

Loans, Mortgages and Guarantees

Application Form

Introduction

The Canadian Baptists of Ontario and Quebec (CBOQ) assists local churches through a program of CBOQ Loans and Mortgages, and through guarantees in support of CBOQ bank loans and mortgages. Access to these programs is by way of application to the attention of the CBOQ Treasurer.

The following facilities are currently available through CBOQ:

1. Mortgages

This type of loan is normally granted to churches to assist with a major building project. Priority is given to new churches erecting their first building unit but loans will be made or given to other churches if sufficient funds are available. CBOQ will normally fund up to 1/3 of the value of land and building (post-construction/renovation) to a maximum of \$750,000.

2. Loans

Loans are available for churches wishing to borrow up to \$15,000. The loan is secured by the use of CBOQ's Informal Loan Agreement form.

3. Guarantees to Bank loans and/or mortgages

Through a program of loan and/or mortgage guarantees, CBOQ assists local churches in obtaining Bank financing to provide for loans of a short term nature (bridge financing by way of demand loans) or in certain situations, to provide limited guarantees generally for short periods of time in support of fixed rate mortgage financing.

Mortgage Policy

The Canadian Baptists of Ontario and Quebec will provide mortgage/loan funds to member churches or ministries associated with a member church (i.e. Matthew House) as follows:

- For mortgages to 1/3 of the value of land and building based on the post-construction/renovation value to a maximum of \$750,000
- For loans to a maximum of \$15,000
- The church is required to demonstrate that they are a contributing member of the CBOQ family
- The church is required to demonstrate that they have the capacity to repay the debt without a negative impact on their ministry
- The church is required to demonstrate that they have sought a reputable builder and that they have made every effort to contain project costs
- The church is required to demonstrate that they have sought appropriate approvals from the congregation according to their Bylaw or the Religious Organizations Lands Act

Interest Rate Policy

The interest rate on loans and mortgages is the residential mortgage rate at the CBOQ's bank for a term of one to five years at the church's option. The minimum rate will be the five-year Certificate Loan rate plus 1.00%.

Application Process

This application is designed to assist your church in presenting your church's vision of the work that you are being called to do. Through the documentation of your project objectives and the financial details, which will support your request, you will provide CBOQ with information that will allow the careful assessment of your proposal.

Your application for financing should include the following supporting documentation:

1. Application for financing duly completed and signed. Budgets and cash flows may be provided as separate spread sheets if convenient.
2. Church's financial statements (for existing churches, not less than 3 years' statements).
3. Copy of construction contract
 - a. Contract or contracts must detail all proposed construction
 - b. Details of contractors required payment arrangements should be included.
4. Copy of municipal approvals
5. Copy of notice of Church Business Meeting and Resolution authorizing borrowing and pledging of security. See Appendix 1 to 3 attached.
6. Copy of deed of existing property (if construction is to be on existing church property) or copy of Purchase and Sale agreement (if construction is to be on new property not yet owned by the church).

Once your loan/mortgage is approved, the CBOQ will send to the church trustees a confirmation letter outlining the conditions upon which approval has been granted. The CBOQ Treasurer will also request that the church's lawyer prepare the necessary legal documents and title searches. The CBOQ does require a specific clause regarding ongoing CBOQ membership be inserted into the mortgage.

Please provide sufficient time for the application and approval process. Most applications can be processed within 3 to 4 weeks. In some cases, for instance if documentation is missing, a longer time frame may be required. Offers of Purchase and Sale that are conditional on financing should allow for a conditional date of at least 4 to 6 weeks.

APPLICATION FOR FINANCING

Legal Name of Church: _____

Type of Financing and amount:

Loan Amount _____

Mortgage Amount _____

Parsonage Loan Amount _____

Loan Guarantee Amount _____

Mortgage Guarantee Amount _____

A. PROPOSED CONSTRUCTION PROJECT

(1) Describe the circumstances that have resulted in your church's decision to proceed with its planned project.

(2) Has the Church approved the project as per the directions outlined in Appendix 1?

Yes

No

If not, please give details of the procedure followed and attach copy of Church's constitution or bylaw.

(3) Provide details of the scope of your project and the total costs. Include costs as per your construction contract, and all other costs such as, survey, legal fees, building permits. Ensure an adequate provision is made for cost overruns. Include any equipment or furniture costs which will be incurred. Please attach a separate schedule if necessary.

(4) Does the church presently own the property on which the proposed project is to be built? If so, please provide details of ownership. If there are currently any mortgages or other registrations against title, please provide details. Copies of the deed (if available), existing mortgage agreements, or other encumbrances should be attached to this application as supporting documentation.

(5) If the property on which the project is to be undertaken is yet to be purchase, please provide details of proposed purchase price, including a copy of the Purchase and Sale agreement for the land.

(6) How have you determined that the proposed contractor is capable of undertaking this project?

Have references been provided and checked? Yes No

Do you know of similar projects that the company has completed?

 Yes No

Contractor GST/HST Number: _____

B. YOUR CHURCH'S CURRENT CIRCUMSTANCES

(1)
Current membership _____
Average Sunday attendance _____
Membership five years ago _____
Membership ten years ago _____

(2) What initiatives has your church taken to raise funds for this project? What future activities are planned to raise funds?

(3) How much is presently set aside for this project, and is it readily available?

