

BC BAPTIST CONFERENCE

MISSION INVESTMENT FUND OPERATIONS HANDBOOK

Policies and Practices

Revised Sept, 2004



B.C. Baptist Conference
20581 36 Avenue
Langley BC V3A 4Y3
604-539-2246 FAX 604-539-2247

BRITISH COLUMBIA BAPTIST CONFERENCE

MISSION INVESTMENT FUND OPERATIONS HANDBOOK

Policies and Practices

I.	OBJECTIVES AND PURPOSE	Page 1
II.	ORGANIZATION	Page 2
III.	GENERAL POLICIES	Page 3
IV.	INVESTMENTS	Page 4
V.	LOANS TO BCBC CHURCHES AND TEAMS	Page 5
VI.	ACQUIRING, HOLDING AND SALE OF PROPERTY	Page 9
VII.	RECORDS	Page 9
	Promissory Note - Appendix I	Page 10
	Supplementary Agreement - Appendix II	Page 11
	Events of Default - Appendix III	Page 12
	Application for Loan - Appendix IV	Page 13 - 15

MISSION INVESTMENT FUND
OPERATIONS HANDBOOK
Policies and Practices

I. OBJECTIVES AND PURPOSE

A. General Statement

The British Columbia Baptist Conference (BCBC) Finance Team shall solicit and supervise investments and gifts to a trust fund for the purpose of procuring property and other capital assets, constructing churches and other necessary buildings and improving church property in keeping with British Columbia Baptist Conference policy and purpose. The treasurer of British Columbia Baptist Conference shall also serve as treasurer of the Mission Investment Fund.

B. Specific Objectives

1. To assist financially in the construction of new British Columbia Baptist Conference churches and other buildings and properties by means of loans.
2. To assist financially in the enlargement of established British Columbia Baptist Conference churches and church related properties by means of loans.
3. To assist financially in the procurement of capital assets such as trailers, chairs and sound equipment.
4. To acquire and hold property in keeping with the purposes as stated in the British Columbia Baptist Conference Constitution.
5. To accept bequests, via wills, trusts, etc., as well as other types of gifts including endowments. For example: stocks, bonds, insurance and properties.
6. To manage all funds and properties consistent with sound business practices and Christian principles.

II. ORGANIZATION

A. Responsibility to the Board of Directors

1. The British Columbia Baptist Conference is the registered corporation of the Mission Investment Fund.
2. Mission Investment Fund policies are subject to the approval of the Board of Directors.
3. The signatures of any two British Columbia Baptist Conference signatories are necessary for all official transactions of the Mission Investment Fund.
4. The Finance Team shall present quarterly and annual reports, including any recommendations and long range plans to the Board of Directors.

B. Relationship to other Teams

1. The Church Planting Team shall recommend site purchases and loans to mission churches.
2. The Church Ministries Team may apply for and recommend loans for camp property purchases and development.

C. The Finance Team shall:

1. Assist in the promotion of investment in Mission Investment Fund.
2. Issue notes to investors and receive Promissory notes from churches which borrow from the Mission Investment Fund.
3. Act as custodian of legal documents for the Mission Investment Fund.

D. Legal

An investment opportunity brochure conforming to Provincial laws shall be published as required.

E. Operation Costs

Operating expenses shall be expensed to the Mission Investment Fund.

III. GENERAL POLICIES

A. Source of funds shall be

1. Investments by churches and their members and adherents,
2. Interest earned,
3. Sale of properties, and
4. Special gifts.

B. The interest rates to be charged and paid by Mission Investment Fund will be established annually by the Board of Directors on the recommendation of the Finance Team. Unless otherwise determined by the Board the established interest rate for April 1 to March 31 shall be based on the one year open mortgage rate at the Bank of Montreal on March 31 prior.

The interest rates to be paid by the borrowers shall be set at one half percentage point below the established rate.

The interest rate paid to investors shall be one and one half percentage points below the established rate.

C. A reserve for emergency repayment of notes shall be kept in redeemable depository investment certificates issued by a Canadian Chartered Financial Institution and shall equal 7% of the notes payable. This can be invaded for emergency repayments to investors, but must be replaced before new loans can be made.

