning to this same spiritual oneness in order to avoid borrowing money for church structures.

But is this the intent of Scripture? Is it even possible? A seminary professor, teaching the book of Acts, had a very important saying. He said that we should seek to teach the experiences of the book of Acts, not seek to experience its teachings. This is because not everything that happened in the book of Acts will be duplicated. When commenting on the unanimity of the Christians in this passage in Acts chapter four, one writer says,

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<sup>100</sup>Matthew Henry, The Bethany Parallel Commentary On The New Testament, (Minneapolis, MN: Bethany House Publishers, 1983), p. 383.

It is safe to say that this verse marks one of the world's largest moral strides of progress. It is a landmark of itself, of widest significance . . . And it has become also a beacon. Some beacons are for warning, but this for encouragement and for inspiration of the highest degree. In the unanimity so novel and surprising found in this passage of sacred history, there is no great difficulty in distinguishing the essential and permanent amid what was accidental and likely to be temporary.<sup>101</sup>

It is ideal to believe that every church will experience the same harmony as the early church in Acts. While, indeed, it is something to work toward, it is not necessarily plausible.

Concerning the passage in 2 Corinthians the attention is turned toward a Christian movement that is now a few decades old. The Macedonians, we are told, "willingly of themselves" gave out of their extreme poverty to help others in need (2 Corinthians 8:1-7). This was so noteworthy that the apostle Paul honors them by recording it in Scripture. But here, again, what is the point? Is this a normal practice? Of course not. It is an exception, not the rule.

One commentator notes this when he writes:

Now, we do not suppose that all religious people in the apostolic age were like these Macedonians. We know they were not. Yet, consider this fact, viz. they were the persons held up as shining examples of what liberality ought to be

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<sup>101</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1950), vol. 18: Acts & Romans, by P. C. Barker, p. 146.



in the Church of Christ . . . It was cordial and voluntary action, no external agency operating to give inducements.<sup>102</sup>

In commenting on this passage, Lipscomb reveals that not only is it unrealistic to believe this type of giving was common in many of the early New Testament churches, but likewise it is not realistic to assume it to be a normal practice today.

Larry Burkett has exhibited, on at least one occasion, an ability to accurately interpret a passage of Scripture in context. That passage is found in the book of Romans. This book contains the verse, "Owe no man anything, but to love one another: for he that loveth another hath fulfilled the law" (Romans 13:8 K.J.V.). When asked if this verse teaches one that God never wants a Christian to borrow money Burkett responds, "My interpretation of Romans 13:8 is that the Apostle Paul was not referring directly to money."<sup>103</sup> It is unfortunate that Mr. Burkett does not use those same principles of hermeneutics on his other Scripture references as well. If he did, there might not have been a Burkett Model of church finance that prohibits churches from borrowing money.

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<sup>102</sup>H. D. M. Spence and Joseph S. Exell, gen. eds., The Pulpit Commentary, 22 vols. (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1950), vol. 19: Corinthians, by C. Lipscomb, p. 201.

<sup>103</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus On The Family Publishers, 1987), p. 90.

## Provision

A second reason the Burkett Model uses to substantiate the claim that churches should not borrow is an understanding of God's provisions. Two prominent New Testament passages used are Philippians 4:19 and 2 Corinthians 9:6-8.

In the Philippians passage the apostle Paul is reminding the believers that God will supply all of their "needs according to His glorious riches in Christ Jesus" (Philippians 4:19 N.I.V.). It would appear that Larry Burkett interprets this verse to mean, if one has a need for a building then God will supply it. However, it will not be through a bank loan. Can this interpretation be included in the apostle's encouragement to the believers at Philippi? Not likely.

The context of the verse involves Paul's reminiscence of how the Philippians (probably part of the Macedonian churches spoken of in 2 Corinthians chapter eight) had given to him and others, sacrificially. Paul's reminder is that God will supply their every need due to their faithfulness toward Him.

Since church loans are not implied here, one is left to decide based on other criteria. The Burkett Model categorically denies the possibility of God using a loan to supply a need for a building.<sup>104</sup> But this would merely be opinion.

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<sup>104</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus On The Family Publishers, 1987), p. 96.

God could provide through cash or through a loan. Since borrowing money is not sin, it cannot become a "fleece" for determining whether or not it is a need.

### Silence

A third reason Burkett is against churches borrowing money, according to New Testament Scriptures, can be seen in his statement, "In the New Testament, there are no direct references to church buildings or their funding."<sup>105</sup> Therefore, Larry Burkett concludes churches today should not borrow money.

The late Dr. Francis Schaeffer states a contrary position in his book, The Church At The End Of The 20th Century. Concluding his chapter on "Form and Freedom in the Church" Dr. Schaeffer says:

It is my thesis that as we cannot bind men morally except with that which the Scripture clearly commands (beyond that we can only give advice), similarly, anything the New Testament does not command in regard to church form is a freedom to be exercised under the leadership of the Holy Spirit for that particular time and place.<sup>106</sup>

Then, in a footnote, he continues:

It seems clear to me that the opposite cannot be held, namely that only that which is commanded is allowed. If this were the case, then, for example, to have a church building would be wrong and so would having church bells or a pulpit, using books for singing, following any specific order of

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<sup>105</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 79.

<sup>106</sup>Dr. Francis Schaeffer, The Church At The End Of The 20th Century, (Downers Grove: Inter-Varsity Press, 1970), p. 67.

service, standing to sing, and many other like things. If consistently held in practice, I doubt if any church could function or worship.<sup>107</sup>

In other words, the absence of examples of churches borrowing money to purchase land and build facilities in the New Testament is not justification for the Burkett Model to make it a prohibition for today. An argument from silence is usually a weak argument anyway. But in this case, it is not even applicable.

If God's Word teaches us debt is not wrong, and if the negative aspect of debt deals only with its misuse, and if both the Old and New Testaments do not give any grounds for preventing churches from borrowing money, then why is Larry Burkett convinced otherwise?

Perhaps the answer can be seen in the following illustration. Understandably, Larry Burkett came into his study on finances with a predisposed negative view of borrowing money. As a financial counselor, he has dealt with hundreds of families who have misused credit. When he would look into God's Word for solutions to these credit problems, he could only see the negative aspect. His conclusion then would be, so many people are having problems with credit it has to be a violation of God's Word. Since the Bible warns us about the misuse of credit it is only logical to conclude that it is God's least acceptable mode of provision.

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<sup>107</sup>Ibid.

This same logic exists with many regarding the Biblical teaching surrounding the use of alcohol. Nowhere in Scripture are we told that alcohol is sinful. Yet, the general consensus among many fundamentalist, evangelical Christians is that the Bible forbids a believer from drinking alcoholic beverages.

Bear in mind that this writer does not drink alcohol. It is a choice not to drink it for reasons other than God having to say, "Thou shalt not." But suffice it to say, God's Word does not teach that alcohol is sinful. God's Word always condemns the misuse of it.

As you look at our society today, you see many people and families who are adversely affected by those who misuse it. If you are one who is constantly exposed to the misuse of alcohol day after day, your natural response to the passages in the Bible dealing with it would be negative. You would see all of the verses that talk of drunkenness, strong drink, et cetera, and would conclude that the Bible teaches drinking alcohol is sin.

If you came away with that conclusion, you would be inaccurate. This is, most likely, what has happened to Larry Burkett. In a desire to help many Christians overcome their misuse of credit, he has thrown the proverbial baby out with the bath water. If you want Christians to stop a bad habit, you do not frighten them, as Burkett does with many of his books, you educate them to the truth. The

Bible is not in opposition toward church loans, it is a freedom to explore. However, like every other freedom we have in Christ there comes responsibility.

## CHAPTER 8

### WHAT ABOUT FISCAL RESPONSIBILITY

It is very popular today to talk about fiscal responsibility. With our country in another election year, politicians are sharpening their budget cutting swords to convince a majority of the populace how they are more responsible than their opponent.

In fact, who would have ever dreamed that our national politicians would actually be putting together legislation to produce a balanced budget within seven years! It is amazing how monumental something as basic as a balanced budget is for our representatives in Washington D.C. to actually accomplish. How can it take years (even decades) to discover that spending more money than you take in is going to destroy you?

The same thing holds true for our family budgets and our church budgets as well. If we do not spend our God-given resources appropriately, we will reap what we sow.

Along with the concept of fiscal responsibility, there is an aspect of stewardship that goes beyond the need of keeping spending in check with income. That aspect is accountability. This means, we are not only supposed to

spend money within our means but we are to spend the money wisely.

For example, suppose God has blessed a man with a wife and four children. If that husband took his salary each month and spent it on church, food, clothing, education, automobile, home, utilities, recreation, et cetera (and kept the spending within the income) he would be fiscally responsible. However, even if his spending is in line with his income but the amounts he spent in each of the categories of the budget is done irresponsibly, he would be fiscally responsible but a poor steward.

Stewardship is a Biblical concept. It involves not only spending within our means but it also includes responsible spending. God has made it clear in His Word that we are all to give an account of our stewardship at the end of our lives. On this point, there is personal agreement with the Burkett Model.

Our differences, however, are seen in our definitions of what is responsible spending. According to the Burkett Model it is not responsible for a ministry to borrow money to purchase land and construct buildings because of several factors. First, it robs Christians of the need to give. Second, you are wasting God's money on interest that could otherwise further His kingdom. And finally, it denies God the opportunity to provide us with everything we need.



After looking at each of these reasons, you decide for yourself if borrowing money truly is poor stewardship.

### Is Giving Hindered?

To believe a loan robs Christians of the need to give is absurd. Clearly, every loan requires a type of payment plan. If a church has a monthly mortgage payment, Obviously it constitutes a need for people to give.

With the Burkett Model, the assumption is that it is easier for a ministry to obtain a loan than it is for the people to give sacrificially. Thus, a loan circumvents the need for sacrificial giving on the part of the members. There is no question sacrificial giving is a spiritual discipline few Christians practice. However, this is not to say that a church, prior to obtaining a loan, has not already experienced sacrificial giving by its membership.

Here, again, we may differ on the definition of sacrificial. If you are convinced borrowing money is either wrong or the least acceptable method to God, you may not believe a sacrifice has been made until every member in the congregation has sold its cars and taken equity out of their homes to prevent the loan. If, on the other hand, an offering consists of giving an amount of money that truly costs one something, and if an individual is convinced God led them to do such an act, it is sacrificial.

## Tax Structure

Looking at the economy of the United States, one only has to go back over the past forty years to see a trend which explains why there is often a need for borrowing money today. Due to our current tax structure, many families lack the available funds to give as they once did. A recent Washington Times article titled, "Our Problem Isn't Hollywood, It's Government" the writer explains that,

In 1950, the average family with two children paid only 2 percent of its income to the federal government in taxes. That's just \$800.00 from today's \$40,000.00 income standard. . . Today, that same family pays 25 percent--or \$10,000.00--more than ten times the 1950 level."<sup>108</sup>

Statistics show when taxes are levied by the government, disposable income declines. When disposable income declines so does charitable giving. On the other hand, when tax breaks are given, disposable income increases. When disposable income increases, so does charitable giving. In looking at church giving as a percentage, statistics show us that from 1968-1980 membership giving steadily declined fifteen percent. From 1981-1987 the percentage of congregational giving remained the same. Then from 1988-1991 there was another decline of five percent.<sup>109</sup>

What is interesting about these statistics is the only period when giving did not decline was during the 1980's.

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<sup>108</sup>Washington Times, 5 October 1995.

<sup>109</sup>John and Sylvia Ronsvalle, "The State of Church Giving through 1991," The Christian Century 3 (January 1994):7.

During this period of history Ronald Reagan was president and offered tax cuts. Throughout the other years noted, there was very little tax relief given.

Of course a person's commitment to giving to God should not be predicated on his tax structure. However, it is evident that sacrificial giving is the part adversely affected by high taxes. Larry Burkett believes, "It is not a lack of funds that requires a church's borrowing. It is a lack of commitment on the part of God's people to give and trust."<sup>110</sup> But, it seems that statistics prove otherwise. It is not necessarily a lack of commitment but a government burdening people with too many taxes.

#### **Ideal vs. Real**

In an ideal world, every Christian will love God with all of their heart, soul, and mind. God commands it. This means they will give and serve as they should regardless of economic fluctuations. There is no lack of funds for the church because all, at least, tithe. Missionaries are supported and buildings are constructed without borrowing money because everyone is doing what they are commanded.

In the real world, however, there is sin. This sin nature everyone possesses causes many to back slide and render themselves spiritually impotent at times. When this

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<sup>110</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 80.

happens, the responsibility of ministry falls on the shoulders of the ones who are still committed.

