

Guideline Leaflet M05: Guidance Notes for completing the M04 Loan Fund Application Form for Manse Purchases

These notes are intended to help you as you complete the M04 Loan Fund Application Form - for churches seeking a loan in connection with the purchase of a Manse.

Please read these notes carefully as you complete the form.



M05: BAPTIST UNION LOAN FUND: GUIDANCE NOTES FOR COMPLETING APPLICATION FORM M04 (Manse Purchases)

These notes are intended to help you as you complete the M03 Loan Fund Application Form for Manse Purchases. If you need any further help please contact the Loan Fund Officer (Tim Chowns) on 01235 517708 or by email: tchowns@baptist.org.uk.

Please note that we are unable to give a loan if the church are purchasing a Manse jointly with the Minister.

You should also read our leaflet PM1 *Buying a Manse* which is available on the BUGB website.

1. PAPERWORK NEEDED

You will need to send the following documents as explained on page 5 of the form. We do prefer to receive applications in an electronic format but if you are sending paper copies by post you will need to send **two copies** of everything.

Please number all the documents you are sending (including the form) and complete the table on page 6 of the form. If you are unable to supply any of these documents at the time of application please note this in that table and indicate when the documents will be sent.

Documents needed for all applications

- Application Form – fully completed and signed by three Charity Trustees
- The last three years audited/independently examined church accounts
- Budget and information to date for the current financial year
- Church Information Document (see page 3 of the form)
- Pledge List (see section 2 below)
- Copy of the RICS Valuation/Survey Report
- Signed copy of the minutes of the Church Members Meeting when the project or purchase was agreed.

LEPs who have another Denominational Trust Company as their Property Trustees should also include written confirmation from them that they will be willing to consent to the BUC taking a Legal Charge on the property. (See note on page 2)

Scottish Churches should also send the following (see notes on page 4)

- Copy of your Church Constitution
- Name and contact details of the solicitor who will act for your church

2. PLEDGE LIST AND LOAN REPAYMENTS

As part of the application process we need to know how the church will meet the loan repayments. Churches can choose to borrow over any period up to 20 years although we would encourage churches to consider 10 or 15 year loans if at all possible.

At the current rate of interest (3.35%) monthly loan repayments for a 10 year loan are around £98 for every £10,000 borrowed. For example: If a church is wanting to borrow £150,000 over 10 years they will need to be able to make monthly loan repayments of approximately £1473 per month. (£17,673 per year)

For a 15 year loan, monthly repayments are around £71 for every £10,000 borrowed. For example: If a church is wanting to borrow £150,000 over 15 years they will need to be able to make monthly loan repayments of approximately £1060 per month. (£12,736 per year)

For a 20 year loan, monthly repayments are around £57 for every £10,000 borrowed. For example: If a church is wanting to borrow £150,000 over 20 years they will need to be able to make monthly loan repayments of approximately £858 per month. (£10,300 per year)

You will need to provide us with a list of individuals (names not required) and the amounts they have pledged to give, in addition to their normal giving to the church, which together with any reclaimed tax, will cover the total of the annual loan repayments. If the pledge list does not reach this total please indicate how the shortfall will be met.

3. COMPLETING THE APPLICATION FORM (Page 1)

- Please give the name of the church (and the location if this is not obvious from the name of the church)
- Please give the name and contact details of the main contact person. This person is the one we will relate to throughout the application process and should therefore be the person best placed to respond to questions relating to the application.
- If you have a specific property in mind please give the address. If this is not yet known please provide this information at a later date.
- Please provide us with the details of the solicitors you will be using in connection with this purchase.
- Please indicate how much you are applying for. Please note the normal term for the loan is 10 years but you can apply for any term up to 20 years.
- As churches are not normally able to own property in their own name, please let us know in whose name the property will be registered.

PLEASE NOTE THAT

- a) If the property is not to be bought in the name of one of the Baptist Trust Companies then the BUC will need to take out a Legal Charge. The church will need to cover the cost of doing this.
 - b) If you are an LEP and the Property is being bought in the name of another Denominational Trust Company (e.g. Methodist or URC) please check before you submit this application that they are willing to give consent to the BUC placing a Legal Charge on the property. Please include evidence of this as part of your application.
- It is helpful for us to have an indication of when the loan is likely to be needed.

4. COMPLETING THE APPLICATION FORM (Page 2)

This is the page which summarises the financial side of the purchase and there are two important things to note. Firstly the total of the two Funding Sections needs to equal the total cost to the church of this purchase. Secondly the total of the external funding should not exceed 70% of that cost to the church. *(The exception to this is if the church are buying out the minister's share in a property then we can loan up to 70% of the current value of the property.)*

Total Cost to Church: This form covers two basic scenarios.

1. The church is buying a property to use as a Manse which will be wholly owned by the church. If this is the case then please complete boxes A and B to give the total cost to the church in Box E.
2. The church is buying out the Minister's share in a property which they currently own jointly. If this is the case then please complete boxes A and B and the second Box D - "Value of the share owned by the church". $A + B - D$ gives the figure for Box E.

