

Diocese of Nova Scotia and Prince Edward Island
Policy 2.1.20: Clergy Car Loan

1. PURPOSE

Clergy, Diocesan Office Staff (Lay and Clergy)

The Diocese of Nova Scotia and Prince Edward Island (the Diocese) often requires that its staff, Clergy and Lay, be able to travel in the context of their work. To do so, a personal vehicle is required. To assist in accessing this necessary resource, the Bishop may offer licensed clergy and staff (whose job descriptions include travel expectations) financial assistance in the form of a car loan towards the purchase or lease of an automobile.

2. SCOPE:

This policy applies to all clerical and lay employees of the Diocese whose job descriptions include travel expectations.

3. POLICY:

1. The maximum amount of a loan to be granted shall be up to \$15,000 (previously owned vehicles) and up to \$25,000 (new vehicles).
2. Maximum term of a loan is 60 months.
3. In order to be granted a loan, the clergy person or staff member must be part of the Central Payroll system of the Diocese of Nova Scotia and Prince Edward Island.
4. An application for loan must be made at least two weeks prior to the purchase date of the vehicle.
5. A person receiving a loan shall complete a 'Car Loan Contract' in the prescribed form (See Appendices).
6. The interest rate to be charged on the loan will be fixed at the prescribed rate set by Canada Revenue Agency (CRA) for employee loans on the day the loan is granted.
7. A monthly repayment schedule will be established by the Financial Controller for the term of the loan to cover principal and interest.
8. A person may make lump sum payments of any amount at any time in addition to the regular monthly payments, without affecting the amount of the monthly payments.
9. If a person leaves ministry or employment with the Diocese, the balance of the loan shall be due and payable in full on the last day of ministry or employment. Any adjustments to the repayment schedule or the balance repayment deadline are at the discretion of the Bishop. When at all possible, such arrangements are to be negotiated 30 days before leaving ministry or employment with the Diocese.

4. RESPONSIBILITIES (Diocesan)

- provide appropriate information to inquirers;
- provide Car Loan Contract and a Schedule of Repayment to successful applicants; and
- schedule monthly payments via Central Payroll up to and including discharge payment.

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The following Appendix is supplemental to Policy 2.1.20: Clergy Car Loans.

APPENDIX 1: CLERGY CAR LOAN CONTRACT

**DIOCESE OF NOVA SCOTIA AND PRINCE EDWARD ISLAND
CAR LOAN CONTRACT**

MEMORANDUM OF AGREEMENT made on the ____ day of _____, 20__.

BETWEEN: THE DIOCESAN SYNOD OF NOVA SCOTIA AND PRINCE EDWARD ISLAND hereinafter called the “SYNOD”,

AND _____

of the PARISH OF _____,
hereinafter called the “BORROWER”.

IN CONSIDERATION OF the Synod, at the request of the Borrower, lending to the Borrower the sum of \$_____ to assist in the purchase of a motor vehicle described in detail on the attached Schedule “A”, to be used by the Borrower for Parish work in the Parish of _____ or any other Parish, Mission or Charge in said Diocese, the Borrower undertakes and agrees to the following:

1. To repay the loan in the manner set forth in Section “7” or in accordance with the repayment schedule as set forth in Schedule ‘B’.

2. REGISTRATIONS AND LIENS

So long as any monies are due hereunder, the said motor vehicle shall be registered under the Motor Vehicle Act of the Province wherein the Borrower resides, solely in the name of the Borrower. During the currency of the loan the said motor vehicle shall not be sold or used as security for any indebtedness beyond the original purchase of the vehicle. Under the terms of this loan, the Diocesan Synod requires that it have at least a second lien on the said vehicle.

The Borrower hereby grants the Synod a security interest in the vehicle.

The Borrower will pay for all costs associated with registration of the lien under the Personal Property Security Act (PPSA).

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3. INSURANCE

To insure and keep insured said vehicle during the currency of the loan with recognized insurance company for:

- (1) An inclusive limit of a minimum of \$1,000,000.00 covering legal liability for bodily injury or death or damage to property of others;
- (2) Collision or upset coverage with a deductible not to exceed \$250.00 on each separate claim;
- (3) Comprehensive coverage with a deductible not to exceed \$250.00 on each separate claim, such policy to contain a clause making the loss payable to THE DIOCESAN SYNOD OF NOVA SCOTIA AND PRINCE EDWARD ISLAND as its interest may appear. **The Borrower shall pay all premiums when due and deposit the original policy or a standard mortgage endorsement form with the Synod.**

4. LOSS OR DAMAGE

In the event of the said motor vehicle becoming a total loss, or being damaged to such an extent that it is impractical to repair the same, the proceeds of said insurance policy shall be applied to such extent as necessary to pay off any balance due to the Synod on the said loan, and if the same are not sufficient for that purpose **the Borrower shall pay any deficiency.**

5. REMOVAL FROM THE DIOCESE OR RESIGNATION

In the event of the Borrower leaving ministry or employment with the Diocese, the loan shall be due and payable and, the Borrower shall either pay off the balance of the loan or make such arrangements for the payment thereof as may be acceptable to the Bishop.

6. MAINTENANCE

The Borrower agrees to maintain the said motor vehicle in serviceable condition and on request of the Synod at any time, to produce evidence of such maintenance.

7. INTEREST RATE

The applicable interest rate of the loan shall be fixed at the interest rate used to calculate taxable benefits for employees and shareholders from interest-free and low-interest loans (the prescribed annual interest rate) set by Canada Revenue Agency (CRA) for employee loans on the day the loan is granted. The Borrower hereby agrees to pay \$_____ per month of blended principal and interest, until the loan is paid in full. Regular monthly payments received will first be applied against outstanding interest with any remaining funds to be applied against the principal owing. The Borrower may make lump sum payments on any amount at any time in

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addition to the aforementioned payments, without affecting the amount of the monthly payments.

8. PAYMENT DETAILS

Payment amount \$_____ per month

First payment due on _____ day of _____, 20____ (No later than 45 days from the date of this agreement.)

Subsequent monthly payments are due on the _____ day of each month.

Interest rate charged at date of contract _____%

Total cost of borrowing is \$ _____

BORROWER:

Name (Please Print)	Signature	Date (mm/dd/yyyy)
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WITNESS:

Name (Please Print)	Signature	Date (mm/dd/yyyy)
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Signed on behalf of the Synod:

Title (Please Print)

Name (Please Print)	Signature	Date (mm/dd/yyyy)
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SCHEDULE 'A'

NAME _____ DATE OF CONTRACT _____

	<i>NEW CAR</i>	<i>OLD CAR</i>
MAKE		
YEAR		
MODEL		
VIN NUMBER		
KILOMETERS ON ODOMETER		

NAME OF INSURANCE CO. and CURRENT POLICY #	
COLLISION	\$
PL & PD	\$
COMPREHENSIVE	\$
VENDOR	
PURCHASE PRICE (please provide Bill of Sale)	\$
TRADE IN VALUE	\$
TOTAL PURCHASE PRICE	\$

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DIOCESAN LOAN OUTSTANDING AT TIME OF PURCHASE	\$
AMOUNT OF LOAN REQUESTED	\$
TOTAL LOAN TO BE REPAID	\$

How is the balance of the purchase price to be financed?
