

4.200 COMMITTEES OF PRESBYTERY: COMMITTEE ON MINISTRY, LOANS

4.203 Church Guidelines for Lending Monies to Clergy to Purchase a Home

Because of past experience, churches are advised to use caution when loaning clergy money for the purchase of a home. When a church decides to offer such an incentive, the following guidelines shall be used:

- A. When a church seeks to loan to its minister funds to purchase a home, such loans shall be in the form of a written mortgage secured by the home and filed with the appropriate governmental agency. If any of the loan is outstanding, repayment shall be required at the time the pastoral relationship between the church and the minister is dissolved or when the property is sold, whichever occurs first. A six-month delay in repayment because of the inability to sell a house may be granted if both the church session and the Committee on Ministry agree.
- B. Any such loan made by the church shall be amortized over a period not to exceed fifteen years and monthly payments shall be withheld from paychecks by the church. The interest rate shall be negotiated at the time of the Call or the purchase of the property.
- C. A copy of the loan documents shall be sent to the Presbytery Office prior to closing and a copy of mortgage filings shall be sent to the Presbytery Office within one week of closing.
- D. Ministers should be expected to pay interest on such mortgages. On loans in excess of \$10,000.00, any rate of interest below the Applicable Federal Rate (AFR) will result in the interest savings to the minister being treated as additional income and it is the responsibility of the church to report it as such on the minister's W-2 Form. On loans less than \$10,000.00 no reporting is required.