

Guideline Leaflet M03: Guidance Notes for completing the M02 Loan Fund Application Form

These notes are intended to help you as you complete the M02 Loan Fund Application Form - for churches seeking a loan in connection with a church building project or purchase of land or property for church use.

Please read these notes carefully as you complete the form (there is a separate form for manse loans)

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.



The BUC is only able to enter into a loan that is a relevant credit agreement (as defined by the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) as lender for the purposes of the business of a church (or, if the church is unincorporated, the business of the church trustees) and not for any other purpose. For more information please see 'Important Notes' on page 5 of leaflet M01

M03: BAPTIST UNION LOAN FUND

GUIDANCE NOTES FOR COMPLETING APPLICATION FORM M02

These notes are intended to help you as you complete the M02 Loan Fund Application Form.

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

At the end of these notes we have listed some of the BUC Guideline leaflets which you may find helpful. They are all available on the BUGB website.

1. PAPERWORK NEEDED

You will need to send the following documents as explained on page 6 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 7 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.

Documents needed for all applications

- Application Form – fully completed and signed by three Charity Trustees
- The last three years audited/independently examined church accounts
- Budget and information to date for the current financial year
- Church Information Document (see page 3 of the form)
- Church Activities List (see page 3 of the form)
- Pledge List (see section 2 below)
- Copy of your Business Plan for this project (if you have one)
- Signed copy of the minutes of the Church Members Meeting when the project or purchase was agreed.

LEPs who have another Denominational Trust Company as their Property Trustees should also include written confirmation from them that they will be willing to consent to the BUC taking a Legal Charge on the property. (See note on page 4)

The following documents are also required for building projects

- Plans showing the existing buildings and the proposed development (see section 3 overleaf)
- Planning permission and/or other appropriate consents (see section 3 overleaf)
- Evidence of PPI Cover for your professional advisors listed on page 5 of the form.
- A Summary Statement that explains how you have calculated the Gross Project Cost
- A copy of the approval of the project given by your Property Trustees
- Confirmation of the church's current insurance cover

The following documents are also required for purchases

- Copy of the RICS Valuation/Survey Report

Scottish Churches should also send the following (see notes on page 5)

- Copy of your Church Constitution
- Name and contact details of the solicitor who will act for your church

2. PLEDGE LIST AND LOAN REPAYMENTS

As part of the application process we need to know how the church will meet the loan repayments. At the current rate of interest (3.35%) monthly loan repayments for a 10 year loan are around £98 for every £10,000 borrowed. For example: If a church is wanting to borrow £250,000 over 10 years they will need to be able to make monthly loan repayments of approximately £2455 per month. (£29,455 per year)

Churches can choose to borrow over 15 years although we would want to encourage churches to take out a 10 year loan where possible. For a 15 year loan, monthly repayments are around £71 for every £10,000 borrowed. For example: If a church is wanting to borrow £250,000 over 15 years they will need to be able to make monthly loan repayments of approximately £1770 per month. (£21,226 per year)

You will need to provide us with a list of individuals (names not required) and the amounts they have pledged to give, in addition to their normal giving to the church, which together with any reclaimed tax, will cover the total of the annual loan repayments.

If the pledge list does not reach this total please indicate how the shortfall will be met.

3. BUILDING PLANS

We need to see plans showing the existing buildings and the proposed development. The appropriate plans which we would expect to see are those which you would submit with your application for planning permission. **(Note – a full set of plans is not required)**. A copy of Planning Permission and/or other consents (Building Regulations, Listed Building) should also be sent when available.

4. COMPLETING THE APPLICATION FORM (Page 1)

- Please give the name of the church and its full address
- Please give the name and contact details of the main contact person for this church. PLEASE NOTE that this person is the one we will relate to throughout the application process and should therefore be the person best placed to respond to questions relating to the application.
- Please indicate how much you are applying for. Please note the normal term for the loan is 10 years but you can choose any term up to 15 years.
- Use the box at the bottom of the page to explain what you need the loan for (For example: *purchase of new church site and construction of a building OR to extend the church building to double the capacity of the sanctuary and provide new kitchen facilities*)

5. COMPLETING THE APPLICATION FORM (Page 2)

This is the page which summarises the financial side of the project or purchase and there are two important things to note. Firstly the total of the two Funding Sections needs to equal the Gross Project Cost. Secondly the total of 'External Loans' should not exceed 70% of the Gross Project Cost.

Gross Project Cost: Put the total cost in Box A.