In any of these scenarios the church may want to do some work to the property after it has been purchased and want to include this in the total cost for this 'project'. If this is the case complete box C and add to the relevant calculation for Box E.

Funding – Internal

Please indicate the amounts for the various categories listed and others that may be appropriate to your situation. Hopefully all the categories are self-explanatory but please contact the Loan Fund Officer if you need clarification.

Funding – External

Please indicate the amounts for the various loan funds listed and others that may be appropriate to your situation.

Summary and Reconciliation:

This is the section when you prove that the total funding will meet the cost of the project.

5. COMPLETING THE APPLICATION FORM (Page 3: About your church)

Date formed: The date your church was founded (feel free to add an explanation if this is not straightforward)

Number of Members: The current number of church members

Average attendance at your most popular service: Please give the average number of adults and under 18s who currently attend church services. Please answer this in the way which best suits your circumstances. If you hold more than one service please give the numbers who attend the best-attended one. If you hold two morning services because you can't fit everyone in for one service then you may feel the total number of people attending the two services is the relevant figure to give here.

Total number of Charity Trustees; (Ministers, Deacons, Elders): You don't have to give a breakdown (e.g. 1 Minister, 2 Elders and 6 Deacons) but you can choose to do so. This just helps us to have a 'picture' of the church and the leadership'

Please give the name of your Minister [If you have more than one Minister you can list them all or simply tell us about your 'Senior Minister' or equivalent]

OR: If you are currently in Pastoral Vacancy please give the name of your Moderator.

Which Baptist Union are you in membership with: We only give loans to churches in membership with one of these Unions so please tell us which one you belong to – BUGB (Baptist Union of Great Britain), BUS (Baptist Union of Scotland) or BUW (Baptist Union of Wales) Some Welsh Churches belong to both BUGB and BUW so if that is the case please tick both boxes!

Which local Baptist Association are you in membership with? Please tell us which one you are in membership of if applicable. [Not all churches are in membership of an Association but most are.]

If you are a Registered Charity please give your Charity Number. Most Churches with an annual income of under £100,000 will not be registered. All churches with an income of over £100,000 should be registered. (There are different rules in Scotland)

Has your church become a 'Charitable Incorporated Organisation' or a 'Company Limited by Guarantee'? In most cases the answer will be 'no' as only a few churches have gone down this route.

Please list your current property assets. For example: Chapel, burial ground and Manse

Please make sure you supply the document requested at the bottom of page 3.

6. COMPLETING THE APPLICATION FORM (Page 4: About your church finances)

When is your Financial Year? Hopefully this is self-explanatory

In your last complete financial year, how much was given to the church as offerings?

'Offerings' includes the money given by Standing Order, or other bank transfers as well as money given through the weekly offering.

How much do you hope to receive this financial year in offerings? 'Offerings' defined as above.

How much have you received in this financial year as offerings up to the end of the last complete month?

It will probably be helpful to state which month you are using here as there may be some gap between the form being completed and sent to the Loan Fund Officer.

In your last complete financial year, how much Gift Aid did the church recover? If this was an unusual amount please give an explanation (e.g. '2 years claim' or 'includes a one-off Gift Day')

We then ask you to supply various pieces of information for the last three completed financial years. Please put the relevant years in the column headings and the appropriate information in the boxes. We are only interested in your church's general fund but recognised that you may call it something else.

Contributions to Home Mission and BMS World Mission: Please note that applications may not be considered from churches who do not have a history of giving to BUGB Home Mission (or the Scottish or Welsh equivalents)

If you have an existing loan or mortgage please provide details of amount borrowed, outstanding and payment terms. We need to see what other financial commitments the church has.

Please provide us with any other information about your church finances that you feel may be relevant to your loan application. All churches are unique – use this space to let us know of anything about your finances which you feel may be relevant to your application.

7. COMPLETING THE APPLICATION FORM (Page 5: Signatures)

The form should be signed by three of the church's charity trustees.

Please make sure names are given and their role in the church (e.g. Church Treasurer, Deacon)

8. SCOTTISH CHURCHES

Scottish Churches applying for a loan will need to provide additional information so that a Standard Security can be taken out against the property. The solicitors in Scotland who act for us will need to see your Church Constitution and will also need the name and contact details of the solicitor who will act for you in this matter.

Unless otherwise indicated the name of the Church Contact (page 1 of the form) will be given to our solicitors as the main contact point for the church. You will need to pay all of the costs involved in this which will depend on a number of factors. An indication was given in May 2014 that the costs average out at £500 plus VAT and disbursements.

Important Notes

If an approved loan is not drawn down within six months after the Letter of Offer the church will be required to pay an accommodation fee to the Baptist Union Corporation. This will be 1% per annum of the undrawn balance of the loan (less the first £50,000) payable quarterly in arrears. The fee will cease to be payable as soon as the first substantial loan drawing has taken place.

If an application is withdrawn at any time after it has been submitted then we reserve the right to ask for a contribution towards costs incurred of up to 0.2% of the loan being sought.

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