D. The Finance Team shall have authority to approve depositories.

IV. INVESTMENTS

- A. Except for special issues, notes will mature in five (5) years.
- B. Notes will be sold only according to the MIF brochure which should be provided to the investor prior to the investment.
- C. Early withdrawal may incur a 1% interest penalty for a period not to exceed 12 months. This penalty may be waived in extenuating circumstances.
- D. Interest
 1. Payment is to be made annually on March 31, or at the option of the investor, interest can be compounded annually and paid at the maturity of the note.
 2. Upon request, interest may be paid semi-annually.
- E. The Finance Team reserves the right to refuse investments that are deemed to be not in the best interest of the Mission Investment Fund.

V. LOANS TO BCBC CHURCHES AND TEAMS

A. Eligibility for Loan

To be eligible for a loan a church must have imbedded in its constitution an article stating that “upon the dissolution of this Society and after payment of all debts and liabilities, the remaining property of the Society shall be transferred to the British Columbia Baptist Conference or its successor”. This article must not be changed or removed until all Mission Investment Fund Loan obligations have been paid in full. See Supplementary Agreement Appendix II.

B. Terms and Conditions

1. Limits

- a. Period for repayment. Mission Investment Fund loans shall be for ten (10) years or less but may be amortized over a period not to exceed twenty-five (25) years.
- b. The amount of the loan shall be predicated upon the following:
 - 1) The ability to repay demonstrated by a surplus on page B2 of the Application for Loan equal to 1.25 times the annual payments required under the agreed amortization period.
 - 2) Mission Investment Fund investments by subject church members and friends as per V.E.
 - 3) Net worth of the applicant as specified on page B3 of Application for Loan.
 - 4) Funds should be distributed on as broad a base as possible. Ideally loans to any one church shall not exceed 25% of the total Mission Investment Fund loans outstanding at the time of loan application, including the loan requested.

2. Purpose and Priority

- a. Loans may be for land, buildings and furnishings.
- b. Priority shall be given to newer churches.
- c. Ministry – trailers etc. for church plants

3. Personal loans. Applications for personal loans will not be accepted.

4. Exceptions to this policy will require approval of the BCBC Board.

C. Procedures and Requirements for Loan Applications

1. Except in the case of emergency situations, a fully completed loan application (Appendix IV) must be submitted to the Finance Team.

2. Required documents shall include:

- a. A copy of financial statements and evidence of the ability to repay loans and all other obligations.
- b. Detail of total financing for which the loan is being made.
- c. Evidence of legal ownership by the applicant of the property associated with this financing.
- d. A statement of projected receipts and expenditures for at least one year after the project is completed.
- e. Proof of incorporation, consisting of a certified copy of the Articles of Incorporation, plus proof of current filing under the Societies Act.
- f. A loan application for a mission church will require written recommendations from the Church Planting Team.

3. The church shall have an established stable leadership team.

D. Security

1. First or second mortgage on real estate (for loans in excess of \$25,000).
2. Promissory Note (Appendix I).
3. Supplementary Agreement (Appendix II).
4. Personal guarantees, if necessary
5. Certified copy of Borrowing Resolution.
6. Evidence of adequate liability and hazard insurance protection. This should be sufficient to cover the replacement cost of the completed structure or other asset where applicable, with British Columbia Baptist Conference listed as loss payee.
7. Contractor's performance bonds or other form of completion insurance if appropriate

E. Investment Related to Loans

1. Members and friends of a borrowing church are encouraged to invest in Mission Investment Fund notes to a minimum amount representing 25% of the total loan.
2. Throughout the duration of the loan, it is desirable that investments in Mission Investment Fund notes made by members and friends of the borrowing church be maintained at a minimum of 25% of the outstanding loan balance.

F. Processing Loan Applications

1. The Finance Team will review and adjudicate the application.
2. Upon approval of the application, the BCBC treasurer shall proceed to finalize signing of documents and to disburse funds.

G. Loan Repayment Policy

1. The obligation to make regular monthly loan payments shall supersede all other obligations of the borrower.
2. When a loan is more than two months delinquent, the BCBC treasurer shall contact the pastor and/or treasurer of the church, reminding them that the amount is overdue and that an administrative report on the status of late accounts is required by the Mission Investment Fund at its next meeting.
3. When a loan is more than four (4) months delinquent, the BCBC treasurer and Finance Team Chairperson shall request a meeting with the Church Board to discuss the circumstances contributing to the delinquency and statement of intent that can be shared with the Finance Team.
4. Prior to the meeting, the Church Board shall provide the Finance Team with a current church financial report.

