

Guideline Leaflet M07: Short-term loans for churches

There may be occasions when a church needs to borrow money for a short period (up to 2 years) – usually to bridge the gap between the purchase of one property and the sale of another. This leaflet explains how we can help and also includes an application form.

This Guideline Leaflet is regularly reviewed and updated. To ensure that you are using the most up to date version, please download the leaflet from the BUGB website at www.baptist.org.uk/resources

The date on which the leaflet was last updated can be found on the download page.



M07: BAPTIST UNION LOAN FUND APPLICATIONS FOR SHORT-TERM LOANS

1. INTRODUCTION

This form should only be used where a church is applying for a loan for a property purchase or building work which will be paid back within 2 years following the sale of a property.

If contracts have already been exchanged on the property sale (or will be when the loan is drawn) then this is referred to as a **Closed Short-term Loan**. We are very happy to receive applications on this basis.

If contracts have not been exchanged on the property that you will be selling then this is referred to as an **Open Short-term loan**. We will consider such applications but will only be able to agree them if the circumstances justify the extra risk involved.

If you need any further help or information please contact the Loan Fund Officer (Tim Chowns) on 01235 517708 or by email: tchowns@baptist.org.uk.

2. CONDITIONS

Closed Short-term loans

- We will lend up to 90% of the sale price of the property being sold.
- The interest rate will be 1% above our standard interest rate. Our current interest rate can be found at www.baptist.org.uk/loans
- The church will need to make monthly payments (by Direct Debit) to cover the interest charged on the loan
- We reserve the right to ask for capital repayments to be made if the loan has not been repaid within 2 years.
- We would need assurance that there has been an unconditional exchange of contracts for the property being sold and that it is not occupied on terms that would create uncertainty about vacant possession being available when completion is due.

Open Short-term loans

- We will lend up to 80% of the sale price of the property being sold.
- The interest rate will be 2% above our standard interest rate. Our current interest rate can be found at www.baptist.org.uk/loans
- The church will need to make monthly payments (by Direct Debit) to cover the interest charged on the loan
- We reserve the right to ask for capital repayments to be made if the loan has not been repaid within 2 years.
- We would need assurance that property being sold is not occupied on terms that would create uncertainty about vacant possession being available when a sale is expected to be completed.

3. PAPERWORK NEEDED

You will need to send the following documents as explained at the end 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 for loans of up to £750,000 and **three copies** for loans above £750,000.

Please number all the documents you are sending (including the form) and complete the table on page 2 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.

Please number all the documents you are enclosing and indicate the relevant number in the 'Doc Nos' column. Use the 'Notes' column to indicate 'N/A' or 'To Follow' if appropriate

DOCUMENT	Doc Nos	Notes
Application Form – fully completed and signed by three Charity Trustees (pages 2-8)		
The last three years audited/independently examined church accounts. If your most recent accounts have yet to be finalised please send us a copy of the draft accounts.		
Budget and information to date for the current financial year		
Church Mini-Profile (see below)		
Information about interest payments (see below)		
Copy of the Valuation/Survey Report (must be RICS) for the property which will be sold to repay the loan		
If loan is to enable a new property to be bought please provide us with a copy of the Valuation/Survey Report for this property.		
If loan is to enable a building project to be completed please provide us with details of the total cost of this project		
Signed copy of the minutes of the Church Members Meeting when the purchase (or building project) was agreed.		
Other relevant paperwork indicated in the application – e.g. Planning Permission		

CHURCH INFORMATION DOCUMENT (MAXIMUM 2 SIDES OF A4)

This should tell us something of your church and its mission.

We would like to know something about each of the following.

- Your history, present situation and future vision for the church.
- Your local community and your work and witness within it.
- How the loan will be used and how it will help your church.

LOAN REPAYMENT INFORMATION.

As part of the application process we need to know how the church will meet the interest payments. At the current standard rate of interest (3.1%) we will be charging you 4.1% for a closed short-term loan and 5.1% for an open short-term loan. These repayments will start one month after the loan is released.

The table below gives you the **monthly** interest payments for different size loans.

Loan type	£50,000	£100,000	£250,000	£500,000
Closed (4.1%)	£170.83	£341.67	£854.17	£1708.33
Open (5.1%)	£212.50	£425.00	£1062.50	£2125.00

Please explain how you will meet the monthly interest payments for the loan you are requesting.

Please note that we will be contacting your Association to ask for a report. They will usually find this easier and quicker to do if they are aware of what you are planning to do – and that you are applying for a loan from BULF - before they are asked for a report!

APPLICATION FORM FOR SHORT-TERM LOANS

This form is for churches seeking a short-term loan to enable a property purchase or building work to happen before the sale of other property takes place. Please read the Guidance Notes provided as you complete the form.

Name of Church		<i>Please give the name of the church (and the location if this is not obvious from the name of the church)</i>
Church Address		

Name of Church Contact		<i>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.</i>
Role in Church		
Address		
Daytime Telephone Number(s) Please indicate whether these are home, church, work or mobile numbers. If more than one number given please indicate which one you would prefer us to use.		
Email address		

LOAN REQUESTED	£	CLOSED / OPEN SHORT-TERM LOAN
When do you anticipate you will need the loan?		
<i>Please briefly explain below why you need this loan:</i>		

ABOUT YOUR CHURCH					
Date formed		Number of Members			
Average attendance at your most popular service		Adults		Under 18s	
Total number of Charity Trustees (Ministers, Deacons, Elders)					
Which Baptist Union are in membership with?	BUGB		BUS		BUW
Which local Baptist Association are you in membership with?					
If you are a Registered Charity please give your Charity Number					
Has your church become a 'Charitable Incorporated Organisation' or a 'Company Limited by Guarantee'?					