According to a principle taught in seminary, eighty percent of the work and giving in ministry, is accomplished by twenty percent of the people. This is not Biblical it is actual. This is not ideal, it is real.

After some observation, it seems that the proponents of the Burkett Model of church financing have difficulty accepting these truths due to their inability to distinguish between the ideal and the real. There is a tendency to over-spiritualize situations. Concerning the church, they want to make important financial decisions with the assumption that everyone is a spiritual giant. But this is not possible before Christ returns.

It is not simply and necessarily a lack of commitment that prevents Christians from giving. Some of the blame is the government's intrusion in our lives that prevents people from giving. There is now, and always will be, a need for Christians to give. That is not the issue. The question should be, how much is left for them to give?

### **Paying Interest**

A second reason the Burkett Model rejects churches borrowing money is because, "Huge sums of God's people's money go to meet interest payments."<sup>111</sup> This is probably

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<sup>111</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 80.

the core argument for the issue of stewardship by the Burkett Model. For some reason, spending money on interest is tantamount to rejecting the Faith.

### Defining Interest

According to the Burkett Model, the interest money could be used to support missionaries or some other spiritual endeavor. Instead, it goes to supporting banks.

Here we have a misunderstanding of what interest really is. Sherman Smith defines interest as, ". . . simply the cost of doing business."<sup>112</sup> The Burkett Model views it as a waste.

Another way to justify paying interest can be seen in a term the business community refers to as opportunity cost. Opportunity cost describes the need for revenue immediately for investment so that an opportunity is not lost due to a decision to wait. According to Helfert:

. . . common sense dictates that the choice between an expenditure now versus the same expenditure some time hence will be to defer the outlay, since normally the opportunity exists to earn a profit on the funds in the meantime. Stated another way, money has a value distinctly related to the timing of its receipt or disbursement, and this value is determined by the opportunity to earn from a normal investment.<sup>113</sup>

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<sup>112</sup>Sherman Smith, Exploding The Doomsday Money Myths, (Nashville: Thomas Nelson Publishing, 1994), p. 112.

<sup>113</sup>Erich A. Helfert, Techniques Of Financial Analysis, 3rd ed. (Illinois: Richard D. Irwin, Inc., 1972), p. 127.

Suppose an individual's car needs to be replaced. If the person's job requires transportation, then it becomes important to obtain it. Obtaining transportation may involve borrowing money for another car. Without a car, he cannot get to work. If he cannot get to work, he does not get paid. If he does not get paid, he gets hungry. This is what is meant by an opportunity cost or the cost of doing business.

The same is true with a church. In the case of a church it is a cost in doing ministry. When our church was first planted, we met in rented facilities. We started supporting missionaries when we became indigenous our second year. As the years progressed we saved a lot of money towards our own building. It was our philosophy to begin allocating ten percent of our annual income to missions. What we discovered was that our growth plateaued when we reached 125 people. Our available rented space would not accommodate any more. In fact, there were no other potential facilities in our community to accommodate growth.

We faced an important decision. We could continue our ministry at approximately 125 people. Each year we would add more to our building fund until we could finally pay cash. We calculated it would take about ten years. In ten years we would have enough money to buy just the land! It would take another ten years to save the money to build the

facility! All of this assumes we are able to continue renting.

In our community, public schools will only rent to churches if they have architectural plans for their own building. This helps to ensure a time of limited rental. Hotels in Williamsburg are plentiful. Unfortunately, you are only able to rent them for church space during the "down time" of the tourist season. In other cases zoning was a problem. It becomes obvious that rental opportunities, in this area, are very limited.

On the other hand, if we borrow the money, build the church, and take on a mortgage we could continue growing and add more missionaries to support. More people means more money which means more ministry. That is the cost of doing business, or in the case of a church, ministry.

One pastor related the account of how his church built a 2.7 million dollar sanctuary in 1990. They raised one million dollars cash and financed the other 1.7 million. (By the way, their church gives twenty-six percent of an annual one million dollar budget to missions). This would not be possible had they not been able to finance the construction of a new auditorium to keep up with the growth. It would be a shame to reject support to many of these missionaries while the church waited to save up enough money to pay cash for their new facility.

### Interest Is Unavoidable

Even if a person is successful at avoiding a loan throughout their entire life, they are still not totally immune to some participation in the interest paying process. As Sherman Smith writes, "If it is wrong to pay interest, then it must also be wrong to collect interest."<sup>114</sup> When we put our money in the bank (to collect interest) the bank takes our money and loans it to other people. That is how banks make a profit. The profit a bank collects is then used to pay interest to our account. "If interest and borrowing are wrong, then you should keep your money out of the banks because they pay interest to you while charging other people interest to borrow your money."<sup>115</sup>

Another example of being unable to avoid the interest issue when putting money in a bank, is that you become a lender. Sherman Smith appropriately says,

You may say, but I'm not lending anyone money. Let me ask this question: Where do you put your money? In the bank? What do banks do with the money you deposit? Lend it to other people. That makes you a lender.<sup>116</sup>

To avoid hypocrisy, the adherents to the Burkett philosophy need to take all of their money out of the bank and bury it in the backyard.

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<sup>114</sup>Sherman Smith, Exploding The Doomsday Money Myths, (Nashville: Thomas Nelson Publishing, 1994) p. 117.

<sup>115</sup>Ibid.

<sup>116</sup>Ibid.



This may sound like an exaggeration, but it is not. This is one of the major difficulties with the Burkett thinking. The objectives are noble. The ideas sound good, in theory, but pragmatically they become hypocritical. Even scripturally they are seen as errant. As was mentioned previously, Jesus told the parable of the wicked, lazy servant who at the very least, "should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest" (Matthew 25:27 N.I.V.). It is impossible for a person to practice the Burkett Model without, at some point, showing inconsistencies.

#### Investment Inconsistencies

Since stewardship includes a person's investment strategy, it is important to also show an inconsistency in the Burkett Model when dealing with this issue. In his book, Investing For The Future, Larry Burkett gives his reasons why our country is approaching a financial collapse. It is his theory that our "debt driven" economy will eventually catch up with us and destroy our nation. He goes on to describe his prediction of another Great Depression looming over the horizon when he writes, "Depression in a debt-run economy is as certain as death. The question is not "if," but "when."<sup>117</sup> A few chapters later, he gives advice regarding good investments. His, "Best Investment #6" is

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<sup>117</sup>Larry Burkett, Investing For The Future, (U.S.A.: Scripture Press Publications, 1992), p. 20.

government backed securities.<sup>118</sup> Here is the inconsistency. If one is to be preparing for a financial disaster by the U.S. government, why would he want to invest in it?

### Limits God?

The third reason the Burkett Model rejects churches borrowing money as good stewardship is it denies God the opportunity to provide us with everything we need.<sup>119</sup> As Christians, just about all of us would agree God promises to meet our needs not our wants. Our basic needs are considered to be food, clothing and shelter. However, one's culture often dictates needs, particularly in regards to ministry.

Ministry takes place in a culture. Different areas have different cultures. Cultures do not just change from country to country. There are different cultures existing within a country. In fact, you can have differing cultures in the same city. Just take a trip to New York City (or any other major city in the U.S.) and you will see the many varieties of people. Culture changes are not limited to ethnicity or religion. There also exist many sub-cultures within a people group.

While serving as an associate pastor in Virginia Beach, Virginia, the church was composed of predominantly middle-

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<sup>118</sup>Ibid., pp. 89-90.

<sup>119</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus On The Family Publishing, 1987), p. 98.

class people who were considered to be a part of the "Bible belt" in this country. But the people fifty miles north to Williamsburg, manifested a different culture. They were still predominantly middle-class, however, they were more educated and did not possess the "Bible belt" mentality.

The ability to adapt was crucial. Several other pastors had come to this community to start a church and in a few years failed. It appeared that it was due to their inability to adapt to the culture. The methods they used would attract many lower-middle class people. Williamsburg, however, has a majority of upper-middle and upper class individuals.

Part of the culture of our community is that people are generally not inclined to worship God in a building other than a church building. It has to do with status. Church planters certainly do not like it. However, it does not change reality.

God has made it clear that we are to go out into the world and preach the gospel and make disciples. If God's message is not heard, His ministry is limited. If God's message is heard by borrowing money (within the budget) and constructing a building, why is that not good stewardship? It is not an issue between needs and wants. If our culture permits a building to be constructed of straw, then so be it. Missiologists teach us that people come to Christ when they have to cross the fewest barriers. If a church

building (or the lack of one) is a barrier to the gospel, then it should not be considered unspiritual to pursue one.

You might say that if it was that important to have a building then God would provide the cash. In fact, that is almost what Larry Burkett says when he writes, "It seems contradictory to profess the belief that God can heal the sick, feed the poor, and even transform the very heart of a corrupt man, but He can't supply the funds in advance with which to do these things."<sup>120</sup> The truth is, God can supply funds in advance to accomplish His purpose. The issue is not can He but will he.

One only has to walk down the halls of The Children's Hospital of the King's Daughters, for his heart to ache on behalf of the number of little children who are suffering from the result of Adam's sin. According to the Bible, God can heal every one of those children. He is the Creator. He is the omnipotent God. But that does not mean He will heal each of them.

### **Borrowing Guidelines**

Concerning church loans, God can get glory through providing cash in advance or through a congregation who gives sacrificially and still needs a loan to complete the project. The question would then arise, how much can one borrow? Stiles states the obvious when he says, "A church

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<sup>120</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 78.

should not obligate itself in such a way as to jeopardize its credit or to require the curtailment of its regular ministry or mission."<sup>121</sup> Since there is no easy "one-size-fits-all" approach, Stiles offers a suggestion. When determining how much to borrow he believes you should consider the strength of the church, the need for the building, and the possibilities of growth.<sup>122</sup>

Another writer offers this advice when deciding how much to borrow. According to McCormick the rate of growth in a community has a lot to do with the amount a church should borrow.<sup>123</sup> The average amount a church should allocate is between twenty-five and thirty-five percent. McCormick then says that the way to determine which percentage is to be considered is accomplished in the following manner:

A no-growth situation signals a church to guard against committing more than 25 percent of budget to debt retirement. Conversely, a rapidly growing church can often handle debt payments of 30 to 35 percent of budget.<sup>124</sup>

Another method of calculating the safe borrowing potential of a church is based on 75 percent of the property

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<sup>121</sup>Joseph Stiles, Acquiring And Developing Church Real Estate, (New Jersey: Prentice-Hall Inc., 1965), p. 129.

<sup>122</sup>Ibid.

<sup>123</sup>Gwenn E. McCormick, Planning And Building Church Facilities, (Nashville: Broadman Press, 1992), p.70.

<sup>124</sup>Ibid.

value of the building.<sup>125</sup> McCormick adds, "According to this rule, a church with a property value of \$500,000.00 could safely borrow up to \$375,000.00."<sup>126</sup>

Since there is no exact science for calculating a safe amount to borrow for every church situation, it is important to consider the recommendations offered above to determine an approximation. Ultimately, it will be up to the lending institution and their guidelines as to how much they will loan. This subject will be discussed more in the final chapter dealing with "How To Acquire A Church Loan."

### Conclusion

For a church to borrow money to purchase land and construct buildings is not poor stewardship. With a loan, Christians still have a need to give. Paying interest on a loan enables your ministry to expand, thus enabling even more ministry to occur. Finally, we see how God provides us with all of our needs including a loan when necessary.

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<sup>125</sup>Ibid., p. 72.

<sup>126</sup>Ibid.

## CHAPTER 9

### FINDING GOD'S WILL

There is no doubt one of the single greatest issues Christians wrestle with is finding God's will in important decisions. Some of these decisions include: choosing the right mate, which college to attend, and future vocation.

Few would deny the fact that a congregation's decision to build or expand its facilities for ministry growth would also be included as one of those decisions needing God's will. As already indicated in chapter five, one aspect of the Burkett Model of church financing is that God directs us through money.

This direction could be discerned through the abundance, as well as the lack, of money one possesses. Burkett writes, "If God can direct us by providing, then He can also direct us by withholding."<sup>127</sup>

In the same vein, Burkett teaches when loans are obtained, God's direction can be impeded. When addressing the issue of college loans Burkett says, "Remember that college

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<sup>127</sup>Larry Burkett, Using Your Money Wisely, (Chicago: Moody Press, 1985), p. 80.

loans, like any loans, restrict God's ability to direct us."<sup>128</sup>

Is the issue that simple? It seems the Burkett line of thinking reduces each financial decision to whether or not one has the cash. If a loan is not needed, God's green light is given. However, if a loan is needed God gives the red light to the decision.