H. Events of Default.

See copy of Appendix III.

VI. ACQUIRING, HOLDING AND SALE OF MISSION CHURCH PROPERTY

A. Mission Church Property

A site purchase by the Mission Investment Fund for a church plant or future church plant shall require careful investigation by the Church Planting Team concerning the potential for church growth and the church's ability to purchase the land from the MIF.

B. Costs of holding property by the Mission Investment Fund shall be added to the valuation and subsequent sale price of the property. Costs shall include taxes, insurance, assessments, legal fees, payments to the seller and interest accruing to the Mission Investment Fund at the current lending rate of the Mission Investment Fund.

C. When the property is sold to a church, a sale agreement shall be entered into. Financing may be provided in accordance with MIF lending policy taking into account the church's ability to pay.

VII. RECORDS. The Finance Team shall ensure that proper records on all negotiations are kept and that all official documents on property, loans, loan security, and notes are protected from loss or damage.

B.C. Baptist Conference
20581 36 Avenue
Langley, B.C.
V3A 4Y3

Date: _____
Number: _____
Amount: _____

PROMISSORY NOTE

For value received _____ of _____ promises to pay to the B.C. Baptist Conference Mission Investment Fund the sum of _____ (\$ _____) with interest at the rate of _____ % per annum adjusted each April 1.

Payment in the amount of \$ _____ including principal and interest will be due and payable on the _____ day of each month commencing on _____, _____ and continuing until all principal, interest and other charges covered by this note are paid. Amounts of interest and principal will be paid in full on or before _____, _____. Prepayment of the principal amount or any part may be made at any time.

This note is secured by first charge on property dated _____, _____ which has been authorized and signed by the governing body of the above church.

It is understood and agreed that if the above church withdraws from the B.C. Baptist Conference or disbands, the entire balance becomes due and payable on or before the date either event is finalized.

Late charge for overdue payments. If the full amount of any monthly payment has not been received by the end of 25 calendar days after the date it is due, and after an overdue notice has been sent, a late charge of \$10.00 will be assessed. A late charge will be assessed only once on any late payment.

The interest rate shall be reviewed for possible revision on March 31 of each year. On March 31 of each year, any interest that is due and unpaid, shall be added to the principal of the loan.

Signatures:

Presiding Officer _____ Church _____
Treasurer _____ Address _____
Pastor _____

BRITISH COLUMBIA BAPTIST CONFERENCE
SUPPLEMENTARY AGREEMENT
Promissory Note Addendum I

It is hereby understood and agreed that the (church name)
(address)
in consideration of the loan agreement with the Finance Team, will incur no additional major indebtedness without prior consultation with the said team if its indebted obligations are not being met, and that the church will incur no additional loan or indebtedness secured by real estate without prior written consent from the Finance Team.

It is further understood and agreed that said church shall inform and consult with British Columbia Baptist Conference leadership before making decisions that could significantly affect the church's ability to continue to make its building loan payments.

It is further understood and agreed that said church shall not change its dissolution article provision for transfer of remaining property to the British Columbia Baptist Conference or its successor (V.A.) until all Mission Investment Fund loan obligations have been paid in full.

If the church becomes delinquent in its loan payments it is understood and agreed that after consultation with the governing board of the church, the Conference shall have the privilege of taking whatever steps are necessary to correct the situation.

The above, having been read and understood by the membership, is agreed to by the undersigned on behalf of the church, with complete authority of the church.

Church

Pastor

Corporation President

Corporation Secretary

Date

Promissory Note Addendum 2

EVENTS OF DEFAULT. The following shall be events of default under the terms of this note and may result in foreclosure.

- A. default in the payment of performance, when due or payable, of any indebtedness of the borrower, or of any endorser, guarantor or surety for any obligation of the borrower to the Mission Investment Fund;
- B. breach by the borrower of any representation, covenant or warranty contained in this note or in any other instrument or agreement delivered to the Finance Team;
- C. failure of the borrower to pay, when due, any tax;
- D. the failure of the borrower to furnish financial information or permit the inspection of books or records of the borrower after request by the Finance Team;
- E. the issuance of any injunction, attachment, garnishment or levy against any property of the borrower;
- F. any event which, in the judgement of the Finance Team, has a material adverse effect upon the business or the financial condition of the borrower or of any guarantor.
- G. any event which, in the judgement of the Finance Team, impairs the Mission Investment Fund collateral or increases its risk.

