

PRESBYTERY OF SAN FERNANDO

POLICY FOR PASTOR HOUSING ASSISTANCE FUND

It is the intent of this document to provide guidance and help to Pastor Nominating Committees of churches with vacant pulpits, to the Presbytery committees which find themselves involved in the process, and to prospective incoming pastors in making use of the fund.

This Policy for Pastor Housing Assistance Fund will be administered by the Property and Finance Committee of Presbytery with the concurrence of the Committee on Ministry. The Property and Finance Committee shall report to the next stated meeting of the Presbytery all approvals of loan or equity sharing arrangements made within the guidelines of this policy statement.

Some Possible Options

1. Commercial sources for primary and secondary financing.
2. The local church Special Pastor Housing Assistance Fund (if it exists or can be created from local church member assets).
3. The Pastor Housing Assistance Fund of the Presbytery of San Fernando.

General Principles for Presbytery of San Fernando Pastor Housing Assistance

1. The Pastor Housing Assistance Fund of the Presbytery of San Fernando is intended to be a "last resort" fund source; therefore, all other sources must have been exhausted before application is made to the Presbytery for assistance.
2. Assistance from the Fund may be given through a loan or a shared equity agreement.
3. As long as Presbytery funds are available, as determined by the Property and Finance Committee, maximum assistance is \$40,000.
4. The value of the incoming pastor's house should approximate the median market value for the congregation.
5. Each application for assistance will be evaluated on an individual basis. After internal organization, each new Pastor Nominating Committee should establish a sub-committee to explore possible housing issues at the earliest possible time.

Principles Specific to Loans

1. Interest rate shall be a fixed rate at prime plus 2% for a maximum term of ten years.
2. Loans shall be secured by a deed of trust properly recorded in a first or second position.

3. In the event the property is sold, the note will become due and payable upon close of escrow. If the pastoral relationship is terminated prior to the term of the note, it will become due and payable six months after the date the pulpit is declared vacant, or as otherwise provided in the terms of the loan.

Principles Specific to Equity Sharing

1. Provision shall be made for the Presbytery of San Fernando to receive a pro-rata share of any increase or decrease of equity, based on the share of original investment made and the share (if any) of subsequent investments, including major improvements. The value of such equity shall be determined by securing the appraisals of two competent real estate professionals, suitable to the Pastor and the Presbytery. Costs of such appraisals shall be evenly divided between the two parties.
2. Equity sharing agreements shall provide that Pastors have the option of purchasing the Presbytery's equity at any time. When an option is exercised, appraisals from two competent and independent real estate professionals shall be made to determine the then current fair market value. The equity share of the fair market value shall be recalculated on the basis of the relative investment each party has made as of the application of the option amount. Those making the appraisals shall be acceptable to both the Presbytery and the Pastor and the cost of such appraisals divided equally between the two parties.
3. The costs of securing a mortgage shall be the responsibility of the Pastor.
4. The Presbytery shall be named as a Tenant-in-Common on the title.
5. Upon the sale of the property, proceeds realized after payment of all sales costs shall be disbursed based upon the initial investment. Provision shall be made that such distribution include a pro-rata share of any increase or decrease of equity.
6. In the event the pastoral relationship is terminated, the Pastor shall repay to the Presbytery a pro-rata share of any increase or decrease of equity, either through the sale or refinancing of the property. Such repayment shall be made no later than six months after the date the pulpit is declared vacant.

Eligibility Requirements

1. Presbytery Pastor Housing Assistance Fund will be available ordinarily to prospective pastors (not associates) of small churches only (200 or fewer members).
2. Any exception to this provision will be in the form of a recommendation by the Property and Finance Committee to the Presbytery for its approval.
3. The pastor must be pre-qualified by a lending institution and based on that qualification, submit to the Presbytery the dollar amount, up to \$40,000, needed to secure a first mortgage.

Application Procedures for Loans or Shared Equity

1. A letter to the chairperson of the Property and Finance Committee of the Presbytery of San Fernando from the chairperson of the church Pastor Nominating Committee or Clerk of the Session, outlining the steps taken to date in the (housing only) negotiation process, and the assistance requested from the Presbytery Pastor Housing Assistance Fund.
2. Complete concurrence with that letter by the prospective pastor as evidenced by his/her countersignature on the letter.
3. Information required from the church:
 - a. Current budget.
 - b. The originally approved budget of the most recently completed year.
 - c. Most recently completed yearly expenditures.
 - d. Complete statement of all financial assets and liabilities.
 - e. Current membership.
 - f. Tentative terms of the Call.
 - g. Any available financial assistance provided from church or individuals within the church.
4. For loans only, the following will be required from the prospective pastor and spouse:
 - a. Detailed (and current) personal financial statement including value of current equity on present home.
 - b. Anticipated amount of that equity to be applied to purchase of new home.
 - c. Copies of Federal Income Tax returns for the most recent two years.
 - d. Any additional financial information as may be requested.

Financing Arrangements

Primary or secondary financing with interest and principal payable on a monthly basis amortized in accordance with the terms set forth in the note.

This policy document supercedes any and all other Pastor Housing Policy statements approved and accepted by the Presbytery of San Fernando.