This chapter is devoted to, first, addressing the problems the Burkett Model on church finance creates with respect to determining God's will with financial decisions. Second, a scriptural approach will then be given to demonstrate a more equitable method contrary to what Larry Burkett purports.

### Two Problems

When one adopts this philosophy (the Burkett Model) of financial decision making, two problems are created. The first problem is the belief that money is the key issue in the decision. The second problem created is legalism.

#### Money is Key

Certainly money is an important variable in making financial decisions. But it is not necessarily the most important factor, especially if the decision is between

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<sup>128</sup>Larry Burkett, Answers To Your Family's Financial Questions, (Pomona: Focus On The Family Publishing, 1987), p. 96.



having cash, in advance, versus taking out an affordable loan.

When our church was given the opportunity to purchase a piece of property, we were met with opposition by a couple of families who held to the Burkett Model. The support from these families hinged largely on our church having to borrow the money to purchase the land. They were so consumed with Larry Burkett's teachings against churches borrowing money that they were unable to see the "hand writing on the wall."

It did not matter that the owners of the property reduced their asking price to our offer. Nor did it matter when questions regarding the property were adequately answered prior to the congregational vote. The past history of the church's fiscal responsibility was also of no consequence to them. (The church held a two month surplus of its operating budget in reserve.) According to these families, the only important issue to determine God's leading in the purchase of this real estate was whether or not a loan was necessary.

Having the cash is so important to the disciples of the Burkett Model that there is no need to even pray about the financial decision until God has supplied the money. This single-issue mentality is hindering the growth of so many ministries today. Even if the pastors do not buy into the Burkett philosophy, there are members of the congregation who have. Often when the issue comes up to expand the

ministry, the members who adopt the Burkett philosophy will either cause a schism in the church or leave after finding out they did not get their way. Either way, the church is adversely affected by this teaching.

Money is not the root of all evil, it is the love of it (1 Timothy 6:6-10). It is the opinion of this writer that a person shows love for money when they are consumed by it. Could it not be said that an individual who is excessively worried about always needing money, in advance, is a lover of it? For people to neglect all other variables in a financial decision in order to focus on whether or not a loan is needed, is foolish.

While a lot can be learned about a person by looking at their check book, it is wrong to make borrowing money a litmus test for spirituality. God's Word offers wisdom and principles for managing money and debt. He does not say, or even suggest, borrowing money to further His kingdom is inferior to paying cash.

If it is unwise for a ministry to purchase land or construct facilities, there will be warning signs to help direct in the decision making process. To say, however, it is not God's will simply because the project is being financed, is burdensome and scripturally untrue. God does not withhold His blessing because of financing. We are in disobedience only when we overextend our financial resources

and become delinquent in repaying. As Sherman Smith writes, "Believe me, the wages of sin is not debt."<sup>129</sup>

### Legalism

The second problem encountered when accepting the notion that God's will is impeded by a loan, is it creates legalism. Legalism is damaging. It transfers a Christian's responsibility to allow God's power in his life to a list of rules and regulations.

Legalism produces spiritual laziness. Instead of the hard work it takes to cultivate a growing, maturing relationship with Christ legalists are drawn towards rules which allow a daily, observable test of one's spirituality. This is why legalism is an easy trap.

Most Christians want an assurance they are living a life pleasing to their Savior. In the late sixties through the early seventies, legalistic churches established rules for Christians to determine their devotion to Christ. Rules such as: not attending movie theaters, male haircuts off the ear and collar, female dresses below the knees, females should not wear slacks, church attendance on Sunday night and Wednesday evenings (in addition to Sunday morning), all became verification of one's spirituality. The problem, however, is that not one of these preferences can be substantiated as God's requirements.

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<sup>129</sup>Sherman Smith, Exploding The Doomsday Money Myths, (Nashville: Thomas Nelson Publishing, 1994), p. 115.

The legalists of the first century had the same problem. In an effort to try and show their right relationship with God, Pharisees would establish man-made laws to give themselves a sense of spiritual security. The legalism became so devastating that it caused the Pharisees to reject the true Messiah for allegiance to their rules.

One example of legalism caused by the Burkett philosophy is illustrated by one of his follower's quest for a vehicle. This couple was in the market for a mini-van. After many weeks of searching, they found one they liked. Before making this important purchase, they did a lot of research. They searched a reputable consumer information magazine. Because the vehicle was used they had a mechanic check it to determine the condition. They were able to pay cash.

After all their research and living according to Burkett's guidelines for finances, this couple decided it was God's will for them to buy the van. So they bought it. All was well until they discovered the transmission was bad. During a six month process of trying to get the transmission repaired, the wife of the couple who had purchased the van had a revealing conversation with my wife. She explained how difficult it was to understand the fact that they could have problems with the vehicle when so much effort was taken to be good stewards and follow these guidelines for purchasing a car.

While it was not wrong for them to follow good principles of stewardship, the lesson here is clear. When individuals receive the Burkett teachings, as from an authority, the tendency is to turn them into laws which somehow guarantee God's blessing. It is as if the person is shocked to discover bad things can happen to items they have purchased after obeying all the rules.

Even after following a godly, well-meaning person's advice, the absence of problems is not assured. When God gives principles it is not because by following these guidelines He is guaranteeing our desired outcome. God's Word promises "He will work all things together for the good . . ." (Romans 8:28), not for our expectations. Even Burkett understands this when he writes, "A principle is an instruction to help guide our decisions. A law is an absolute. Negative consequences may follow from ignoring a principle, but punishment is the likely consequence of ignoring a law."<sup>130</sup> What he fails to include is the reality that sometimes undesirable things happen even when one does follow God's principles, as in the case of Job, Joseph and Daniel. We must be listening for God's lesson rather than obligating Him to bless in our way and our time.

One cannot honestly handle the Scriptures and conclude there is a dogmatic prohibition toward churches borrowing

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<sup>130</sup>Larry Burkett, Victory Over Debt, (Chicago: Northfield Publishing, 1992), p. 55.

money. Nowhere does God even hint that for churches to borrow money to purchase land and build buildings, are they violating a law. In fact, they are not even violating God's principles. If anyone's principles are being violated they are Larry Burkett's. Since he is not the final authority, then financial liberty is granted.

### Biblical Approach

When seeking God's will for one's life, the process is much easier than one could imagine. The Bible is very clear as to what God desires from everyone. Five Biblical passages are dedicated to understanding the will of God. As John MacArthur says, "God's will is that you be saved, Spirit-filled, sanctified, submissive and suffering."<sup>131</sup>

### Saved

The apostle Paul wrote to Timothy saying, "This is good, and pleases God our Savior, who wants all men to be saved and to come to a knowledge of the truth" (1 Timothy 2:3-4 N.I.V.). God's will for all of mankind has never changed. He desires repentance of sins and the acceptance of the substitutionary death of Jesus Christ as the only way to obtain eternal life. Even though His free gift of salvation will never be realized by every man, woman and child, it does not remove His desire to see it accomplished. For

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<sup>131</sup>John MacArthur, Jr., Found: God's Will, rev. ed. (Wheaton: Victor Books, 1977), p. 57.

everyone who does receive Jesus Christ as personal Savior, they are fulfilling one aspect of His will for their life.

### **Spirit-filled**

After salvation, the second aspect of God's will for everyone is to allow the Holy Spirit to continue filling you. This act of the Holy Spirit is different from what He does at salvation. According to Romans chapter eight, verse nine the Holy Spirit is within every Christian. If He is absent from one's life it is evident that a new birth in Jesus Christ has not occurred.

However, just because one possesses the Holy Spirit, does not mean he is filled with the Spirit. When an individual becomes "born again" they start spiritually the same way they began physically, as an infant. Spiritual maturity is attained through a gradual process of Bible study, prayer, and commitment to other spiritual disciplines.

Spirit filling is that important aspect of Christian living which enables the believer to experience God's complete control of their life. This means that being filled with the Spirit can occur in a newborn saint as well as a mature saint.

John Walvoord explains the difference between having the Holy Spirit (saved) and being filled with the Spirit. His illustration is a comparison of physical health with spiritual health. Dr. Walvoord writes:

While it is impossible for any Christian to attain spiritual maturity apart from the gradual process which it entails, any Christian upon meeting the conditions may enter at once into all the blessedness of the fullness of the Spirit. The correspondence of spirituality and maturity to the health and growth of the physical body is obvious. A child may be immature as to stage of growth but at the same time be perfectly healthy. Growth of the body requires time and development, while health is an immediate state of the body which determines its present enjoyment and growth.<sup>132</sup>

Being filled with the Spirit then, is the state at which a Christian allows God to be in total control of one's life. This means regardless of how long the individual has been a believer one can enjoy this quality of life.

Of all the ministries of the Holy Spirit, His filling is the only ministry commanded by God for every believer. The Bible says, "Therefore, do not be foolish, but understand what the Lord's will is . . . be filled with the Spirit" (Ephesians 5:17-18 N.I.V.). Again, emphasizing the importance placed on the filling of Spirit Walvoord says, "No Christian can be said to be in the will of God unless he is filled with the Spirit."<sup>133</sup>

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<sup>132</sup>John F. Walvoord, The Holy Spirit, 3rd ed. (Grand Rapids: Zondervan Publishing House, 1958), p. 191.

<sup>133</sup>Ibid., p. 194.



### Sanctified

The third thing God wills for every person is sanctification. In writing to the church at Thessalonica, Paul said, "It is God's will that you should be sanctified . . ." (1 Thessalonians 4:3 N.I.V.).

In this passage God instructs the Christian to live a life of purity. In the following verses Paul describes for the believer what it means to be pure. First, avoid sexual immorality (v 3). Second, control your own body (vv 4,5). And finally, treat your brother fairly (v 6).

God's will is for every believer to live a life that is consistent with the name Christian. Christianity marks the end of an old life and the beginning of a new one.

Sanctification is actually a control issue. If one allows the flesh to be in control, purity will not be evident. On the other hand, if the Holy Spirit is in control, purity will abound.

### Submission

A fourth thing God wills for every person is to faithfully submit to every authority. Peter writes, "Submit yourselves for the Lord's sake to every authority instituted among men . . . For it is God's will . . ." (1 Peter 2:13-15).

The context reveals that Peter wrote this to Christians showing the importance of submitting even to a heathen government. The notoriously cruel Nero was Rome's emperor at

the time. History reveals his atrocities committed against Christians. God's instructions are, therefore, to uphold a Christian testimony no matter what oppression you may encounter. In doing this a good Christian witness will be maintained. Persecution should result from obeying God, not from breaking moral or civil laws.

### **Suffering**

While here on earth, Jesus was very clear that participation in His kingdom would not come without a cost. He reminded His disciples that, "If the world hates you, keep in mind that it hated me first" (John 15:18 N.I.V.). Peter adds as a part of a farewell address, "And the God of all grace, who called you to his eternal glory in Christ, after you have suffered a little while, will himself restore you and make you strong, firm and steadfast" (1 Peter 5:10 N.I.V.). And the apostle Paul, writing to Timothy said, "In fact, everyone who wants to live a godly life in Christ Jesus will be persecuted" (2 Timothy 3:12 N.I.V.).

Each of these men says the same thing. It is part of God's will for every believer to experience persecution. This is because, ". . . testing of your faith [persecution] develops perseverance. Perseverance must finish its work so that you may be mature and complete, not lacking anything" (James 1:2-4 N.I.V.). It is God's will for us to become mature. Through the temporary trials of this world this goal is achieved. Therefore, every believer should live a

life of boldness for Jesus Christ even if brings with it less than desirable consequences.

That is God's will. Everyone should be saved, filled with Spirit, sanctified, submissive and suffering. So what does that have to do with church finances? Everything! The Bible shows that God's will is to be in tune with Him. When that happens, there is freedom to do whatever one desires that is not forbidden in Scripture. That is Christianity. It is liberty. It is not God's intent to dictate every facet of the Christian life. It is only His desire to provide foundational principles for governing. The rest is up to the individual to decide.

#### **How To Decide**

Church financing would be included in the list of freedoms Christians have. If God was opposed to churches borrowing money He would have indicated it. But since He did not, it is a freedom that all believers possess. This concept can be further understood in Gary Friesen's book, Decision Making & the Will of God.

In his book, Friesen demonstrates the fallacies of the "traditional view" of finding God's will. According to the author, the traditional view teaches, ". . . an ideal plan uniquely designed for each believer . . ." <sup>134</sup> This ideal plan is known as the individual will of God. Friesen

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<sup>134</sup>Gary Friesen, Decision Making & the Will of God, (Portland: Multnomah Press, 1980), p. 82.

comments on this concept when he says, "It is our contention, by contrast, that the idea of an individual will of God for every detail of a person's life is not found in Scripture."<sup>135</sup>

As an alternative to the "individual will" concept, Gary Friesen offers his scriptural conclusion to God's way of leading. His method is the "wisdom view."<sup>136</sup>

According to the wisdom view there are three principles in the decision making process.

