# GUIDELINES
# FOR
# CONGREGATIONAL HOUSING LOANS TO MINISTERS

*The following guidelines for congregational housing loans to ministers were accepted for use in The Presbyterian Church in Canada by the General Assembly in 2001. (See A&P 2001, p. 398-400, 45),*

Many congregations are providing housing allowances to their ministers, instead of the use of a manse. In 1989, the General Assembly, through the report of the Administrative Council, noted the changing situation with regard to manses, and opened up in a more explicit way the option of home ownership for ministers. (See A&P 1989, p. 215-16.)

When a congregation or minister wishes to change from a manse to a housing allowance, a number of issues arise. If a congregation sells its manse, will it have the resources to provide adequately for the housing of subsequent ministers? How should an appropriate housing allowance be established?

When congregations wish to assist their ministers by making a loan for all or part of the purchase of a house, a number of additional issues arise. What terms should be set? How can the congregation's resources be protected if problems arise?

## Prior Considerations

Presbyteries and sessions are reminded of the following responsibilities prior to consideration of housing loan arrangements:

1. Whenever a change from manse to housing allowance involves a change in the Guarantee of Stipend or appointment, the prior approval of presbytery is required.

2. The presbytery shall determine that the proposed housing allowance is both sufficient in terms of the rules of the Church, namely "fair rental value for appropriate accommodation in the community", and consistent with current tax legislation.

3. Congregations require the prior approval of the presbytery to sell the manse. In such cases, the presbytery is urged to set guidelines for the use of the funds expected from the sale. If the congregation wishes to sell the manse to the minister, the price should be established on the basis of fair market value as determined by a qualified appraiser.

**Considerations in Setting Up a Housing Loan**

In setting up a housing loan, presbyteries and sessions should consider the following:

1. Eligibility for housing loans would be limited strictly to ministers or professional church workers who have been called and inducted into a charge or are on a long-term appointment approved by the presbytery. Ministers or professional church workers serving short-term or interim appointments would not qualify for loan assistance.

2. When a congregation decides to make a loan to its minister to assist in the purchase of housing, the presbytery shall approve the terms and conditions of such a loan before it is signed. These terms and conditions should include the following:

    a) the amount of the loan;

    b) the interest rate to be charged, and whether all or part of the loan qualifies for special tax consideration under Customs and Revenue legislation;

    c) the repayment terms, including provision for early repayment;

    d) appropriate security: In most cases, this will be a first or second mortgage registered against the property. If the amount is small, a promissory note is sufficient. As a guideline, any amount larger than three months stipend requires a mortgage;

    e) procedures in the event of default;

    f) the requirement for repayment in full within six months of the date when the minister ceases to be minister of the congregation.