



# **The Presbyterian Church of Wales**

## **MANSES FUND MORTGAGE SCHEME**

PRINCIPAL FEATURES AND RULES



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## MANSES FUND – MORTGAGE SCHEME

### PRINCIPAL FEATURES AND RULES

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## **Information about the Connexional Mortgage.**

- The Presbyterian Church of Wales (the “Church”) offers a mortgage to those personnel serving the Ministries Department and the General Assembly Board of the Connexion to purchase their own home during their time of service to the Connexion and in their retirement subject to the provisos hereinafter contained.
- All figures quoted in the rules are pro-rata for part time personnel.
- The Mortgage is designed purely to assist those serving and having served the Presbyterian Church of Wales and is not for commercial gain.
- The mortgage is available subject to the Manses Fund having sufficient capital in the Fund.
- The Presbyterian Church of Wales must have a first charge over the property, a second charge will not be considered.
- The Church is **not** authorised and regulated by the Financial Services Authority (the “FSA”) and the Connexional Mortgage product is **not** a regulated mortgage contract. Applicants taking out a Connexional Mortgage will **not** have the same level of protection and rights of redress as with a regulated mortgage.

### **What if I need advice?**

- Neither the Church nor its Officers are able to provide mortgage and/or financial advice. You are encouraged to seek independent financial advice concerning the suitability of a Connexional Mortgage and any wider financial planning requirements you may have. You must satisfy yourself that the Connexional Mortgage is appropriate to your needs, having considered alternative mortgage options.
- The Church places great importance on the need to ensure each request for mortgage assistance is considered based on the applicant’s circumstances and our own lending criteria. We aim to ensure that you receive appropriate and sufficient information about the Connexional Mortgage to make an informed choice.

### **What if I leave the Churches employment or I want to move home?**

- Should you not receive a stipend or leave employment for any reason within the Church the loan will be immediately repayable upon leaving. This does not include individuals who are retiring from serving the Presbyterian Church of Wales.
- The mortgage is not transferable. Therefore if you move house you will have to repay the loan (outstanding capital and interest) in full. The Church will consider a new application for another mortgage in relation to a new property in accordance with the Rules of the mortgage scheme prevailing at the time.

### **Are there any possible tax implications?**

- Whilst you are receiving a stipend or working for the Church and prior to retirement, the mortgage is likely to be regarded as a 'beneficial loan' by the Her Majesty's Revenue and Customs (HMRC). The Church may therefore need to complete a P11D form. You are advised to check with your local Inspector of Taxes whether this will apply in your case, as the ruling may not apply to all loans granted under this mortgage scheme. This may also be required for pensioners and their spouses.

### **What insurances must I take out as a condition of this mortgage?**

- You will be required to take out, and maintain buildings insurance at your own expense and provide evidence that cover is in place on an annual basis to the Assembly Office.

### **What else do I need to consider?**

- You will be required to repair and maintain the property to a satisfactory condition. You will need to ensure that you can meet such costs as they arise.

### **Who is Eligible?**

- Applications will be considered from personnel who have completed 5 years or over, full/part time continuous service with the Ministries Department or the General Assembly Board of the Presbyterian Church of Wales.
- Widows/Widowers of ministers / personnel who qualify as above may also apply for this mortgage.
- In order to qualify the property must normally be occupied by the mortgagee. An eligible minister/employee may purchase a property up to 6 years before his/her normal retirement date (67) and let the property prior to retirement and still qualify for a mortgage at a higher rate of interest (at present 5%).
- Where a property is to be let the Church will require an Assured Shorthold Tenancy Agreement to be in place; a copy of the tenancy agreement must be provided at or before completion of the mortgage.
- Applicants granted a Connexional mortgage will be required to occupy the property they have purchased upon retirement.

### **What requirements are there concerning the type of property?**

- The property must be of conventional brick and block construction (properties built using timber frame construction are also generally acceptable).
- The property must be located in England or Wales.

- Houses and bungalows can be either freehold or leasehold; flats must be leasehold (leasehold properties must have an unexpired term of at least 60 years on the lease).
- Properties requiring major renovation, conversion or modernisation and/or that deviate from these criteria should be referred to the Church for consideration.