1. In those areas specifically addressed by the Bible, the revealed commands and principles of God (His moral will) are to be obeyed.
2. In those areas where the Bible gives no command or principle (nonmoral decisions), the believer is free and responsible to choose his own course of action. Any decision made within the moral will of God is acceptable to God.
3. In nonmoral decisions, the objective of the Christian is to make wise decisions on the basis of spiritual expediency.<sup>137</sup>

In summary, Friesen is saying the decisions believers face today are either moral or nonmoral. In the moral decisions, one must turn to the Bible where God has recorded His divine will. However, when it comes to nonmoral issues (including church loans) the believer is given freedom to choose his own action based on wisdom obtained from the data and the Spirit of God.

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<sup>135</sup>Ibid., p. 82-83.

<sup>136</sup>Ibid., p. 199.

<sup>137</sup>Ibid.

The Burkett Model of thinking patterns itself after the "individual will" concept. Burkett writes, "In every decision, accept that God guides your direction."<sup>138</sup>

The context of the remark is regarding financial decisions. Regardless of the context, it is a misleading statement. God does NOT lead us in every financial decision! To believe this would only lead to confusion.

Friesen gives a tremendous illustration in his chapter "Free to Choose" when he describes what could have been Adam and Eve's discussion over what to have for supper one evening. He writes:

"Adam, could you help me for a moment?"

"What seems to be the problem dear?" he replied.

"I'm not sure which of these lovely fruits I should prepare for supper. I've prayed for guidance from the Lord, but I'm not really sure what He wants me to do. I certainly don't want to miss His will on my very first decision. Would you go to the Lord and ask Him what I should do about supper?"

Adam's hunger was intensifying, but he understood Eve's dilemma. So he left her to go speak with the Lord. Shortly, he returned. He appeared perplexed.

"Well?" probed Eve.

"He didn't really answer your question," he answered.

"What do you mean? Didn't He say anything?"

"Oh yes," replied Adam. "But He just repeated what He said earlier today during the garden tour: 'From any tree of the garden you may eat freely; but from the tree of the knowledge of good and evil you shall not eat.' I assure you, Eve, I steered clear of the forbidden tree."

"But that doesn't solve my problem," said Eve. "What should I prepare for tonight?"

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<sup>138</sup>Larry Burkett, Dollars and Sense, (Uhrichsville: Barbour and Company, Inc., 1993), p. 96.

From the rumbling in his stomach, Adam was discovering that lions and tigers are not the only things that growl. So he said, "I've never seen such crisp, juicy apples. I feel a sense of peace about them. Why don't you prepare them for supper? Maybe while you're getting them ready, you'll experience the same peace I have."

"All right Adam," she agreed. "I guess you've had more experience at making decisions than I have. I appreciate your leadership. I'll call you when supper is ready."

"OK," replied Adam, relieved. "I'll get back to my easy bank."

Adam was only half way to the river when he heard Eve's call. He was so hungry that he jogged back to the clearing where she was working. But his anticipation evaporated when he saw her face.

"More problems?" he asked.

"Adam, I just can't decide what I should do with these apples. I could slice them, dice them, mash them, bake them in a pie, a cobbler, fritters, or dumplings. Or we could just polish them and eat them raw. I really want to be your helper, but I also want to be certain of the Lord's will on this decision. Would you be a dear and go just one more time to the Lord with my problem?"

Since he didn't have any better solution himself, Adam did as Eve requested. When he returned, he said, "I got the same answer as before: 'From any tree of the garden you may eat freely; but from the tree of the knowledge of good and evil you shall not eat.'"

Adam and Eve were both silent for a moment. Then Adam said, "You know, Eve, the Lord made that same statement as though it ought to fully answer my question. I'm sure He could have told me what to eat and how to eat it; but I think He wants us to make those decisions. It was the same way with the animals today. He just left their names up to me."

Eve was incredulous. "Do you mean that it doesn't matter which of these fruits we have for supper? Are you telling me that I can't miss God's will in this decision?"

Adam explained: "The only way you could do that is to pick some fruit from the forbidden

tree. But all of these fruits are all right  
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God gives the believer freedom to make decisions in the area of nonmoral issues. This is part of the maturing process in the Christian life. Our Creator does not guide every decision in our lives. He has given us parameters and then allows us to choose. Friesen says,

Just as a wise father trains his children toward maturity by granting increased freedom and responsibility throughout their development, so God has progressively prepared His people to live responsibly within the relatively greater freedom of apostolic revelation (Galatians 4:1-7).<sup>140</sup>

One day this thesis topic developed into a discussion with a fellow believer. This individual began to describe how their family had adopted the Burkett approach for their family finances. After following his criteria for several years, they concluded that it had created a sense of bondage for them. They saw themselves as serving the system rather than the Savior.

This story is not given in an attempt to undermine Larry Burkett's work in the area of personal finances. As previously stated, Mr. Burkett has provided a huge service to the Christian community in this area of personal

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<sup>139</sup>Gary Friesen, Decision Making & the Will of God, (Portland: Multnomah Press, 1980), pp. 165-167.

<sup>140</sup>Ibid., p. 169.

finances. The point, however, is to alert people to the dangers that are associated with his philosophy.

God never intended for Larry Burkett, or any other person's opinions, to take the place of the Holy Spirit. Life's nonmoral decisions are not made by simply following a recipe of rules. They should be made by seeking wisdom, researching the data and then choosing which way is most advantageous.

When Larry Burkett teaches a philosophy of church borrowing where spiritual integrity is lost as a result of a loan, those inclined to believe it will conclude it is a test for determining God's will. When Burkett's opinion is placed on the same level as God's moral will, the logical result is that a church loan equals sin.

However, this study has shown that the absence of the need for borrowing money is not necessarily God's way of leading in the decision-making process. God's Word gives clear instruction regarding His moral will for every one's life. In non-moral decisions, such as church loans, there is freedom to choose.



## CHAPTER 10

### A HISTORICAL LOOK AT FINANCING CHURCH BUILDINGS

The need to fund the construction of church buildings is not a contemporary phenomenon. The method for funding a house of worship has always been dictated by culture and the economy. Since having adequate funds in advance to remove the need for borrowing money is more of the exception rather than the rule, many congregations have found themselves in a position of having to use creative alternatives so that the work of the Lord may continue. Our ancestors were more concerned with a place to meet and worship God rather than the method used for obtaining the building. This can be seen throughout the many eras of our own American history.

#### The Early Settlers

As a resident near the Jamestown settlement, this writer is blessed with the opportunity to visit historic locations that provide live re-enactments of the kind of lives our forefathers experienced. As one tours the various historical places the impact of the spiritual dimension on these early Americans can easily be seen. Contrary to what many historical revisionists of today would have one to

believe, it truly was a freedom to worship God that drove our founding fathers to this New World.

When establishing each community, the first building that was erected by the settlers was usually the church building. The church facility would serve multiple purposes. On Sunday it was a house of worship. On other occasions it provided a town meeting hall to discuss important community issues.

These structures were built with the resource most available--trees. "In the early years churchmen cut the necessary number of trees, brought them to the building site, peeled off the bark, notched the logs, and erected the building."<sup>141</sup> One such example of this type of construction technique is a church found in Hingham, Massachusetts.<sup>142</sup> The Old Ship Meeting House was built in 1681 by church members who cut timber from the forest that surrounded the site.<sup>143</sup> Usually, the most skilled person in the congregation would then be called upon to supervise the construction.<sup>144</sup>

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<sup>141</sup>"Trend to Creative Financing Helps Churches Plan to Build," The Alabama Baptist, 6 May 1982.

<sup>142</sup>Desider Holisher, The House of God, (New York: Crown Publishers, 1946). p. 21.

<sup>143</sup>Ibid.

<sup>144</sup>"Trend to Creative Financing Helps Churches Plan to Build," The Alabama Baptist, 6 May 1982.

This method was crude, but effective. There was no need to pay attention to aesthetics. These early pioneers were more interested in survival not prestige. Therefore, a low-cost, low-maintenance facility was built using the materials at hand.

### The Colonial Era

With the passage of time, life in the New World changed from survival to comfortable living. England became more and more involved in the colonies. Her control could be seen in worship as well as in social and economic policies.

England had a state-run church. Separation of church and state was non-existent. Prior to the American Revolution some of the practices the early settlers came to America to avoid, began to manifest themselves in the colonies. Since the local governments were largely occupied by God-fearing individuals, it was not considered to be a corrupt institution. As a result, there was much cooperation between the church and the state.

Cooperation could be seen in the way taxes were distributed. In a Virginia General Assembly meeting held on April 27, 1728 the following decree was made:

Whereas upon the Erecting the Countys of Brunswick and Spotsylvania the sum of five hundred pounds was given by the General Assembly and deposited in the hands of certain Trustees for the

building a Church and Court House in the said  
county of Brunswick . . . <sup>145</sup>

This indicates the type of relationship the churches had with their governments. Monies were distributed to particular counties, by the governments, for the purpose of constructing not only local government buildings but also churches.

Evidence seems to indicate that as the colonists evolved, their tastes for the finer things of life grew. Their clothing styles, homes, and also their church buildings became objects of status. Cutting down trees and erecting log-cabin-like churches was not acceptable. The advanced styles required more money. Therefore, the necessary funds for accomplishing the task had to be acquired from outside sources. This resulted in government subsidized church buildings. Leach confirms this in one of his writings when he says, "As churches were established Old World methods based on government subsidy and taxation were used to finance them."<sup>146</sup>

This type of church and state marriage may have worked temporarily, however, it later proved to be harmful. When a rumor circulated back to Thomas Jefferson about the prob-

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<sup>145</sup>The Virginia Magazine of History And Biography, "Order for delaying the publick boundaries in Brunswick county," (Richmond, Virginia: The Virginia Historical Society, December, 1925; reprint ed., New York: Kraus Reprint Corporation, 1968), p. 15.

<sup>146</sup>William H. Leach, Handbook of Church Management, (Englewood Cliffs: Prentice-Hall, Inc., 1958), p. 208.

ability of a particular denomination becoming a state religion he responded with his famous "wall of separation" discourse. According to Leach, this action ". . . put the responsibility for financing the local church on the members themselves."<sup>147</sup>

### Late 19th Century

As population expanded west, the need for church buildings increased as well. Ministers found it difficult to establish congregations without money, and potential parishioners had difficulty attaching themselves to ministries that did not have a building.

An evangelical group known as the American Congregational Union saw the advantages of ministries having both worship structures and parsonages.<sup>148</sup> Because of the gifts received from various financial contributors, this organization was able to establish a fund that would aid churches in the construction of buildings for worship. They also provided architectural plans and funding for the homes of the ministers.

The fund was a type of bank. On the one hand it would be a gift to the congregation. However, the donation was not without conditions. Any church receiving money from the Congregational Union was required:

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<sup>147</sup>Ibid.

<sup>148</sup>Church-Building Quarterly, "Obligations of the Trust Mortgage," (July 1883).

to keep the House of Worship insured against loss by fire; to make an annual contribution to the Congregational Union; to remain an Evangelical Congregational church; not to suspend public worship for a year; not to sell or alienate its property without repaying to the Congregational Union the sum received as aid, or securing the same in a manner satisfactory to this Society; not to allow its corporate existence to become impaired by neglect to comply with the laws of the State; to promptly notify the Congregational Union of the facts in case any of the above-mentioned conditions are broken, and thereupon to repay the moneys secured by the Trust Mortgage to the American Congregational Union.<sup>149</sup>

Not only were there conditions, but in some cases interest was paid. The article continues:

When the aid granted by the Congregational Union for the erection of a House of Worship is in the form of a loan, to be repaid on or before a fixed time, the Loan Mortgage given by the church contains essentially the same obligations and conditions as the Trust Mortgage; and it further provides for the payment of interest by the church if the loan is not paid at maturity.<sup>150</sup>

It is evident that, in addition to financial gifts, loans were given to help evangelical ministries establish themselves in the new communities. In fact, records from their quarterly publication give testimonies from various churches who had benefitted from the Congregational Union's

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<sup>149</sup>Ibid., p. 91.