B.C. BAPTIST CONFERENCE MISSION INVESTMENT FUND

Application for Loan

Name of Applicant: _____ Date: _____

Address: _____

Pastor's Name: _____ Phone: _____

Loan to be used for:

- Purchase of land Purchase of land and building
- New building Addition, remodelling or improvement

Address and description of property and/or building: _____

(Attach legal description and sketch of property)

Title to property presently held by _____

Address of title holder: _____

Estimated cost of proposed project \$ _____

Estimate made by _____

Address: _____

AMOUNT OF LOAN REQUESTED: \$ _____

We plan to finance the project by:

Using cash on hand in the amount of \$ _____

Borrowing \$ _____ from Mission Investment Fund

Borrowing \$ _____ from other sources

We plan to repay Mission Investment Fund with payment of \$ _____ per month
for _____ years

We have had a fund raising campaign: Total pledges received \$ _____

We will have a fund raising campaign on _____ (dates)

This application is submitted to the B.C. Baptist Conference Mission Investment Fund by the decision of _____ at a duly announced business meeting held on _____, _____ at which time _____ members were present and the vote carried by _____ to _____.

Presiding Officer: _____ Title: _____

I certify the above is true and correct: _____, Church Clerk

This application was completed by: _____

B.C. BAPTIST CONFERENCE MISSION INVESTMENT FUND

Application for Loan

Name of Applicant: _____ Date: _____

STATISTICAL REPORT

	4 years <u>ago</u>	3 years <u>ago</u>	2 years <u>ago</u>	1 year <u>ago</u>	This <u>year</u>
Membership	_____	_____	_____	_____	_____
Average AM Attendance	_____	_____	_____	_____	_____
Contributing Units	_____	_____	_____	_____	_____
Average Monthly Offering	_____	_____	_____	_____	_____
Giving per Member per Year	_____	_____	_____	_____	_____

FINANCIAL STATEMENT:

Fiscal year end: _____

	Last Complete Fiscal Year	Current Year (Estimated)	Next Year (Projected)
Total receipts, including tithes, offering, interest, grant-aid, etc.	(1) _____	_____	_____
Expenditures			
Salaries - all personnel	_____	_____	_____
Worship and Watchcare	_____	_____	_____
Christian Education	_____	_____	_____
Facilities Maint. & Supplies	_____	_____	_____
Missions	_____	_____	_____
Debt Service	_____	_____	_____
Total Expenditures	(2) _____	_____	_____
Surplus for further expansion (Line 1 minus line 2)	(3) _____	_____	_____

Your breakdown may differ from the above as long as the totals are accurate. Attach a copy of the financial report for the latest complete fiscal year and for all quarters completed since.

B.C. BAPTIST CONFERENCE MISSION INVESTMENT FUND
Application for Loan

Name of Applicant: _____ Date: _____

	<u>At End of Last Fiscal Year</u>	<u>At End of Last Month</u>
<u>ASSETS</u>		
Current		
1. Cash in Bank - General Operations	_____	_____
2. Savings Accounts - Building Fund	_____	_____
3. Other cash assets - Memorials, etc.	_____	_____
4. Total Cash Resources	_____	_____
Fixed		
5. Current Appraisal Value		
Land _____		
Church Buildings _____		
Fixtures _____ (Total)	_____	_____
6. Other	_____	_____
7. Total Fixed Assets	_____	_____
8. Total Assets (line 4 + line 7)	_____	_____
<u>LIABILITIES</u>		
Current		
9. Operating bills due, unpaid at above date	_____	_____
10. Interest due on loans	_____	_____
11. Total Current Liabilities	_____	_____
Long Term Debt		
12. Principal balance on 1st deed of trust	_____	_____
13. Principal balance on 2nd deed of trust	_____	_____
14. Other principal payable	_____	_____
15. Other miscellaneous liabilities	_____	_____
16. Total Long Term Debt	_____	_____
17. Total Liabilities (line 11 + line 16)	_____	_____
18. NET ASSET VALUE OF CHURCH CORPORATON (line 8 – line 17)	_____	_____