

Church and Manse Loan Fund



Purpose

The Church and Manse Loan Fund exists to provide loans to fully contributing member churches of The Baptist Union of Scotland ("BUS"). The loan funds should be used for the purchase, improvement or repair of church property, including manses.

Loan Amount and Terms:

1. Loan funding is available up to a maximum of 50% of project costs with a maximum loan of £100,000 (projects up to £200,000)
2. Repayment Terms up to 10 years
3. For all loans, the church (in the case of a SCIO or company limited by guarantee) or the trustees of the church (in the case of an unincorporated voluntary association) will sign a formal Bond in favour of BUS undertaking to repay the sum due. For loans over £50,000, the Bond will be supplemented by a Standard Security over one of the heritable properties of the church.
4. The Bond (and the Standard Security if applicable) will be prepared by the BUS Solicitor. No legal fees will be charged to the church in this connection. However, where a Standard Security is being granted, the church will require to reimburse the Solicitor's outlays for obtaining a title search report and registering the Standard Security. At current levels the total outlays will be less than £200.
5. No interest will be charged on the loan but the BUS requires a '*additional contribution*', a payment in recognition that funds are being released by the BUS, and potential income foregone, and that there are some administrative time and costs associated with setting up and documenting the loan.
6. The amount of the '*additional contribution*' will be equivalent to 1% of the loan value for each year of the term of the loan. So, for a loan of £10,000, a recognition payment of £100 per year of the loan would be due. This payment would normally be collected by extending the loan repayments and would be clearly documented in the Bond.
7. We welcome the early repayment of loans, without penalty, as this enables funds to be available for other projects undertaken by our family of churches. If the church indicates that it intends to make full repayment more than one year ahead of schedule, the '*additional contribution*' will be reduced to reflect the actual repayment period.
8. Churches may also make '*overpayments*' and where desired the new outstanding balance can be spread over the remaining term of the loan.

Process:

Loans can be applied for by sending a letter outlining the details of the project and the loan amount to finance@scottishbaptist.org.uk. Please include a copy of the church's most recent report and accounts.

The loan application will be approved at a meeting of the BUS National Team following a due diligence review carried out by the Finance Director.

The Bond (and the Standard Security, if applicable) will be drawn up by the BUS Solicitor and signed on behalf of the church. The funds will not be advanced by the BUS to the church until the duly signed Bond (and Standard Security, if applicable) have been returned to the BUS Solicitor, and the legal expenses (if applicable) paid.

For larger loans please contact the BUS office (0141 423 6169) for separate information.