<sup>150</sup>Ibid.

generosity. One particular leader of a church in South Dakota wrote:

It is safe to say, that if these churches all had houses of worship and parsonages, they would have fourfold the moral power that they now do, and would come to self-support about four times as soon as they now do. Every one of them ought to have a house for the Lord, and a house for the Lord's servant. What an additional power it would give us! What a saving it would be in every way!<sup>151</sup>

These testimonies sound like they were taken from church leaders of today, but they were not. Pastors and congregations had the same needs in the late nineteenth century as they do in the late twentieth century. Those needs included houses of worship that would help establish a Christian testimony within a community. After a church had accumulated as much of the necessary finances to build a building on their own, the remaining amounts needed were borrowed.

The need for churches to borrow money for church buildings continued into the early twentieth century as well. William Leach appears to corroborate this assertion when his 1931 church manual records, "There are some churches which will be able to respond to the appeal [to construct church buildings] with cash. Ministers of such churches ought to appreciate their good luck."<sup>152</sup> To

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<sup>151</sup>Ibid. pp. 41-42.

<sup>152</sup>William H. Leach, Church Administration, (Nashville: Cokesbury Press, 1931), p. 265.

emphasize how much of an anomaly it is to pay cash, Leach further adds, "Many have found the work easier by spreading the period of the payments over several years."<sup>153</sup>

### Post World War II

As America rebounded from the impact of the War, prosperity abounded. "Cash was more plentiful and bank loans to churches were obtainable at two or three percent interest."<sup>154</sup> With money this accessible, churches ceased raising the necessary finances in advance or seeking donated building materials from its members. Building loans could be paid off in equal monthly payments for approximately ten years.<sup>155</sup> Therefore, banks would now join other lending institutions as agents for accomplishing the task of constructing houses of worship so the spread of the gospel might continue.

The increasing cost of building has always been relative to the local and national economy. During this era, "Buildings were costing more but people were earning more money and could afford to pay higher building costs."<sup>156</sup> As costs would rise the need for more money rose proportionately. More and more ministries required financial

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<sup>153</sup>Ibid.

<sup>154</sup>"Trend to Creative Financing Helps Churches Plan to Build," The Alabama Baptist, 6 May 1982.

<sup>155</sup>Ibid.

<sup>156</sup>Ibid.



supplements that would enable church construction to continue. Since banks became willing participants, congregations voluntarily accepted their assistance.

### The 1960's & 1970's

By the 1960's mortgaging had become a way of life for most Americans. Enjoy now and pay later became common. As Harrison says, "It is most unusual for a young couple to start married life in their own home, completely furnished and debt free."<sup>157</sup> Likewise, young churches can not be expected to erect facilities debt free. Harrison continues, "Everyone borrows from everyone else . . . it is impossible for the church to escape the need for special financing at some time or another."<sup>158</sup>

Concern for the abuse of too much financing, and changes in the interest rates, led some churches to get involved in special fund-raising programs. According to Schmitt, many books written on church administration in the 1960's had some information on the concept of fund raising; then, in the 1970's the idea was greatly expanded.<sup>159</sup>

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<sup>157</sup>George W. Harrison, Church Fund Raising (New Jersey: Prentice-Hall Inc., 1964), p. 132.

<sup>158</sup>Ibid.

<sup>159</sup>Frank J. Schmitt, "A Practical Introduction To Church Administration", rev. ed., (class notes, Liberty Baptist Theological Seminary, 1991), p. 181.

Fund-raising increased in the 1970's because of the sudden change in the money market in 1979 and 1980.<sup>160</sup>

"When interest rates jumped dramatically from nine percent to nearly twenty percent, banks began to impose a 'floating interest rate.'"<sup>161</sup> Churches soon discovered that a comfortable monthly mortgage payment could become uncomfortable in just a matter of months.

One of the ways to combat the sky-rocketing interest rates was through fund-raising campaigns. The Southern Baptist Churches raised funds in the 1960's through the "Together We Build" campaign.<sup>162</sup> The campaign was designed to save interest money on the remaining amount borrowed. It was believed that for every dollar the church raised it could save between two and three dollars in pay-back interest.<sup>163</sup>

Another method of financing to evolve from this era was the church bond program. According to Schmitt, "church bonds have been used since the mid-1930's."<sup>164</sup> However,

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<sup>160</sup>"Trend to Creative Financing Helps Churches Plan to Build," The Alabama Baptist, 6 May 1982.

<sup>161</sup>Ibid.

<sup>162</sup>Ibid.

<sup>163</sup>Ibid.

<sup>164</sup>Frank J. Schmitt, "A Practical Introduction To Church Administration", rev. ed., (Class Notes, Liberty Baptist Theological Seminary, 1991), p. 187.

"In the 1960's compound interest bonds were created. This revolutionized the church bond industry."<sup>165</sup>

Church bonds can be desirable because they can offer interest rates several percentage points below bank interest rates. The pay-back interest rates are also fixed for the life of the bond. This was something the floating interest rates the banks had in the late 1970's could not offer. Church bonds also provided a means for parishioners to have a vested interest in the building program. Some church members could even choose to give back the interest they earn to the church.

#### The 1990's

In the 1980's the economy began to provide an environment conducive for churches to acquire bank loans. This financial climate continued to improve in the 1990's. With bank interest rates back down in the single digits, and with renewed confidence in churches as safe investments, congregations began looking to these local lenders for their construction needs.

In the 1990's we see churches using a combination of each of the aforementioned methods. Churches often begin by raising as much cash as possible from their members. Then, a fund-raising campaign will be typically invoked to acquire pledges from the congregation over the next three years. Whatever remaining funds are needed will be borrowed.

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<sup>165</sup>Ibid.

Borrowing may take place from bond sales, banks, insurance companies or even denominational assets. Depending on the size of the church, some ministries then provide a portion of the labor with skilled individuals within the congregation to reduce the amount of construction costs.

Frugality is generally the key. Churches will continue to borrow funds to build their worship structures just as they always have. It is not a question of if they will borrow, but rather how much and for how long. With future economic uncertainty, lack of job security, higher taxes, and less disposable income from church members, most ministries are looking to reduce debt and limit the length of time for the debt.

### Conclusion

Americans are survivors. Our freedom allows for creativity and opportunity to achieve regardless of the obstacles. Those who are committed to a cause do not look at life and see problems, they see opportunities. Fortunately, this same attitude has been manifested throughout church history. As the economic climate has changed, churches have adjusted. God is no respecter of economies. His message never changes. While the gospel of Jesus Christ still remains the only hope for mankind, methods used for disseminating the truth are not ordained.

The facts indicate that borrowing funds for church buildings is nothing contemporary. Most church structures

today have been built with the aid of some type of lending institution. Those who proclaim borrowing money is somehow spiritually inferior should refrain from their dogmatism. Few Christians, if any, could trace their spiritual heritage back very far without discovering that it took a local church, borrowing money, to provide the needed environment with which they came to Christ.

There was a popular bumper sticker during the early 1970's in the farming communities of central Pennsylvania that read: "When you complain about the farmer, don't talk with your mouth full." Unless believers can produce scriptural evidence that clearly denounces borrowing money for the financing of church land and facilities, they should keep silent.

PART 3

A STRATEGY FOR CHURCH FINANCING

## CHAPTER 11

### A SEVEN-STEP APPROACH

Since we have established Larry Burkett's "cash only" philosophy to be merely opinion, then what other available alternatives exist? How can a ministry come up with a plan to finance land and buildings when financing is necessary?

The following is a seven-step approach that our church has used to discern an acceptable method of financing our ministry so that growth would not be hindered. This seven-step approach is not canonical nor is it the Biblical way. As shown previously, God has not ordained a method for churches to finance (or not to finance) land and buildings. As previously noted by the late Dr. Francis Schaeffer, freedom is to be exercised under the leadership of the Holy Spirit where no clear scriptural command is given.

It has been proven that there is no clear scriptural command given to prohibit churches from borrowing money. Also absent in Scripture are any indications that financing church buildings is less than God's best. Therefore, the seven-step approach is an option to be considered as a means of determining what a church should do when faced with the

dilemma of taking out a loan or waiting for the cash to be raised.

The Burkett Model teaches us to trust God for the provision of the needed money without taking out a loan. This, however, is merely one possibility. There is nothing wrong with this method as an option for each church to consider. But to say it is God's only way, or the spiritual way, is inaccurate. When a ministry faces the decision of whether or not to finance its land and buildings, the following steps are recommended:

#### **Step 1: Know What God's Word Says**

It is much easier to follow the status quo than it is to do the necessary research on our own. Too often our busy schedules lead us to accepting the advice of others without considering what the Bible says, or does not say, about a particular issue.

It seems that Larry Burkett has successfully captured the minds of many Christians today, with his anti-loan rhetoric, to the point where he is left unchallenged. This is dangerous. Just because a well-intentioned, good Christian advocates a particular view, and sites Scripture passages to support the view, does not mean it is time to become intellectually lazy.

When someone makes a claim, "thus saith the Lord" it is our responsibility to examine the information and determine whether or not it is so. It could be possible that even



though Scripture is used, the very verses quoted could be out of context. It would also be necessary to determine if one's bias has limited the research to avoid any possible contradictions to a pre-conceived theory.

Howard Hendricks deals with this very issue when he writes, "But if we're to have any hope of interpreting God's Word accurately, we've got to start with a fundamental premise: "Meaning" is not our subjective thoughts read into the text but God's objective truth read out of the text."<sup>166</sup> This is why the book of Acts tells us of a group of people called the Bereans. It was the Bereans who "examined the Scriptures every day to see if what Paul said was true" (Acts 17:11 N.I.V.). If the Apostle Paul was not to be left without scrutiny, is it wise to give those who follow him any greater latitude?

Before any church involves itself with a building program, it is wise to know, in advance, the philosophy it holds regarding financing. The leadership should seek God's Word on the subject first, and then teach it to the congregation. When it is established that Scripture is not being compromised they should proceed to the next step.

### **Step 2: Be Sensitive to the Circumstances**

The emphasis of this step is to be "sensitive." While the Christian life is not based upon experiential living,

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<sup>166</sup>Howard G. Hendricks and William D. Hendricks, Living By The Book (Chicago: Moody Press, 1991), p. 197.

there is no doubt regarding the impact of the circumstances in confirming or discouraging the paths we are taking.

New revelation is no longer doled out to believers. The apostle John gives us God's warning concerning additional revelation in his last writing when he says, ". . . If any one adds anything to them [the Bible], God will add to him the plagues described in this book. And if anyone takes words away from this book of prophecy, God will take away from him his share in the tree of life and in the holy city . . . " (Rev. 22:18-19 N.I.V.).

When the canon of Scripture was closed, God chose to limit His dealings with man through His Spirit. There are no more audible voices or direct revelations by angels or God Himself. Therefore, communication with God is through prayer and Bible reading. If no specific Biblical passage exists concerning your particular situation, God's wisdom can be obtained by the indwelling Holy Spirit of the believer. This is why such a premium is placed upon being controlled by the Holy Spirit (Gal. 5:16-26).

Being sensitive to circumstances means you understand how God works in your life. You recognize that Scripture gives specifics on key issues in life, and allows freedom in other areas. You also realize that sensitivity to circumstances is not synonymous with "putting out a fleece." Circumstances do not prove God's will they simply provide opportunity for wise choices. As Garry Friesen puts it:

The decision maker who is seeking [godly] wisdom would determine which circumstances would render a given option wise, and which ones would make it unwise. But he would not view those circumstances as being a message from the Lord.<sup>167</sup>

When our church established the fact that three questions needed to be answered concerning our potential piece of property, it became the circumstances which would help determine the final decision as to whether or not the church would purchase the land. The property we considered had a house sitting on it. The questions surrounding the property dealt mainly with the house. If the circumstances surrounding the decision seem to lean heavily one way or the other, then this should definitely cause one to consider carefully the impact it will have on the outcome and then make the decision accordingly.

### **Step 3: Seek Godly Counsel**

While the congregation is being sensitive to the surrounding circumstances, one important resource of help can be found in godly counsel. Solomon reminds us, "For lack of guidance a nation falls, but many advisors make a victory sure" (Proverbs 11:14 N.I.V.).

It is important for the pastor to not only seek advice from within the ministry, but also to seek it outside of his local congregation. Here, a mentor can prove invaluable. A trusted individual who is older (and preferably been through

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<sup>167</sup>Garry Friesen, Decision Making & the Will of God, (Portland: Multnomah Press, 1980), p. 263-264.

a similar situation) can offer tremendous insight. Also, it would be a good idea for you to consider talking to those who may even disagree with your perspective. This will help remove any unnecessary emotion that may be governing your decision.

Those who pastor, or have pastored, understand how lonely it can be in the ministry. But it is important for each of us to have a friend who is not afraid to honestly tell us when we are wrong. Ministers are often guilty of surrounding themselves predominately with others who frequently agree with them. However, having a few differing personalities is healthy. It forces you to be prepared and to see things from a totally different vantage point.