**The Mortgage Sub-committee of the Resources Department and Property Board has discretion to consider special cases not covered by the above in exceptional circumstances. Any such applications will be considered on an individual basis.**

### **How much can I borrow?**

- The maximum loan is £175,000, and the exact sum loaned will be subject to the individual's ability to repay the interest and capital. Usually, it is not possible to borrow more than 80% of the cost of the property or valuation whichever is the lower.
- A copy of the survey report will need to be presented including confirmation of the value (for mortgage purposes) of the property will need to be included with the application form. The applicant must arrange for the survey at their own expense. Should your application be unsuccessful this cost will be reimbursed.
- The mortgage is normally a Capital & Interest repayment mortgage, which means you are required to repay capital and interest over the term of the mortgage. We would consider an application on the basis of an interest only repayment over a specific period, in exceptional circumstances.
- The mortgage will be for a maximum repayment term of 30 years but may be repaid over a shorter period should the applicant wish. There are no early repayment charges with this mortgage.

### **Additional borrowing**

- You can apply for additional borrowing at any time provided it is for home improvements. This will increase the amount of borrowing secured on your home.
- There is a minimum additional loan amount of £5,000 and any additional borrowing is subject to a maximum balance outstanding of £175,000 at any time. All such further lending is subject to the approval of the Church.

### **How do I apply?**

- Please complete the application form at the end of this booklet and send to the Presbyterian Church of Wales Office, Capel Tabernacle, 81 Merthyr Road, Whitchurch, Cardiff, CF14 1DD.
- Please also enclose any documentation required in the application form.
- Your application will then be considered by our Mortgage Sub Committee.

- Usually you will be informed of their decision within 15 business days. Should you fail to complete the application form fully or if any documents requested have been omitted then this may delay the decision on your mortgage application.

## **What are and how do I make my repayments?**

- **Your home may be repossessed if you do not keep up repayments on the mortgage.**
- Where the property is to be owner occupied the mortgage will be at a rate of 3%, calculated annually. The Presbyterian Church of Wales reserves the right to alter the rate of interest by giving 12 months' notice in writing.
- Where a property is purchased in readiness for retirement and let out, a rate of 5%, calculated annually will be charged. The Presbyterian Church of Wales reserves the right to alter the rate of interest by giving 12 months notice.

<b>Purchase type</b>	<b>Rate of interest</b>
Owner occupied	3%
Buy-to-Let	5%

- Where the property is purchased in readiness for retirement and let out, the rate will reduce from 5% to 3% on the borrower occupying the property upon retirement.

## **What will I need to pay each year?**

- The minimum level of annual repayment for those in full time employment will be the sum of the capital amount divided by the mortgage repayment term, together with interest at the prevailing rate.
- By way of example, minimum repayments of capital (excluding interest) over 25, 20 and 15 years would be as follows:

<b>Minimum annual repayments</b>		
<b>Loan amount</b>	<b>Repayment term of mortgage</b>	<b>Minimum annual capital repayment</b>
£125,000	25 years	£5,000
£125,000	20 years	£6,250
£125,000	15 years	£8,333
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£100,000	25 years	£4,000
£100,000	20 years	£5,000
£100,000	15 years	£6,667
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£50,000	25 years	£2,000
£50,000	20 years	£2,500
£50,000	15 years	£3,333

- You will be provided with a First Payment letter explaining the payments you will have to make. Any subsequent changes to payments due will be notified to you in writing.
- Your minimum monthly repayment will be recalculated on the 1<sup>st</sup> January following the advance and then annually thereafter in order to ensure that payments are made to repay the capital and interest within the remaining term of the mortgage.
- You will be provided with an annual Mortgage Statement explaining the payments you have made and the interest charged, together with the outstanding amount due.
- All repayments must be made by deductions from salary or pension unless otherwise agreed by the Church.

### **What if I don't want this mortgage anymore?**

- There is no penalty for early repayment and should you wish to repay in part or in full at any time you should contact the Office for a redemption statement. Should you wish to repay in full you will receive further information in relation to repaying your mortgage.

### **What if my income goes down?**

- You will still have to pay your mortgage if you lose your income or if an accident or illness prevents you from working. You may wish to discuss how you would be able to do this and the availability of possible insurance options with an insurance intermediary.
- **Your home may be repossessed if you do not keep up repayments on the mortgage.**

### **What if I have a complaint?**

- The Church believes that applicants and borrowers should be treated fairly at all times. In recognition of this, the Church has put in place a formal complaints handling procedure.
- Complaints can be made verbally or in writing. Complaints will be considered by the Mortgage Sub-committee in the first instance. Should you remain dissatisfied with the decision of the Sub-committee you can appeal to the Resources Department and Properties Board via the General Secretary.
- If you have a complaint please contact in the first instance: The General Secretary at the Presbyterian Church of Wales, Tabernacle Chapel, 81 Merthyr Road, Whitchurch, Cardiff CF14 1DD. Telephone: 029 20 627465; E-mail address: [swyddfa.office@ebcpcw.org.uk](mailto:swyddfa.office@ebcpcw.org.uk)