You will then need to provide a **summary sheet** that explains how you have calculated the Gross Project Cost. This should take into account any or all of the following: - land costs, forecast construction costs, professional fees, local authority charges, VAT, furniture fittings and equipment, legal and financing costs, contingencies etc. Where there is an accepted tender document or architects/quantity surveyors statement of costs please supply copies or an extract of the financial particulars (we do not need the whole tender document!). *Please note it should not include the costs of repaying the loan.*

Funding – Church Money and Grants:

Please indicate the amounts for the various categories listed and others that may be appropriate to your situation. Hopefully all the categories are self-explanatory but please contact the Loan Fund Officer if you need clarification.

Funding – External Loans:

Please indicate the amounts for the various loan funds listed and others that may be appropriate to your situation.

Summary and Reconciliation:

This is the section when you prove that the total funding will meet the cost of the project.

6. COMPLETING THE APPLICATION FORM (Page 3: About your church)

Date formed: The date your church was founded (feel free to add an explanation if this is not straightforward)

Number of Members: The current number of church members

Average attendance at your most popular service: Please give the average number of adults and under 18s who currently attend church services. Please answer this in the way which best suits your circumstances. If you hold more than one service please give the numbers who attend the best-attended one. If you hold two morning services because you can't fit everyone in for one service then you may feel the total number of people attending the two services is the relevant figure to give here.

Total number of Charity Trustees; (Ministers, Deacons, Elders): You don't have to give a breakdown (e.g. 1 Minister, 2 Elders and 6 Deacons) but you can choose to do so. This just helps us to have a 'picture' of the church and the leadership'

Please give the name of your Minister. [If you have more than one Minister you can list them all or simply tell us about your 'Senior Minister' or equivalent]

OR: If you are currently in Pastoral Vacancy please give the name of your Moderator.

Which Baptist Union are you in membership with: We only give loans to churches in membership with one of these Unions so please tell us which one you belong to – BUGB (Baptist Union of Great Britain), BUS (Baptist Union of Scotland) or BUW (Baptist Union of Wales) Some Welsh Churches belong to both BUGB and BUW so if that is the case please tick both boxes! If you are a Scottish church please see section 11 of these notes.

Which local Baptist Association are you in membership with? Please tell us which one you are in membership of if applicable. [Not all churches are in membership of an Association but most are.]

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!

If you are a Registered Charity please give your Charity Number. Most Churches with an annual income of under £100,000 will not be registered. All churches with an income of over £100,000 should be registered. (There are different rules in Scotland)

Has your church become a 'Charitable Incorporated Organisation' or a 'Company Limited by Guarantee'? In most cases the answer will be 'no' as only a few churches have gone down this route. Churches who are CIOs or Limited Companies can still apply for a loan but if the company hold the church property in its own name then there will be additional legal formalities which will be at the church's expense.

Who are the church's Property Trustees?

- 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 NWBA).
- Alternatively you may have 'private trustees' which are a group of individuals acting as your trustees. If this is the case 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.
- If the church's property is (or will be) held in the name of the church as a CIO or Limited Company then there will be additional legal formalities which will be at the church's expense.
- If you do not currently own any property (and this loan is to help you obtain property) please tell us who your property trustees will be.

Note for LEPs: 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.

Do they have the property deeds? If 'no' please let us know who does have the deeds. If you do not currently own any property please just write 'N/A' on the form.

Please list your current property assets. For example: Chapel, burial ground and Manse

Are your buildings listed? If 'yes' then we will need to see your Listed Building Consent. [Please note that churches in trust with a Baptist Trust Corporation (and in membership with BUGB or BUW) will need to obtain Listed Building Consent from the Listed Buildings Advisory Committee rather than the local authority.]

Who are your Insurers? Please give the name of the company who insure your building and provide us with a copy of your current certificate with the application paperwork.

Please make sure you supply both the documents requested at the bottom of page 3.

A sample 'Activities List' is included at the end of these Guidance Notes.

7. COMPLETING THE APPLICATION FORM (Page 4: About your church finances)

When is your Financial Year? Hopefully this is self-explanatory

In your last complete financial year, how much was given to the church as offerings?

'Offerings' includes the money given by Standing Order, or other bank transfers as well as money given through the weekly offering.

How much do you hope to receive this financial year in offerings? 'Offerings' defined as above.

How much have you received in this financial year as offerings up to the end of the last complete month? It will probably be helpful to state which month you are using here as there may be some gap between the form being completed and sent to the Loan Fund Officer.

In your last complete financial year, how much Gift Aid did the church recover? If this was an unusual amount please give an explanation (e.g. "2 years claims" or "includes a one-off Gift Day")

We then ask you to supply various pieces of information for the last three completed financial years. Please put the relevant years in the column headings and the appropriate information in the boxes. We are only interested in your church's general fund but recognise that you may call it something else.