This step was pivotal in our ministry. In seeking wisdom regarding the need to finance our property, a respected pastor, Dr. Dino Pedrone was contacted. Knowing the building programs and financing he had experienced (as well as his belief that a ministry today should seek to eliminate as much debt as possible), it was presumed that he could give a balanced approach.

During a conversation, he mentioned a book written by Sherman Smith. In his writing, Dr. Smith exposes many of the myths surrounding Larry Burkett's philosophy that churches should not borrow money to purchase land and buildings. This became a key tool in helping to discern the truth associated with this controversial issue. Had the

counsel of another not been sought, a state of personal confusion may have continued.

#### Step 4: Fast and Pray

Now would be a significant time for a church to enter into a time of corporate fasting and praying. In his book, Celebration of Discipline, Richard Foster comments on the importance of fasting when he states, "Fasting helps us keep our balance in life. How quickly we crave things we do not need until we are enslaved by them."<sup>168</sup> When properly executed, a church-wide fast can help to determine if the property and facilities to be financed truly are necessary or if they are an enslavement by our own appetites.

Once it is determined that a fast would be beneficial, it would be wise for the pastor to educate the congregation on how to fast. A series of sermons could be designed to accomplish this. After the congregation is familiar with the concept and procedure a date can be set for the event.

A designated length of time for the fast should be established by the church leadership. Most probably it should be sustained for only one day. This is because for many, it may be a first-time experience. This being the case, you do not want to discourage your people from having a successful experience (if in fact it is their first time fasting).

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<sup>168</sup>Richard J. Foster, Celebration of Discipline, (San Francisco: Harper & Row, 1988), p. 56.

When our ministry was faced with the opportunity to purchase land, we designated a day of prayer and fasting. Since this was an important decision, we wanted to be certain it was not strictly an emotional exercise.

The church leadership chose the day before the congregation was to vote on the matter as the best time to fast and pray. When the fast was over and the congregation came together, there was a sense of unity among the members. For those who participated in the fast, God had given His peace regarding the issue. In this case it was agreed upon, by the majority of the membership, to go ahead and borrow the money to purchase the land.

As in all matters of seeking God's wisdom, the answer is not always going to be a "yes." Fasting is not getting God to do what we want Him to do, it is our submitting to His desires. According to Richard Foster, "To use good things to our own ends is always the sign of false religion."<sup>169</sup> This is probably why Jesus dealt with one's motive in fasting during the Sermon on the Mount. According to our Savior, the hypocrites fasted to accomplish their own means but true believers have a motive of pleasing God (Matthew 6:16-18).

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<sup>169</sup>Ibid., p. 54.

### Step 5: The Peace of God

On the day our church was ready to vote on whether or not to purchase the property, a woman, who was in opposition to the purchase, asked what Scripture God had given the pastor to know that this was the piece of land for us. (She asked this question because she followed the Burkett Model which purports God's leading can only be discerned by not having to borrow money.) The response to her was that there is no Scripture specifically telling us to buy this particular piece of land.

The Bible provides us with many principles by which we should govern our lives. But regarding specifics, there is not enough room in the Word of God to list all of the particular leadings He would have for every Christian who would ever live on the earth. Therefore, He gave to us Philippians 4:6,7.

According to this passage, after we have prayed and made our requests known to God, we would then be given "the peace of God which transcends all understanding." (Philippians 4:7 N.I.V.). This clearly is God's way of instructing His children who are controlled by His Spirit. Any time we are faced with a decision not specifically addressed in Scripture, God is not willing that we should worry over it. His desire is for us to take our concerns to Him in prayer, and then He will provide us with His peace accordingly.

Since the peace of God is a very subjective thing, it is not the only test. There are many ministers who will abuse this very thing and justify anything they want to do all in the name of God "leading" them. But when this step is followed in conjunction with prayer and fasting and seeking God's Word, the truly serious believer can discern whether or not he has been given this peace.

#### **Step 6: Is There Unity?**

God is not the author of confusion, nor does He cause divisions and strife (1 Corinthians 14:33). God is a God of unity and He promotes unity among His children. Therefore, a clear indication as to whether or not a ministry should proceed with its plans would include a spirit of oneness. If there appears to be a strong representation in opposition towards this financial decision, then it is recommended that you reconsider.

But does unity mean a decision should be made unanimously? Certainly not. Since we live in a world infected by sin, we should not expect perfection. This would include our church decisions.

Ostensibly the proponents of the Burkett Model of church financing are also firm believers of what Garry Friesen refers to as the "traditional view" of God's will. Simply put, the traditional view claims that God has an individual will for every Christian and it is up to each Christian to find it.



This is one reason why these Christians believe borrowing money for church expansion is wrong. If, in their belief, God has an individual piece of property specifically for them, then there must be a tangible way for Him to reveal it. Since it is understood there is no direct revelation from God on the matter, they need some objective, verifiable means of confirming God's leading. Money becomes the test.

This concept may work in a single family unit where both husband and wife share the same philosophy. However, the problem is revealed in a church setting where multiple families exist and difficult decisions have to be made.

According to those who adhere to an individual will mentality, there must be unanimity in a financial decision such as this. Anything less would verify the absence of God's approval. When those families, who support the Burkett Model, find themselves in the minority of the decision, their conclusion is that the rest of the congregation is not as spiritual as they are, so they must leave the church.

This is exactly what took place in our ministry. After the vote was taken to purchase the land, only five percent of the congregation was in opposition. As a result, the families who believed it was wrong to purchase the church property by taking out a loan, removed their membership.

Satan would like nothing better than to destroy a ministry's effectiveness. He could do this in a number of ways. He could plant false believers in a church. He could stir up carnal Christians to become a stumbling block. Or, he could just take innocent believers and create a division.

Regardless of what tactic he may use the point is the same, to expect perfect unanimity in all decisions of a church is unrealistic. Again, Friesen recognizes this truth when he writes that ministries operating on the basis of unanimity will discover, "the work would grind to a standstill. And so most churches make decisions on the basis of a majority or two-thirds vote."<sup>170</sup>

Fortunately, God can use disagreement to further His kingdom; just like in the case of Paul and John Mark parting ways. No matter how Satan may attempt to thwart the work of God it is obvious that total solidarity may not always be attainable. Therefore, do not make unanimity the litmus test for unity.

#### **Step 7: Consider Your Options**

Several individuals who are knowledgeable in the area of church finance recognize the need to borrow money. One writer says, "Seldom will even the most successful campaign raise all the money needed for a building program. It will

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<sup>170</sup>Garry Friesen, Decision Making & the Will of God, (Portland: Multnomah Press, 1980), p. 136.

probably be necessary to borrow some money."<sup>171</sup> Another author puts it this way, "Few churches stay in existence for any length of time without resorting at one time or another to the use of borrowed funds."<sup>172</sup>

If your congregation decides to borrow money to purchase church property and/or construct facilities, there are several sources from which to choose. Your options include institutions such as: denominational agencies, endowment insurance policies, loan brokers, church bonds and bank loans.

Some denominations "have a loan fund to help new congregations with loans for buildings and property."<sup>173</sup> An example of using this kind of loan can be seen within the Free Will Baptist denomination. In 1995, a pastor who had planted a church in Grand Junction, Colorado, led his small congregation to purchase a church building. The funds needed to buy the facility were loaned to them through their Free Will Baptist denomination. Since the church was only several months old, traditional lending institutions would not even consider giving them a loan. However, the funds within the Free Will Baptist group were available for such a

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<sup>171</sup>Joseph Stiles, Acquiring And Developing Church Real Estate, (Englewood Cliffs, Prentice Hall, Inc., 1965), p. 126.

<sup>172</sup>David R. Holt, II, Handbook of Church Finance, (New York: The Macmillan Company, 1960), p. 83.

<sup>173</sup>Frank J. Schmitt, "A Practical Introduction To Church Administration", rev. ed., (Class Notes, Liberty Baptist Theological Seminary, 1991), p. 185.

purpose. As a result, the church bought the building and now is growing rapidly and seeking ways to enlarge the building.

When borrowing money from church members, a ministry may repay the lender by making payments to an endowment insurance company.<sup>174</sup> According to Schmitt,

The person making the loan gets his principal back from the insurance company at the end of the policy payment period, plus has protection for the full amount of the loan. The insurance company serves as a middleman.<sup>175</sup>

This method would be most beneficial to congregations requiring smaller loan amounts. Due to the higher building costs of today, seldom would churches be fortunate enough to have an individual with enough money for such an investment.

Another method of securing the needed funds would be to use loan brokers. Leach says, "Some [lending agencies] do not lend their own money but distribute the total amount up in mortgage bonds which are offered for sale to the public."<sup>176</sup> This type of loan is more popular with larger amounts because of the overhead costs and bureaucratic requirements from the state which make loans of less than one hundred thousand dollars impractical.<sup>177</sup>

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<sup>174</sup>Ibid., p. 186.

<sup>175</sup>Ibid.

<sup>176</sup>William H. Leach, Handbook of Church Management, (Englewood Cliffs: Prentice-Hall, Inc., 1958), p. 123.

<sup>177</sup>Ibid.

Church bonds have become another avenue for the church to distribute its indebtedness. They are generally a good alternative for young churches. Schmitt says that church bond programs are basically a way for a ministry to borrow money directly from many individuals, rather than through a lending institution. This financing program provides more flexibility for repaying the loan. It also enables families to initiate personal savings programs and to get more involved with church finances.<sup>178</sup>

The conventional bank loan remains the best alternative when possible. The final chapter will be devoted to showing a church how it should approach the securing of a bank loan if it is determined to be the desired option of the congregation or leadership.

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<sup>178</sup>Frank J. Schmitt, "A Practical Introduction To Church Administration", rev. ed., (Class Notes, Liberty Baptist Theological Seminary, 1991), p. 187.

## CHAPTER 12

### APPLYING FOR A BANK LOAN

Church loans are more readily available today than several decades ago. Even though this leniency exists, there is still a hesitancy on the part of lenders to make loans to churches. This is because church buildings are considered to be single purpose facilities. In other words, if sold, church buildings are not easily adapted to other uses. Another problem is the poor reputation some ministries have created for themselves in the area of business practices. Other concerns include leadership changes, income predominantly made up of free-will offerings and the potential for bad publicity towards the lending institution which forecloses on a church.<sup>179</sup>

These concerns should not prevent churches from borrowing money rather it should create a preparedness when approaching lenders. "When approaching a prospective lending agency, church leaders should never assume an apologetic attitude or the posture of a hat-in-hand mendicant,"<sup>180</sup>

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<sup>179</sup>Joseph Stiles, Acquiring And Developing Church Real Estate, (Englewood Cliffs: Prentice Hall Inc., 1965), p. 126.

<sup>180</sup>C. Harry Atkinson, How To Finance Your Church Building Program, (Westwood: Fleming H. Revell Company, 1963), p. 59.

writes C. Harry Atkinson. If you are a bank you need to make loans in order to make money. Churches will usually not be rejected if they can prove that they are not a high risk.

When approaching a potential lender preparedness should consist of good planning. Loan officers are looking to make good loans. The process will be easier to the degree in which a ministry can prove its worthiness to repay a loan.

It has been said that "character, capacity to pay, and capital" are the watchwords of loaning institutions.<sup>181</sup> With this in mind churches should strive to become a lender's dream not its nightmare.

To reduce the potential of banks making a bad loan to a church, specific guidelines have been established for these lending institutions. These guidelines will be examined under two specific categories. The first is the qualitative data a bank will investigate. The second is the quantitative.

Both qualitative and quantitative analyses should be organized in a proposal to be presented to the bank. The proposal will represent to the lender the planning process the church has undertaken. The proposal should include a financial analysis of the ministry demonstrating an ability to repay the debt. It should also include architectural

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<sup>181</sup>Ibid., p. 61.

drawings with site plans verifying a close estimate of the final cost.

### Qualitative

The qualitative data will show the character of the church. This involves its reputation as a whole as well as the leadership and individual members comprising the organization. Though it is not an exact science, the information obtained will expose any potential problems that may arise if results are negative. On the other hand, it becomes very helpful in confirming a loan when the data gathered is positive.

There will be four qualitative aspects to be considered. The first aspect will evaluate the demographics. The second, will analyze the church leaders. The third, will provide a history of the church. And finally, a look at denominational affiliation will prove valuable.

### Demographics

In establishing a demographic analysis, lending institutions will want to have data for both the location of the building as well as the composition of the congregation.