(4) By the commencement date of the project, how much does the church expect to have available from its own resources, to fund the project?

In support of your application, please provide copies of your church's financial statements for at least the last three years. These should be attached to this application as supporting information.

C. Details of Project Financial Performance:

Using the following format for the estimation of your church's future budget, project anticipated performance including the cost of servicing the loans and/or mortgages proposed in this application.

Receipts	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Envelopes	_____	_____	_____
Loose Offering	_____	_____	_____
Special Building	_____	_____	_____
Other (specify)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total Receipts	=====	=====	=====

Expenditures			
Salaries and Benefits	_____	_____	_____
General expenses	_____	_____	_____
Missions (CBOQ, CBM..)	_____	_____	_____
Loan repayment	_____	_____	_____
Mortgage repayment	_____	_____	_____
Other (specify)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total Expenditures	=====	=====	=====

D. PROPOSED PROJECT CASHFLOW:

The timing of payments due for various aspects of your church’s project will require that adequate provisions are made to pay for expenses as they fall due.

(1)Please present a cash flow, covering the planned period from start to finish of your project, and detail the various sources of funds, and their application to expenditures. Consider the use of funds that your church will have on hand from its own resources. Present the timing of draws against proposed loans, which will be required to meet amounts which fall due prior to completion of the project. Show how the proposed mortgage financing will pay out interim or bridging loans at completion of the project.

Sources of cash	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>
Church’s cash	_____	_____	_____	_____	_____
Loan advances					
CBOQ	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Mortgage advances					
CBOQ	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Uses of cash	_____	_____	_____	_____	_____
Purchase Lot	_____	_____	_____	_____	_____
Payout loan					
CBOQ	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

In the preparation of your cash flow, be sure to consider all cash costs that will occur during your project. If there are personal loans being granted by church members, investment income, or special pledges, ensure they are included in the cash sources statement. Include miscellaneous costs such as legal costs, or any cash required to pay out existing mortgages or loans.

(2) Please detail significant dates below, such as construction start date, anticipated date of completion

This application is submitted on behalf of
and with the appropriate authority of the church membership.

Signed at _____ this _____ day of _____, 20 .

Minister

Trustee

Church Treasurer

Trustee

Chairperson, Deacons' Board

(In the event that your church's charter, letters patent, constitution and/or bylaws require this application to be signed by officers other than those noted above, please make appropriate changes.)

APPENDIX 1

In order to meet the requirements of the Religious Organizations Land Act, two steps are required, as described in “a” and “b” below. A Sample Notice and Resolution have been included on the following page. Alternately, the appropriate approval may have been obtained as required under the terms of your Church’s charter, letters patent, constitution and/or bylaws. If so, please describe the process on page 2 of the Application for Financing.

- (a) Notice of the business meeting, giving the purpose for which it is being called, should be read from the pulpit on each of the two Sundays immediately prior to the meeting.

- (b) Specific resolutions are to be passed which:
 - (i) approve the proposed plans or renovations;
 - (ii) grant authority to the church’s trustees to borrow necessary funds;
 - (iii) grant authority to the church’s trustees to execute and deliver required security.

Include with your application a certified copy of the resolutions approved by the congregation or alternates.

APPENDIX 2

SAMPLE NOTICE OF MEETING

To: The members of _____ Baptist Church

KINDLY TAKE NOTICE that a meeting of the congregation of _____ Baptist Church will be held at the Church on _____, 20__ at _____ o'clock (a.m./p.m.).

AND KINDLY TAKE FURTHER NOTICE that at such meeting the congregation will be asked to authorize the borrowing on its behalf, by the Trustees of _____ Baptist Church, from the Canadian Baptists of Ontario and Quebec the sum of _____ (\$ _____) with interest at the rate of _____ per cent (%) per annum calculated half-yearly, not in advance, and payable at \$ _____ per month including interest and principal (_____ years amortization) for a term of _____ years, such loan to be for the purpose of (building a new church) (renovating the present church) (building an addition to the present church) on the church lands situated in the (City) (Town) (Village) (Township) (Borough) of _____ in the County of _____ composed of Lot(s) Number(s) _____ according to Plan Number _____ registered in the (Registry Office) (Land Titles) Office at _____ and of the mortgaging of the said land to the Canadian Baptists of Ontario and Quebec to secure payment of such money.

(Delete clauses above which are not applicable and fill in blanks.)

DATED THIS _____ day of _____, 20__.

Church Clerk

APPENDIX 3

SAMPLE RESOLUTION

Be it resolved that _____ Baptist Church borrow the sum of _____ (\$ _____) from the Canadian Baptists of Ontario and Quebec for the purpose of _____. The said loan is to bear interest at the rate of _____% per annum and to be repayable on a _____ year amortization plan and to mature in _____ years.

The Trustees of _____ Baptist Church are hereby authorized to apply for, and execute the said loan from the Canadian Baptists of Ontario and Quebec.

CERTIFICATION OF CHURCH CLERK

I hereby certify that the foregoing is a true copy of a Resolution passed by the Congregation of _____ Baptist Church at a meeting, duly called and held, on the _____ date of _____, 20____ and that such Resolution is still in full force and effect.

I further certify that Notice of the said meeting was given from the pulpit of _____ Baptist Church on Sunday _____, 20 ____.

DATED THIS _____ day of _____, 20 ____.

Church Clerk