



Mission Housing

TERMS AND CONDITIONS FOR MISSIONAL HOUSING LOANS

What these terms cover. These are the terms and conditions on which we provide a facility to you for the provision of loans to Mission Housing (**MH**).

Why you should read them. Please read these terms carefully before you submit your application to us. These terms tell you who we are, how we will provide services to you, how you and we may change or end the contract, what to do if there is a problem and other important information.

When we refer to 'you' in the loan documents, we refer to you as a lender to MH.

1. INFORMATION ABOUT US AND HOW TO CONTACT US

1.1 **Who we are.** We are Mission Housing Limited (17128R) Registered Society under the Co-operative and Community Benefit Societies Act 2014 with its registered office at 8 Belmont Hill, London, SE13 5BD.

1.2 **How to contact us.** You can contact us by telephoning us on 020 8318 4432 or by writing to us at info@missionhousing.org.uk or 8 Belmont Hill, London, SE13 5BD. If you have a complaint, write to or telephone us. Please note that MH will not tolerate verbal or physical abuse towards its staff.

1.3 **How we may contact you.** If we have to contact you we will do so by telephone or by writing to you at the email address or postal address you provided to us in your application.

1.4 **"Writing" includes emails.** When we use the words "writing" or "written" in these terms, this includes emails.

2. PURPOSE

2.1 To purchase affordable property on behalf of Christian workers and volunteers ("**Missional Workers**") to enable them to live where they work.

3. ELIGIBILITY

3.1 Applicants must be resident in the United Kingdom and be at least 16 years of age. In the case of joint applications, all must sign.

3.2 Applications to MH for the Fixed Rate Loan or Equity Loan (together the Fixed Rate Loan or Equity Loan will be referred to as the **MH Loans**) may be refused by the Board of MH without giving any reason. A contract will not exist between us until we have notified you that your application has been accepted in writing and cleared funds have been received by MH from you via a personal cheque or bank transfer.

4 REPAYMENT

- 4.1 The Fixed Rate Loan shall be repaid at the end of the term to the bank account details held on the pledge application form for either MH Loans. It is your responsibility to update those records during the loan period, if necessary.
- 4.2 Interest may be payable on a Fixed Rate Loan in accordance with the percentages and frequency you stipulated on the application form.
- 4.3 Interest is payable after deduction of tax at the prevailing basic rate and an R185 will be sent with the repayment. If you are exempt from tax please send the relevant documentation confirming exemption with your application form.
- 4.4 Shortly before the maturity date MH will send to you a notice inviting you to extend your MH Loan or request confirmation you wish the MH Loan to be repaid at the end of the term. Extended MH Loans can be reissued on different terms to the existing MH Loans at MH's discretion.
- 4.5 If the repayment is rejected by your bank then MH shall continue to earn interest until the amount is claimed and updated bank details are received. MH will write to you to request updated details. In respect of the principal which remains unclaimed for a period of 5 years from the date first rejected by your bank, it will be deemed a gift to MH and interest will no longer be paid.
- 4.6 In the event of your death the MH Loan will be repaid to your estate even if the term of the MH Loan has not expired within 3 months of receipt of your death certificate. Unless you have indicated that the MH Loan will be forgiven on death when it would become a gift to MH and maybe exempt for inheritance tax purposes. Please note that you should make your own queries regarding any tax liability.
- 4.7 With regards to Equity Loans this type of loan is linked to a property and the property may be sold before the end of the term of the loan. The Repayment Sum is calculated by multiplying the Sale Proceeds from the property by the Relevant Percentage, provided the sale is at arm's length and is for the full market value.
- 4.8 If your Equity Loan is linked to a shared ownership property and the shared owner wishes to staircase up under the shared ownership lease, the Repayment Sum will be calculated by multiplying the Market Value, by the Relevant Percentage. Please note that staircasing payments may not be the outstanding equity proportion in the Property and it may be that smaller proportions such as 5-10% of the equity will be sold at one time.
- 4.9 MH shall apply to an independent RICS valuation surveyor (the **Valuer**) to determine the Market Value of the Property within 10 business days of service of the shared owners notice. The Valuer's determination will be final and binding on all parties. You will receive your Relevant Percentage in relation to the Equity Loan based on the value determined by the Valuer within 20 business days of the completion of the property sale.
- 4.10 Definitions for this clause 4 include:

Market Value: means the market value with vacant possession of a property at the time the shared owners notice has been received by MH, even if the shared owners intend to remain in residence.

Property: as defined in the equity loan agreement.

Relevant Percentage: as defined in the equity loan agreement.

Repayment Sum: is the amount to be paid to you in respect of the MH equity loan.

Sale Proceeds: means the gross sale price of the Property less the reasonable conveyancing costs and disbursements and VAT of the estate agents and solicitors acting in connection with the sale of the Property.

5 LOAN RANKING

- 5.1 MH Loans shall rank pari passu equally and rateably without discrimination or preference as an unsecured debt obligation of MH for the punctual payment of the principal and interest in respect of it and for the performance of all the obligations of MH with respect to the loan.

6 CANCELLATION

- 6.1 Your right of cancellation begins on the date of notification by MH of acceptance of your application and ends 14 days from that date. If you give notice of the MH Loan being cancelled within this 14 day period you will receive your money back with no interest. You may not cancel your application at any time thereafter until the MH Loan period has expired.
- 6.2 Under exceptional circumstances with 12 months written notice the loan may be cancelled and repaid, without interest or capital gain at the discretion of MH. Exceptional circumstances will be evidence of severe financial hardship of you.

