**Frequently Asked Questions**

**Pastor Housing Fund**

**General:**

**Q.** How do I participate?

**A.** There are 2 ways to take part:

#1 – make a donation to SBF and let Laura know that you wish this to go to the Pastor Housing Fund (dandlrand@shaw.ca). A donation receipt will be issued at the end of the year.

#2 – Lend the money for 5 years. At the end of 5 years you can withdraw your funds and any return there may be.

**Q.** Who do I make the cheque out to?

**A.** Whether it’s a donation or a loan, both are made out to Saanichton Bible Fellowship. Please indicate on the memo line of the cheque that it’s for the Pastor Housing Fund. \*\*Please note that although the donated funds will be used in the Pastor Housing Fund immediately, in 5 year’s time if those funds are no longer needed for an extension of the fund, the Leadership Team of the day will confirm whether to maintain those funds for potential future use or to re-direct those funds where they will be of most use to the church.

**Q.** Whose money is it? Does it belong to the Pastor and his family?

**A.** The ***donated*** funds belong to SBF and are being lent to the Pastor and his family for an initial period of 5 years. SBF may choose to extend that loan after the initial 5 years.

The ***loans*** to the fund belong to the people who lent the funds and will be paid back in 5 years time, probably with an extension to the fund to be requested at that time.

**Q.** What does it mean to be secured by a 2nd mortgage?

**A.** All the funds received will be lent to the Pastor and his family. After that occurs, SBF will be put on title of their house with a 2nd mortgage for that amount. This makes sure that when the house is sold SBF will receive the funds back.

**Q.** What happens after 5 years?

**A.** If the pastor leaves within 5 years he will be obligated to repay the funds within a reasonable timeframe (probably 6 months). If the pastor is still employed by SBF we will most likely have an extension of the fund or another round of fundraising for the fund at that time.

The lenders will have the option to re-invest their funds for a further 5 years.

**Q.** What happens to the money once the Pastor has paid it all back?

**A.** All of the funds that were ***lent*** to the fund will be paid back along with any return earned. Funds that were ***donated*** will be either be held for the next pastor housing fund or they will be redirected for SBF needs as the current Leadership Team of the day sees fit.

**Donating Money to the Fund:**

**Q.**  Can I donate ‘in-kind’ investments?

Example: “I would like to make a donation to the Pastor Housing Fund; however, my money is invested in publicly traded securities (shares and mutual funds). If I sell these investments, I will have to pay tax on the capital gains. Can I donate the investments?”

**A.** Yes, the Income Tax Act allows for publicly traded securities to be donated to a charity and you will be exempt from income tax on the capital gains. Since SBF does not have its own brokerage account, we recommend that you contact ***Link Charity Canada Inc*** to sell the securities and they will issue you a tax receipt for the fair market value. Link Charity Canada will remit the proceeds to SBF less a nominal fee (between $25 and $34.99) which will be charged for this service.

Please call their toll-free number (1-800-387-8146) and they will assist you in completing the appropriate forms.

Further information is available at their website: <https://www.linkcharity.ca/gift-of-securities>

Please ensure that you advise Laura Rand that the donation is intended for the Pastor Housing Fund.

**Lending Money to the Fund:**

**Q.** Where do the funds to pay the investment return come from?

**A.** The investment return is coming from the appreciation in the value of the house. This will be determined by an independent appraisal when the 5 year mortage term is up for renewal.

**Q.** What happens if the house doesn’t rise in value?

**A.** If after 5 years an appraisal doesn’t show an increase in value, there will be no interest paid out on the funds that have been lent, but the principal will be repaid.

**Q.** Can I lose my money?

**A.** No. There is no downside risk to the loan. The Pastor is committed to paying back the entire principal of the loan regardless of what housing prices do. The funds will be secured by a 2nd mortgage on the house title.

**Q.** What happens if I need my money back sooner than 5 years?

**A.** The funds are locked in for the full 5 years. However, if you are experiencing unforeseen circumstances that require you to withdraw your funds, you will need to submit a request in writing to Krista Chase and Garry Sedun. There will be maximum dollar amount that can be withdrawn early, however that number is still to be determined. If you think you might need the funds before 5 years please consider making a donation to the fund instead of a loan.

**Q.** If I receive approval to withdraw my loan funds earlier than the 5 years will I receive the interest for the amount of time the funds were invested?

**A.** Funds withdrawn earlier than the full 5 years will not receive any return from the potential increase in the house value. They will however earn a nominal interest rate based on current GIC rates as follows:

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| --- | --- |
| Non-Redeemable: 1 year, annual interest | 0.70% |
| Non-Redeemable: 1.5 years, annual interest  | 0.75% |
| Non-Redeemable: 2 years, annual interest | 0.80% |
| Non-Redeemable: 2.5 years, annual interest | 0.85% |
| Non-Redeemable: 3 years, annual interest | 0.90% |
| Non-Redeemable: 3.5 years, annual interestNon-Redeemable: 4 years, annual interest | 0.95%1.00% |

\*A minimum of 30 days notice is required when submitting your request for a withdrawal.

**Q.** Will any interest earned from a return on the investment affect my taxes?

**A.** Yes. A T5 will be issued by SBF in the amount of the interest payment in the 5th year.