



LIFE AND MISSION AGENCY
Canadian Ministries
2014-02

Congregational Loans

Canadian Ministries may make principal and interest loans to congregations of The Presbyterian Church in Canada, subject to the availability of funds, provided the congregation meets all terms and conditions.

1. MacBeth Baker Fund

Loans may be made to new congregational developments that have an existing bank loan approved by The Presbyterian Church Building Corporation or the Presbyterian Extension Fund (BC) Ltd., or have arranged other financing acceptable to Canadian Ministries for capital expenses. The loan is to assist congregations pay the principal and interest on debt (above and beyond the regular payment of principal and interest by the congregation) incurred for construction of church facilities.

2. Other

Loans may be made to congregations of The Presbyterian Church in Canada through Canadian Ministries to support congregations. Priority will be given to congregations engaged in new congregational development, grant receiving congregations, congregations without existing loans or debt.

Conditions

- A) The maximum amount of the loan shall not exceed \$50,000 (fifty thousand) or such other amount as determined from time to time by Canadian Ministries in extraordinary circumstances.
- B) The congregation must not borrow additional funds from any source without the written permission of the presbytery and Canadian Ministries until the loan is repaid in full.
- C) The congregation will provide:
 - i) a description of the project
 - ii) a budget for the project, including income and expenditures and the congregation's anticipated contribution
 - iii) current annual congregational budget
 - iv) two estimates (if loan is for capital expenditures)
 - v) provide other related documents as requested from Canadian Ministries
- D) The trustees of the congregation shall seek authorization from the congregation, at a properly called congregational meeting, to request a loan. Appropriate resolution documents are part of the application (see Book of Forms 152, 162.1, 200.8). For example:

At a properly called congregational meeting on February 30, 2014, the question of requesting a loan was considered. On motion of J. Calvin/J. Knox, it was resolved that the congregation of St. Andrew's, O'Leary, PE:

- *transmit a request for a loan from Canadian Ministries for \$10,000 to assist in the repair of the foundation.*
- *empower the trustees of the congregation to sign a promissory note (or other requested security documentation) for the loan requested.*
- *agree to the Conditions and Terms as determined by Canadian Ministries.*
- *covenant that, if at any time further borrowing is contemplated before the loan is paid in full, to obtain written permission from Canadian Ministries and the presbytery.*

E) Congregations shall obtain the permission of the presbytery to request a loan. Recognizing the significant responsibility that presbyteries have for congregations within their bounds, presbyteries will make careful enquiry into the details of each request it receives before endorsing it.

Appropriate resolution documents are a part of the application (see Book of Forms 152, 162.1, 200.8). For example:

At Knox Presbyterian Church, Asquith, Prince Edward Island, the thirty-first day of June, in the year two thousand and fourteen, the Presbytery of Caledonia met and was constituted, with prayer. Among the other matters discussed, the following motion was considered and adopted:

On motion of N. Creed/L. Faith, it was agreed that the Presbytery of Caledonia endorse the loan request of St. Andrew's, O'Leary, PE for \$10, 000 to assist in the repair of the foundation, from and on terms as arranged by Canadian Ministries.

Terms

- A) 1. MacBeth Baker - evidence shall be provided to Canadian Ministries that the minimum annual principal and interest repayment required on the bank loan has been met (or will be met) and, that the congregation is not in arrears on any loan obtained through the courts and structures of The Presbyterian Church in Canada before the loan will be given.
2. Other – that the congregation demonstrates that it is able to pay back the loan based on criteria set by Canadian Ministries.
- B) The loan will be interest free for 15 years from the date on the cheque that has been granted to the congregation.
- C) If the congregation has not repaid the principal amount within the 15 year interest-free period, the amount that remains will be repaid at no more than the prime lending rate in Canada, for Canadian dollars as established by the Scotia Bank.
- D) The remaining amount will be repaid over a period not to exceed 5 years; on a schedule created by Canadian Ministries and agreed to by the congregation; with payments to be made at least twice a year. The schedule will be created during the last year of the interest-free period.
- E) The trustees of the congregation will sign a promissory note for the funds loaned and return the note to Canadian Ministries, with a copy to the Presbytery.
- F) Any other terms as agreed upon by Canadian Ministries and the congregation.