Contributions to Home Mission and BMS World Mission: Please note that applications may not be considered from churches who do not have a history of giving to BUGB Home Mission (or the Scottish or Welsh equivalents)

If you have an existing loan or mortgage please provide details of amount borrowed, outstanding and payment terms. We need to see what other financial commitments the church has.

Please provide us with any other information about your church finances that you feel may be relevant to your loan application. All churches are unique – use this space to let us know of anything about your finances which you feel may be relevant to your application.

8. COMPLETING THE APPLICATION FORM (Page 5: Professional Advisors for Building Projects)

Not every project will have all the people on the form. Please give us the names of the individual advisors and the firms they are employed by (if relevant). If you have other advisors not listed please add them in. We will need to see details of the Professional Indemnity Insurance cover but this can be sent later. A minimum PII cover of £500,000 is required but this will need to be increased in line with the project cost and value of existing buildings, and to accord with the advice of our own surveyor and advisors.

We would then like to know:

- a) Which individual or firm is 'running the contract'? This is relevant when you have a lot of different firms involved and is normally the architect.

- b) Who will be responsible for dealing with the Construction (Design and Management) Regulations? This may be an individual or your main contractor. For more information see our leaflet on these regulations – PC05 *Construction (Design and Management) Regulations 2015* on our website.
- c) Who from the church will be supervising the building project?

9. COMPLETING THE APPLICATION FORM (Page 5: Project Plans and Approvals)

- Please answer 'yes', 'no' or 'N/A' (not applicable). Most questions are not applicable if you are requesting a loan to buy land or a building.
- We will need to see copies of all relevant consents once you have received them.

The final questions on this page (about timescale) should be self-explanatory

10. COMPLETING THE APPLICATION FORM (Page 6: Signatures)

The form should be signed by three of the church's charity trustees.

Please make sure names are given and their role in the church (e.g. Minister, Church Treasurer, Deacon)

11. SCOTTISH CHURCHES

Scottish Churches applying for a loan will need to provide additional information so that a Standard Security can be taken out as against the property. The solicitors in Scotland who act for us will need to see your Church Constitution and will also need the name and contact details of the solicitor who will act for you in this matter.

Unless otherwise indicated the name of the Church Contact (page 1 of the form) will be given to our solicitors as the main contact point for the church. You will need to pay all of the costs involved in this which will depend on a number of factors. An indication was given in May 2014 that the costs average out at £500 plus VAT and disbursements.

Important Notes

If an approved loan is not drawn down within six months after the Letter of Offer the church will be required to pay an accommodation fee to the Baptist Union Corporation. This will be 1% per annum of the undrawn balance of the loan (less the first £50,000) payable quarterly in arrears. The fee will cease to be payable as soon as the first substantial loan drawing has taken place.

If an application is withdrawn at any time after it has been submitted then we reserve the right to ask for a contribution towards costs incurred of up to 0.2% of the loan being sought.

BUC Guideline Leaflets which you may find helpful

- PM01 Buying a Manse
- PC08 Buying Land or Premises for a Church
- PC04 Redeveloping or Altering Church Premises
- M01 Loans to Churches
- PC06 Redeveloping or Building Church Premises – Contract Procurement – The Alternatives
- M06 Grants for Building Work
- PC05 Construction (Design and Management) Regulations 2007
- LB01 Introducing the Listed Building Advisory Committee
- LB02 Applying to the Listed Building Advisory Committee
- LB05 Listed Places of Worship Grant Scheme

These can all be found in the Resources section at www.baptist.org.uk

EXAMPLE OF CHURCH ACTIVITIES LIST WHICH YOU CAN ADAPT FOR YOUR OWN CHURCH

Day	Church activity on church premises	Church activities held elsewhere	Other activities held on church premises
Sunday	Prayer Meeting Morning Service Evening Service	Monthly Afternoon Service at Residential Home Youth House Group	
Monday	Church Meetings (six per year)	Deacons Meetings (monthly)	Monthly Craft Group
Tuesday	Toddler Group (term-time) Seniors Group (twice each month)	Seniors Group at Residential Home (monthly) House Group	Children's Music Group (term-time)
Wednesday	Early morning prayer meeting	Four House Groups	Monthly U3A meeting
Thursday	House Group (term time only) Teenage Discipleship group (monthly)	Two House Groups	
Friday	Youth Group (term-time)		
Saturday	Monthly Prayer Breakfast		

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