ABOUT YOUR CHURCH FINANCES – SUMMARY INFORMATION	
When is your Financial Year? e.g. January to December	
In your last complete financial year, how much was given to the church as offerings?	
How much do you hope to receive this financial year in offerings?	
How much have you received in this financial year as offerings up to the end of the last complete month?	
In your last complete financial year, how much Gift Aid did the church recover?	

Please supply the requested information for the last three completed financial years (please give the relevant years in the column headings)			
Financial Year			
Gross Annual Income (General Fund)			
Net surplus or deficit (General Fund)			
Contribution to Home Mission			
Contribution to BMS World Mission			

If you have an existing loan or mortgage please provide details of amount borrowed, outstanding and payment terms.	
Please provide us with any other information about your church finances that you feel may be relevant to your loan application	

PROPERTY TO BE PURCHASED: Please complete this page if the loan is to assist with the purchase of property

Address of Property (if known)		<i>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 also provide us with the details of the solicitors who will be handing the purchase.</i>
Name and Address of Solicitors dealing with the purchase		

Have your Church Members approved the proposed purchase? If YES please give the date of the church meeting which agreed this. IF NO please indicate when this will be taken to a Church Meeting	YES/NO Date:
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<i>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.</i>	
Will the property be purchased in the name of one of the Baptist Trust Companies as Property Trustees?	YES / NO
If YES to above question – which one? If NO to above question, in whose name will it 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.

PROPERTY INFORMATION: Please complete this page if the loan is to assist with the building or redevelopment of church property.

Please list your current property assets. e.g. Chapel and grounds, manse	
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Who are the church's Property Trustees?	
<p><i>This will normally be one of the Baptist Trust Corporations such as the BUC or one of the regional trust bodies (e.g. HEBA or YBA). If you have 'private trustees' which are a group of individuals acting as your trustees, please write 'Private Trustees' on the form rather than the names of the individuals. Applications from churches with Private Trustees will still be considered but there will be additional legal formalities which will be at the church's expense.</i></p> <p><i>If you are an Ecumenical Church with a different denominational Trust Company (e.g. Methodist or URC) as your Property Trustees please check with them before submitting your application that they will be willing to consent to the BUC taking a Legal Charge on the property. This confirmation should be included with the application</i></p>	

Do they have the property deeds?	
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Who are your Insurers?	
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Project Plans and Approvals	
Have your Church Members approved the design and project plan? If YES please give the date of the church meeting which agreed this. IF NO please indicate when this will be taken to a Church Meeting	YES/NO Date:
Have your Property Trustees approved the project?	
Have you received planning permission?	
Have you received Buildings Regulation Approval?	
If your church is a listed building have you received Listed Buildings Consent?	
If you are in a Conservation area have you received Conservation Area consent?	
Is your building affected by any Restrictive Covenants, Rights of Light, or Party Wall legislation? [If 'yes' please provide details separately]	

Professional Advisers: Please give the names of the relevant people working on this project. We will need details of their Professional Indemnity Insurance (PII). Please indicate whether these are enclosed with this form or whether they will follow later.			
	Name (Individual and Firm)	PII included	PII to follow
Architect			
Structural Engineer			
Surveyor			
Quantity Surveyor			

Please indicate (if appropriate) which of the above individuals/firms is running the building contract?	
Who will be responsible for dealing with Construction (Design and Management) Regulations 2007?	
Who will supervise the building project overall on behalf of the church?	

SUMMARY FINANCIAL INFORMATION	£
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Approximate or actual value of property to be purchased		A
OR: Total value of Building Project for which this loan is needed		A
Fees and Expenses		B
TOTAL COST [A+B]		C

CHURCH FUNDING		
Sale price of property being sold		D
OR: Valuation of property to be sold		D
Funds in hand allocated to the project/purchase		
Confirmed/promised loans from Church Members/Attendees		
Other sources of income/donations (please specify)		
TOTAL		E

SHORT-TERM LOAN		
This should not exceed 90% of the figure in box D for a Closed Loan or 80% of the figure in box D for an Open Loan		
BULF Loan requested		F

SUMMARY AND RECONCILIATION		
Church Funding (E)		
BULF Short term Loan (F)		
Grand Total – to balance with Total Cost above (C)		

SIGNATURES

We confirm that to the best of our knowledge the information in this application and the accompanying documentation is correct.

This form should be signed by three people who carry leadership responsibility within the church and are recognised as being the church's Charity Trustees. They are making this loan application on behalf of the church.

Name and Role within church	Signature
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NAME	
ROLE	

NAME	
ROLE	

NAME	
ROLE	

Date of Application:	
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Please ensure you have completed the table on page 2 to indicate which documents you have sent.

Applications should ideally be sent by email to tchowns@baptist.org.uk or as electronic documents on a CD sent to the address below. Please ensure that all electronic documents are clearly numbered and named. All documents requiring signatures should be printed off, signed and then scanned before sending.

If sending paper copies by post please use the address below and send **two copies** of everything for loans of up to £750,000 or **three copies** for loans above £750,000.

Tim Chowns, Loan Fund Officer
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