

THE PRESBYTERIAN CHURCH OF VICTORIA HOUSING AND LOAN FUND: For Retired Presbyterian Ministers, Home Missionaries, Missionaries and their Spouses

INTRODUCTION

Throughout this document the term “Minister(s)” means any of the following:

- Presbyterian Ministers
- Presbyterian Home Missionaries
- Presbyterian Missionaries.

The following Operation Notes have been prepared to inform Ministers, particularly those now nearing retirement, of the nature and extent of the help in the area of housing which, in their retirement, is available from the Housing and Loan Fund. This document is intended to advise and reassure spouses of Ministers, of the housing assistance that the Fund may be able to provide, especially for those requiring to leave a Manse following the death of a spouse.

Ministers already in retirement, or their spouses, may also be aided in moving to more suitable accommodation. The Board of Investment and Finance is prepared to consider applications from those who have managed to house themselves but are seeking smaller or larger or more convenient house, or a house in a different locality.

The Board of Investment and Finance is able to consider offering assistance in some circumstances to separated and divorced spouses of both active and retired Ministers. To qualify the Minister must have served for over ten years within the PCV but consideration may be given to others at the discretion of the Board of Investment and Finance.

The Board of Investment and Finance considers each individual application on its own merits. They may review the financial circumstances of the applicant and, if married, his or her spouse before they determine what, if any, assistance will be offered.

Broadly speaking, there are two ways in which the Board of Investment and Finance may be able to help, either by making available a **GRANT to assist with the payment of rent or board** or by offering a **HOUSING LOAN**.

APPLICATIONS

Application Form available from the General Manager

Those wishing to apply for a Grant or a Housing Loan must submit a completed Application Form.

Timing of applications

The procedure for processing applications varies and depends mainly upon the timing of their submission. There are two categories.

1. Those who have an immediate need and are within a period commencing five years before either (a) normal retirement age of 65 or (b) declared retirement date if earlier or later.
2. Those who expect to retire within the next ten years but do not intend to do so for at least five years.

In general funding will be made available only to those falling into category 1 above. Applications from those falling into category 2 will be used to assess the demand for loans and to set the interest rate.

FORMAL AGREEMENTS AND PAYMENT OF LOAN INTEREST

Those offered a Housing Loan will be required to enter into a registered mortgage and loan undertaking with the Presbyterian Church of Victoria Trusts Corporation, embodying all the relevant conditions.

GRANT TO ASSIST WITH RENTAL PAYMENTS

Where a minister is not in a position to purchase their own house and is renting accommodation, a Grant may be approved to assist with the monthly rent or board. In this case, the house must be solely for private residential occupation after retirement. The amount of the Grant is calculated by applying the current bank term deposit rate to the current housing loan, with annual review. For example:

$\$100,000$ [housing loan] x 6% [bank term deposit rate] = rental \$500 per month, paid monthly by direct credit.

The Grant is normally expected to continue during the lifetime of a Minister, or the surviving spouse. However, in the event that the spouse of the Minister remarries, then such rental arrangements are terminated, but may be renegotiated at the discretion of the Board of Investment and Finance.

Special conditions may apply where a Minister is retiring early on the grounds of ill-health and these conditions will be decided by the Board of Investment and Finance when an application is received, together with supporting evidence called for by the Board of Investment and Finance.

HOUSING LOANS

The Fund may assist an applicant with the purchase of a house by granting a Housing Loan or assistance with the payment of an ingoing bond to a retirement home.

The Board of Investment and Finance is also prepared to consider applications for Loans to Ministers who, earlier in their ministry, obtained a mortgage and wish to apply now for a loan from the Board of Investment and Finance in order to repay the whole or part of this mortgage to enable them to enjoy the much lower rate of interest charged by the Fund. Such circumstances must be made clear to the Board of Investment and Finance in the application.

Ministers who acquired a house prior to or during retirement, using all or substantially the whole of their available resources, can be considered for a loan secured over their home. Spouses in a similar situation may also apply.

The Board of Investment and Finance does not bind itself always to grant a loan in response to an application, nor does it commit itself, when a loan is granted, to provide the maximum loan amount. Each application is judged on its merits and the loan, if any, is determined in the light of how much may be required to purchase a house. The Board of Investment and Finance does however recognise the need for successful applicants to retain a reasonable part of their resources as a capital reserve to provide some income and for future emergencies. The Board of Investment and Finance determines the loan accordingly.

Loans will only be granted in relation to a dwelling house for the applicant's private residential use and will be advanced only within five years prior to a Minister's declared retirement date or thereafter. The Board of Investment and Finance does not normally expect

repayment during the lifetime of either the borrower or the borrower's surviving spouse. However, repayment is required upon (a) the property being sold or otherwise alienated, or (b) by the death of the Minister or their spouse which ever is the latter, or (c) by the remarriage of the spouse or (d) after 14 years. In the event that repayment becomes due under provision d, the Board of Investment and Finance will consider application for a new loan at that time.

The interest component (currently zero) must be covered on a monthly basis during the life of the loan as a minimum obligation.

Special conditions may apply where a Minister is retiring early on the grounds of ill-health and these conditions will be decided by the Board of Investment and Finance when an application is received.

LOANS ARE NORMALLY EITHER STANDARD LOANS OR SHORT-TERM BRIDGING LOANS.

SHORT-TERM BRIDGING LOANS

Short-term bridging loans (STLs), upon special application and in limited situations, may be granted in connection with a house purchase. The period of such short-term finance depends on individual circumstances but normally STLs will be given only within the twenty four month period from one year prior to retirement to one year thereafter.

STANDARD LOANS

Standard Loans (SLs) are normal interest only housing loans but an amortization of the principal could be arranged.

Maximum limits

The present maximum SL is \$100,000 or, 70% of the actual purchase price of the house to be acquired, if lower (70% of the then current valuation of a house if it is already owned).

Minimum loan

The minimum loan is \$10,000.

Interest rates

Interest rates are variable over the term of the loan but are kept advantageously lower than market rates. The present rate is 0% per annum. The rate for spouses is one-half the rate for Ministers.

Funds must be drawn within 12 months of the date of approval or the approval will lapse. This does not preclude a subsequent application being made.

FURTHER INFORMATION

Day-to-day management is undertaken by the General Manager who is available to Ministers and their families for confidential interviews on matters relating to housing in retirement. Sympathetic and knowledgeable advice is willingly offered.