**Location.** If the bank, from whom the church is seeking a loan, is a community bank where the church will be located much of the demographics will already be known. Since banks are very much aware of the economy surrounding them, they are equipped to know if a church is planning to locate in a



growing area. Should the bank be local, but the individual(s) making the decision to approve the loan be out of the region, the demographic analysis then becomes very important.

According to an interview with a bank vice president, this is the advantage of going through a community bank. This banker says, "Community banks are more likely to lend to churches than regional or multi-regional banks."<sup>182</sup> Another advantage community banks provide is better support in the event of a problem. A phone call can be made directly to a board member or to the president of the bank, himself, if necessary. If, on the other hand, you have some difficulty while dealing with a regional bank, you may be forced to communicate with someone who is out-of-state.<sup>183</sup>

The ability to show growth of a location is an important factor for banks when seeking to make loans. Not only will the information prove invaluable to the lenders but the borrowers want to make sure they are not making financial sacrifices to build a facility where there is either little growth or church saturation. Holt reinforces this by saying:

Before an extensive program of building or remodeling is undertaken, a survey should be made to determine whether the

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<sup>182</sup>Interview with Kenneth Moran, Old Point National Bank, Williamsburg, Virginia, 18 March 1996.

<sup>183</sup>Ibid.

community and therefore the church is expanding, mature, or declining.<sup>184</sup>

Schmitt has good advice when he offers important questions for a community survey to help with a demographic report. The questions would include:

Will the community grow or decline in the future? Will there be a change in the make-up of the population in the future? Is the church impact on the community changing? Should the church erect additional buildings in this community? . . . Where in the community do the present members live?<sup>185</sup>

Schmitt further sites good sources for locating this information. He says,

Some of the places to contact for information will be the Chamber of Commerce, the Planning or Development Office, the State Employment Office, the United States Census Bureau, and the local school district.<sup>186</sup>

**Congregation.** A second type of demographic analysis needed for a bank loan is the composition of the congregation. When writing for a banker's Journal, David Eltringham says that a church demographics should include a

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<sup>184</sup>David R. Holt, II, Handbook of Church Finance, (New York: The Macmillan Company, 1960), p. 89.

<sup>185</sup>Frank J. Schmitt, "A Practical Introduction To Church Administration", rev. ed., (Class Notes, Liberty Baptist Theological Seminary, 1991), p. 169.

<sup>186</sup>Ibid.

breakdown of the membership according to age, geography and income.<sup>187</sup>

Age is important because it helps to determine whether or not a church is attracting new members. A large percentage of members over the age of fifty would signal a problem with the church's longevity. If the congregation is predominantly twenty-five years of age, it may signal a lack of financial stability.<sup>188</sup>

The article then continues with the geography of the member. Geography determines the number of people who drive from out of the area to attend services. If a significant number, then it would indicate a possible inability to minister within the community.

Another pertinent aspect of the members' demographics is the income variable. The income variable helps to show the financial make up of the church.<sup>189</sup> This is where one determines whether white collar, blue collar or a mixture constitutes the giving potential.

### **Church Leaders**

A second qualitative element banks are interested in knowing is the church leadership. This includes pastor, deacons, elders, committee members, et cetera. Eltringham

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<sup>187</sup>David A. Eltringham, "Lending To Churches," The Journal of Commercial Lending (April, 1994): 36-37.

<sup>188</sup>Ibid., p. 37.

<sup>189</sup>Ibid.

believes an investigative background check is necessary, as well as a character assessment of each leader.<sup>190</sup> The objective is to find out if these church representatives have a good reputation within the community.

Other considerations for the church leadership would include the following:

1. Is there stability in leadership? What would happen if one of the leaders left the church?
2. Do these leaders exhibit conservative business philosophies in the community?
3. Do they offer financial strength, a sense of which can be gleaned from knowledge of them and their businesses?
4. How are decisions made at the church? Will this structure or governing body support the bank's position during a financial crisis?<sup>191</sup>

If a ministry is able to show stability within the leadership, it becomes a tremendous advantage.

The pastor's position is very important. If it appears that he is a major stabilizing force for the church's growth, then the bank will want to have some assurance that the pastor will either stay with the church after the loan has been in place for several years or, be able to give a consent to not leave the church until a church approved replacement is found. A biographical sketch of the pastor would also prove helpful. This can provide information

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<sup>190</sup>Ibid., p. 36.

<sup>191</sup>Ibid.

regarding his educational and ministerial experience, as well as some limited insights on his family.

### Church History

A third qualitative element that banks desire to know is the history of the church. This would include how long the church has been in existence. Eltringham considers churches less than ten years old to be a high risk.<sup>192</sup>

If a ministry is less than ten years old, and the loan is for the first structure, banks will overlook the age issue. Many lending institutions realize that church growth experts speak the truth when they say that when a young church moves from a rented facility into its own building, growth takes place. Timothy Starr reports:

It is obvious that a suitable site and a functional building provide four things to the new church: it tends to stabilize the church, it becomes a testimony to the community, it provides for a fuller ministry and it fosters growth which ultimately leads to a self-supporting church.<sup>193</sup>

Probably just as important as the age of the ministry is an analysis of how the church has evolved over the years. Are there patterns of growth? Has the ministry weathered any disasters? Was the church a result of a church split?

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<sup>192</sup>Ibid., p. 35.

<sup>193</sup>Timothy Starr, Church Planting: Always In Season, (Canada: By the Author, 1978), p. 104.

Each of these questions gives a telling report of what the future may hold for the ministry. While history is important, Ken Moran gives this reminder, "Projected income pays loans not historical data! However, projected income is based on the historical."<sup>194</sup>

### Denominational Affiliation

The fourth element of qualitative data is denominationally related. While this is the weakest of the four elements, nonetheless it does aid in the loan process.

If the church seeking to obtain a loan is affiliated with a mainline denomination, then facts concerning the group are considered helpful. An example of what a bank looks for when a ministry belongs to a denomination is the potential for growth. If a church belongs to a Southern Baptist group, then it is usually believed that new comers to an area (with a Baptist background) will assimilate into that congregation because of the name. However, if a church is non-denominational, then there is the potential for apprehension on behalf of the new comer to the area due to the lack of familiarity with the ministry.

When a church puts together a proposal for a bank loan, it is necessary to include data about the ministry that will emphasize good character. Information regarding the demographics of the area and congregation, along with character

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<sup>194</sup>Interview with Kenneth Moran, Old Point National Bank, Williamsburg, Virginia, 18 March, 1996.

evaluations of the leadership, historical data and denominational affiliation, assist with this process. While these qualitative elements are not as valuable in the loan process as the quantitative, nevertheless they provide pertinent information that can help to enhance the viability of the loan.

### Quantitative

The quantitative analysis of the proposal is the most important portion. It is in this section that a church shows its financial capabilities for repaying the loan. Even though a professional looking proposal should be the goal of every church, in the final analysis, what determines whether or not a bank will lend to the church is cash flow. Simply stated, does the church have the financial strength to comfortably handle the payments?

In an interview with the vice president of Old Point National Bank, Mr. Moran commented on two types of lenders. One is a cash flow lender the other is a collateral lender.<sup>195</sup> A collateral lender is primarily concerned with the value of the object receiving the loan. As long as the ratio of the loan is satisfactorily lower than the value of the object, then the bank believes it is safe in making the loan. In such a case, if the borrower defaults, then the

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<sup>195</sup>Interview with Kenneth Moran, Old Point National Bank, Williamsburg, Virginia, 18 March 1996.

bank takes possession of the object for which the loan was made.<sup>196</sup>

The cash flow lender makes a loan based on the borrower's ability to have enough cash available to make the payments. Since most banks are not interested in foreclosing on various material possessions (especially a church) they prefer to be a cash flow lending institution. Therefore, it is necessary for a church to exhibit a financial strength capable of the amount they desire to borrow. To adequately do this, a good proposal will include a primary source for repayment and a secondary source, which is almost always required, for additional assurances.

#### Primary Source

The primary source for repaying the loan is going to be cash flow. Cash flow is another way of saying "cash available" to repay the loan. A church's cash availability is determined by, ". . . net income . . . , depreciation and amortization, and interest expenses) divided by total debt service (principal and interest owed in the following 12 months)."<sup>197</sup> In other words, cash available to repay a loan is assessed by calculating how much money is left over after you subtract your expenses from the offerings you received that year.

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<sup>196</sup>Ibid.

<sup>197</sup>David L. Eltringham, "Lending To Churches," The Journal Of Commercial Lending (April 1994): 42.



Most church finance experts believe the percentage of the church budget available for repaying a loan should be between twenty-five and thirty-five percent. Holt confirms this when he writes, "As a rule of thumb, no more than 35 per cent of the total budget should be used for debt retirement."<sup>198</sup> Holt also says, "The amount of the total budget used for debt repayment will vary with the size of the budget, the size of the debt, and the church's other obligations."<sup>199</sup>

To illustrate this principle: if a ministry receives \$100,000.00 in total revenue for a fiscal year, the safe amount available for debt retirement would be between twenty-five and thirty-five thousand dollars per year of the annual budget. The remaining funds would be available for salaries, utilities, ministry expenses, et cetera. This is why priorities are important in the church loan decision-making process. No ministry should desire to sacrifice their minister or ministry on the altar of debt retirement.

A budget is the best way to show control of church expenditures. When properly done, a budget can eliminate potential misuses and abuses of funds. Holt defines a budget as:

. . . an instrument of planning and control based on accurate forecasts of

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<sup>198</sup>David R. Holt, II, Handbook Of Church Finance, (New York: Macmillan Company, 1960), p. 90.

<sup>199</sup>Ibid.

anticipated giving and sound proposals for the program of the church for a specified period of time.<sup>200</sup>

Banks are interested in obtaining a copy of your church budget. They want to know not only how much money is generated by the ministry, but also how it is spent. Much effort should be given to as detailed a report as possible. The report should include a history of the budget for at least three years. Some institutions may require five years.

When instructing banks how to examine a church budget Eltringham says, "Look for large fluctuations in line items, and require full explanations concerning their rising or falling levels."<sup>201</sup> Large fluctuations can signal a negative forecast for lenders. If the large fluctuation is a reduction in amounts of revenue, it may indicate that a ministry is declining. If, on the other hand, a ministry has had a drastic increase in a relatively short amount of time, it may cause the borrower to have an overconfident sense of the situation and cause them to borrow too much.

In addition to the budget history, a budget forecast is also vital. Based on past performances a church should be able to project how much revenue they will be generating in the future. This should not only be done factually but also

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<sup>200</sup>Ibid., p. 46.

<sup>201</sup>David A. Eltringham, "Lending To Churches." The Journal Of Commercial Lending (April 1994): 40.

by faith. In addition to exhibiting a projected amount of growth based on previous years, banks will accept projections by faith. Projections by faith are those anticipated increases that the borrowing of the money will create. The key is to show evidence for the faith projection. This would include data from other ministries who have already accomplished what you are endeavoring.

### **Secondary Source**

Secondary sources of loan repayment include collateral and guarantors. The purpose of these two is the providing of an emergency outlet in the event of a problem with the primary source. As stated previously, a bank generally chooses to be cash flow lenders as opposed to collateral lenders. But this, however, does not preclude the need for the collateral or some type of guarantor. The difference is that while collateral is still an issue for cash flow lending it is not the primary source.

**Collateral.** The collateral for the loan is basically measured by the ratio of the value of the object being financed to the loan amount. This is usually accomplished through an appraisal of the project. Another portion of the proposal package must include this appraisal. When banks examine the appraisal Eltringham advises, "The appraisal should include two values: a value in use and a value in exchange. Use a very conservative advance ratio (50-85%)

when possible."<sup>202</sup> The loan to value ratio represents the percentage amount of money the bank will loan to churches. For example, if a church has a building project that will be valued at one million dollars when completed, the bank is suggesting that they will loan the church between five hundred and eight hundred fifty thousand dollars for the project. The remaining amount of money will need to be provided by the church. This information needs to be recorded in the analysis to indicate the church has accomplished the task of counting the cost.

**Guarantors.** A second type of secondary source for repayment is the guarantor. Again, the greater emphasis is not on material possessions of the guarantor but rather cash flow. Individuals who choose to become a guarantor for churches rarely are asked to be responsible for the total loan amount in the event of a default.<sup>203</sup> Typically, banks that are cash flow lenders are looking for ways to guarantee the payment of a loan. This is why some will even institute creative ideas to achieve such a goal.

One method would be to have several guarantors who would obligate themselves to provide the difference of payment for those occasions when funds may be tighter than others. Most guarantors would be required to have some

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<sup>202</sup>Ibid., p. 41.

<sup>203</sup>Interview with Kenneth Moran, Old Point National Bank, Williamsburg, Virginia, 18 March 1996.

liquid assets or a very strong cash flow that would enable them to supply any deficient amounts in the event the church is unable to make a mortgage payment. Another creative method is to require the borrower to put up a certificate of deposit as a type of payment reserve. The certificate of deposit would provide a safety net in the unlikely event that a withdrawal may be made during a time of weak cash flow.

If both the bank and the church take the proper steps in making a loan, the secondary sources will not be used. This is the goal. Eltringham says that what the guarantors of the church members add is strength to the deal.<sup>204</sup> He then adds the guidelines a bank should use to determine if the borrower needs to secure guarantors. The following three criteria are:

- \*[When] the loan is for a project that is based heavily on projected growth.
- \*The church has never had a fund raising campaign.
- \*The church has a very small revenue base (under \$250,000.00 annually or under \$500.00 per giving unit).<sup>205</sup>

It is not so much the guarantor's assets that the lending institution is interested in, rather it is the unresolved commitment of the church members to support the project as evidenced by their willingness to be a guarantor. The bank would believe if the congregation is behind the

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<sup>204</sup>Ibid.

<sup>205</sup>Ibid.

project there would exist a higher percentage that it would succeed. This also creates a bank's willingness to be more aggressive and lenient on the guidelines for the borrowers.

### Conclusion

Banks are looking to make loans. They are showing more and more interest in making loans to churches. It is up to the religious institution to establish themselves as a good risk for the bank to take. This can be accomplished if a proposal is properly prepared. The proposal should include both qualitative and quantitative data to support their claim. The qualitative data should represent the type of character the church purports to have and the quantitative data will establish the church's capacity to financially handle the repayment of the loan.

When the loan is approved several results occur. First, the church receives the necessary funds to expand its ministry. Second, a good working relationship between the bank and the congregation is established. Finally, as the church is able to reach more people with the gospel of Jesus Christ, God receives glory.

## CONCLUSION

In summary, there are several observations that seem appropriate to make. In regard to the permissibility of churches borrowing money to purchase land and facilities, the concept was virtually assumed to be acceptable prior to the influence of Larry Burkett. Many of the authors writing on the subject discussed how to finance a building program--not can one finance it.

Upon the arrival of Larry Burkett, this changed. With his theory that borrowing for church structures is unscriptural, he has successfully saturated many fundamental, Bible-believing Christians with his antichurch-borrowing rhetoric. He has accomplished this through books, tapes, radio broadcasts, and seminars. The result has been retarded growth and confusion within the local churches.

On a more positive note, it is this author's belief that the Scriptures do provide wisdom to counter the Burkett philosophy on church finance and thus liberate ministries to, once again, accept loans as a viable means for financing their facilities. It is also his belief that this paper has indeed identified the errors of the Burkett Model and established a strategy to not only defend the freedom in Christ to choose a loan, but also how to accomplish it.

APPENDIX 1

PROJECT SURVEY



## PASTORAL SURVEY

- 1) The highest academic level of pastoral preparation that I have completed is: Bible Institute \_\_\_\_\_, Bachelor's \_\_\_\_\_, Master's \_\_\_\_\_, Doctorate \_\_\_\_\_.
- 2) I have been a senior pastor for: 1-3 yrs. \_\_\_\_\_, 4-6 yrs. \_\_\_\_\_, 7-10 yrs. \_\_\_\_\_, 11-15 yrs. \_\_\_\_\_, other \_\_\_\_\_.
- 3) I have been ministering in my present church for : 1-3 yrs. \_\_\_\_\_, 4-6 yrs. \_\_\_\_\_, 7-10 yrs. \_\_\_\_\_, 11-15 yrs. \_\_\_\_\_, other \_\_\_\_\_.
- 4) Besides the Bible, the book (or author) that has most influenced my philosophy regarding the financing of church land and facilities is \_\_\_\_\_.
- 5) I planted / assumed the church that I now pastor. (Circle one)
- 6) We currently rent / own our church facility. (Circle one)
- 7) Our annual budget for this year is projected to be approximately : \$50,000 - \$100,000 \_\_\_\_\_, \$101,000 - \$200,000 \_\_\_\_\_, \$201,000 - \$350,000 \_\_\_\_\_, \$351,000 - \$550,000 \_\_\_\_\_, \$551,000 - \$750,000 \_\_\_\_\_, over \$751,000 \_\_\_\_\_.
- 8) We are: a) satisfied with our present facility; b) experiencing crowded conditions and seeking a remedy to this situatuion; c) not overcrowded, but planning to expand the present facility or to build / purchase another facility.
- 9) My first choice for easing an overcrowded situation would be to a) go to multiple sevicees; b) expand by building / purchasing additional space.
- 10) The maximum percentage of our church's monthly budget that we would feel comfortable allocating for a church mortgage payment is: 0% \_\_\_\_\_, 10-20% \_\_\_\_\_, 21-35% \_\_\_\_\_, 36-45% \_\_\_\_\_, 46-55% \_\_\_\_\_, over 56% \_\_\_\_\_.

***FOR EACH OF THE FOLLOWING QUESTIONS PLEASE INDICATE WHAT BEST DESCRIBES YOUR POSITION: STRONGLY AGREE, AGREE, NO OPINION, DISAGREE, STRONGLY DISAGREE.***

- 11) A church mortgage is likely to be a stumbling block to unbelievers. \_\_\_\_\_
- 12) The Bible teaches that a church should NOT borrow money for the purchasing of land / facilities. \_\_\_\_\_
- 13) The Bible forbids Christians from having any type of indebtedness. \_\_\_\_\_
- 14) It is a lack of faith for a church to borrow money to purchase land / facilities. \_\_\_\_\_
- 15) Biblical principles that apply to indebtedness for individuals should be applicable for the local church . \_\_\_\_\_
- 16) A church may borrow money as long as the payments are easily met within the monthly budget. \_\_\_\_\_
- 17) If our church were to borrow money for a new (or to expand a) facility it would create relational conflicts among some of our congregation. \_\_\_\_\_
- 18) God may lead a local church congregation to borrow money to purchase land / facilities. \_\_\_\_\_
- 19) It is important for a church to possess its own facilities. \_\_\_\_\_
- 20) Biblical principles, regarding finances, should NOT be considered applicable for a local church in today's economic climate. \_\_\_\_\_

## APPENDIX 2

### QUESTIONNAIRE SUMMARY

In order to assess the need for this project a questionnaire was developed and mailed to pastors who were graduates of the religion schools at Liberty Bible Institute, Liberty University and Liberty Baptist Theological Seminary. The instrument was designed to gain an understanding of what the pastors believed regarding the permissibility of churches borrowing money to purchase land and/or construct facilities. This instrument, consisting of twenty questions, was mailed to 395 pastors in July of 1995. Eight of the surveys were returned due to incorrect addresses. Of the remaining 387 surveys, 202 (fifty-two percent) were completed and returned. In some instances one or more of the questions were left unanswered. Therefore the reported percentages were calculated using the number of actual responses to the question. As previously stated, the goal of the survey was to obtain the individual pastor's perspective on various components related to the project process.

The first question was designed to determine the level of education the pastor had achieved. Approximately seven percent of the pastors completed the Bible Institute,

twenty-seven percent finished their bachelor's degree, fifty-five percent earned a master's, and the remaining eleven percent achieved their doctorate.

The second and third questions were directed at the length of time the pastor had been serving as a senior pastor and the length of service currently held at their present ministry. There was a wide variety of responses which ranged from one to three years up to fifteen years experience.

The fourth question asked what author or books influenced their philosophy, not including the Bible, regarding the financing of church land and facilities. Approximately twenty percent responded with Larry Burkett or an author who espouses his same philosophy. Another twenty percent indicated an assortment of other authors and the remaining sixty percent did not indicate anyone. One would think this verifies the need for education in this field.

The fifth question informed the writer as to how many planted the church they pastored and how many assumed it. Nearly seventy-five percent assumed their ministries while the remaining twenty-five percent planted their church.

The sixth question indicated whether or not the church they pastored was owned or if a rented facility was used. One person did not answer. Eighty-seven percent of the pastors were in their own facility. The remaining thirteen percent rented.

Question seven gave an indication as to what size the church was. Six options were given. Four participants did not give an answer. Approximately fifty percent indicated their annual budget was of \$100,000.00 per year or less. Nearly twenty-four percent were in the \$101-200,000.00 per year. Nine percent had annual budgets in the \$201-\$350,000.00 range. There were three percent of the respondents who indicated a yearly budget of \$351-550,000.00, and another three percent in the \$551,000-750,000.00 category. The final group represented the largest churches. These ministries had annual budgets that exceeded \$751,000.00. This group made up the remaining five percent.

Two queries sought to find out how comfortable the churches were with their present facilities and how they would handle overcrowding. Question eight showed thirty-six percent of the ministers were satisfied with their present facilities. Thirty-five percent were experiencing crowded conditions and seeking a remedy for the situation. Twenty-three percent were not overcrowded but were planning to build or purchase property. Question nine then revealed that, if overcrowded, what the first choice in providing a remedy for the situation would be. Sixty-nine percent would go to multiple services. Twenty-five percent would expand their facility by building or purchasing additional space and six percent of the respondents had no answer.

Question ten revealed the maximum percentage of the church's monthly budget that they would feel comfortable allocating for a mortgage payment. Twenty-five percent indicated that they would not feel comfortable with a mortgage payment. Forty-nine percent had no problem handling ten to twenty percent of the budget going to debt retirement. Eighteen percent were in the twenty-one to thirty-five percent category. Four percent would allocate thirty-six to forty-five percent of the church budget, four percent did not respond to the question and one pastor had a unique situation that would enable him to designate fifty-six percent of the church budget.

The remaining ten questions proved to be the most insightful portion of the survey. Question eleven had the pastors respond to whether or not they believed having a church mortgage was a stumbling block to unbelievers. Only one pastor did not respond. Sixteen percent agreed with Larry Burkett that it would be a stumbling block. Twelve percent had no opinion. The remaining seventy-two percent did not believe it would cause a stumbling block.

Questions twelve, sixteen, and eighteen were designed to determine the pastor's understanding of his philosophy of church finance and how it related to the rest of the congregation. Question twelve asked if the pastor believed the Bible forbade churches to borrow money for purchasing land or building facilities. Ten percent agreed while another

ten percent had no opinion. There were two who did not respond to it. The remaining eighty percent did not agree. Question sixteen inquired as to whether or not a church could borrow money as long as the payments were easily met within the budget. Thirteen percent disagreed. What was interesting about those who agreed with question twelve is that sixty percent of them disagreed with question sixteen. Six percent had no opinion on number sixteen and four did not even answer it. Eighty percent of the pastors agreed that it was acceptable to borrow money within budget parameters. Question eighteen asked whether or not God could lead a congregation to borrow money to purchase land and/or build facilities. Ten percent disagreed. Again, it was most revealing to see that of those who believe the Bible forbids churches from taking out a loan, only fifty-five percent of them were consistent in saying God cannot lead a congregation to borrow money. Approximately seven percent had no opinion for the question and two did not answer. There are eighty percent who believe God can lead the congregation to borrow money. Of those responding, thirty-three percent were inconsistent with their answers. It appeared to this writer that the inconsistencies between these three questions reveals a need for scriptural teaching on this subject.

Question thirteen asked if the Bible was opposed to Christians having any type of indebtedness. One did not

answer. Nine percent agreed and four percent had no opinion. Eighty-seven percent did not agree with the assumption that the Bible taught such a belief.

Question fourteen dealt with the issue of faith in borrowing money. Almost ten percent believe it is a lack of faith to borrow money for church expansion. Three percent had no opinion and one pastor did not respond. Eighty-six percent did not believe it to be a lack of faith.

Question fifteen indicated that approximately ten percent believed Biblical principles on indebtedness for individuals were different than those for churches. Two percent had no opinion and one individual did not answer. Seventy-eight percent of the men believed God's principles to be the same for both.

Question seventeen was also very revealing. When asked if borrowing money for new or expanded facilities would create relational conflicts with the congregation, thirty percent indicated that it would. This would mean that one out of every three churches would suffer negative consequences from taking out a loan to enhance growth. Seventy percent did not consider it to be divisive.

Question nineteen was another query that provided tremendous insight. It asked the pastor whether or not it was important for a church to own its own facility. Sixteen percent disagreed. It was interesting to note that eighty percent of those in disagreement have their own building.



Nine percent had no opinion to the question and seventy-five percent agreed that it was important to possess one's own facility.

The final question was designed to reveal if the pastor believed Biblical principles, regarding finances, were still applicable today. Every pastor was in agreement.

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