7 ILLEGALITY

- 7.1 The MH may have to prepay the MH Loan, if:
- 7.1.1 any law or regulation is introduced or changed, or there is any change in the way any court or regulatory authority interprets or applies any law or regulation which:
 - 7.1.1.1 complying with any direction, request or requirement (whether or not having the force of law) of any monetary agency, central bank, or governmental or regulatory authority; or
 - 7.1.1.2 any judgment, order or direction of any court, tribunal or authority binding on MH,
- makes it unlawful to allow any MH Loan to remain outstanding.

8 INFORMATION

- 8.1 You have the obligation to supply MH with up to date contact details.

9 NOTICE

- 9.1 Any notice required to be given to MH under these Terms and Conditions shall be in writing (which includes email) and may be given either personally, by email,

or by sending it by post in a prepaid envelope addressed to MH at its registered office or to such other address as MH may from time to time notify to the loan holders for the purpose.

- 9.2 A notice given or sent by you to MH shall not be effective unless and until received by MH's company secretary. Any other notice given or document sent by post within the United Kingdom shall be deemed to be received at the expiry of 48 hours (if sent by first class mail) or 72 hours (if sent by second class) after the time it is posted and in proving receipt it shall be sufficient to prove that the envelope containing the notice or documents was properly addressed, stamped and posted. In the case of email the notice shall be deemed to be served on the day of transmission if sent before 4.00pm and if sent after 4.00pm shall be deemed to be served on the next following working day.

10 DATA PROTECTION

- 10.1 By completing the MH Loan application form you consent to MH holding personal data about you in accordance with the General Data Protection Regulation. MH does not sell or exchange mailing lists. In signing the application form you (each of you if more than one is applying) confirm you understand that the personal information that you have given on the application form and give during the term of your loan will be retained by MH on computer and other records. You also understand that your personal information and details may be:

10.1.1 used to process your application; provide the services you request; deal with enquiries you make or authorise to be made and contact you regarding your loan;

10.1.2 used for market research purposes; developing products and services; statistical business analysis; and creating and maintaining a customer profile;

10.1.3 disclosed to appropriate regulatory authorities (including regulators of voluntary codes of practice); auditors; any other body having legal right to the information or anyone you appoint to administer or operate your holding of the loan;

10.1.4 used to investigate complaints and disclosed for auditing purposes;

10.1.5 used to check your identity to ensure MH meets money laundering regulations;

10.1.6 used to identify and tell you (by telephone, post or other electronic media) about any products and services that might be beneficial to you.

- 10.2 MH will not share any information about you and your loan to any third party for marketing purposes. You have the right to receive a copy of the information we hold about you if you request such disclosure in writing. A fee of £10 will be payable before the 25 May 2018, and on and after this date no fee will be payable.

11 MONEY LAUNDERING

- 11.1 MH complies with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2014, the Proceeds of Crime Act

2002 and other rules and regulations relating to money laundering. Accordingly MH is required to verify the identity of any applicant. You may be asked to provide further details about yourself. If satisfactory evidence of identity is not provided this may result in delays to processing your application and may even result in it being rejected. Any monies then returned to you will be without interest.

12 ASSIGNMENT

- 12.1 A MH Loan is not transferable in any circumstances.

13 GOVERNING LAW AND JURISDICTION

- 13.1 The laws of England & Wales apply to this contract. The courts of England and Wales have exclusive jurisdiction. English language is the definitive language.

YOU SHOULD KEEP A PAPER COPY OF YOUR APPLICATION FOR YOUR RECORDS.

ANNEX – EXTRACT OF THE RULES

BORROWING

7. The Society shall have the power to borrow money from its Members and others in order to further its Objects providing that the amount outstanding at any one time shall not exceed £100,000,000.
8. The Society shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.
9. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building Society or local authority, shall not exceed 5% per annum or 2% above the Bank of England base rate at the commencement of the loan, whichever is the greater.
10. The Society may receive from any Person, donations or loans free of interest in order to further its Objects but shall not receive money on deposit.



Mission Housing

Missional Housing (MH) Loan Risk Factors and Important Information

1. **Governance** - MH is Registered Society, registration number 17128R, engaged in the business of housing key workers of London churches. MH is registered with the Financial Conduct Authority (FCA) who may be contacted at www.fca.org.uk. Please note that MH is not regulated by the FCA. The full rules of the Organisation are available from the registered office on request.

The information provided in your application requires your detailed attention. You should read the Terms and Conditions, FAQs document and details in this risk factors document before proceeding further. If you require advice you should consult a bank manager, solicitor, accountant, stock broker or Independent Financial Adviser authorised under the Financial Services and Markets Act 2000 (FSMA 2000). This communication is not intended to be distributed or passed on directly or indirectly to any other person. It is supplied to you and for your information only. MH is not an authorised body under FSMA 2000. Any loan is not covered by the Financial Services Compensation Scheme. MH is not a member of an Investor Protection Scheme.

2. **Data Protection** - See point 10 of the Terms and Conditions.
3. **The Property Market** - MH's principal assets are in property ownership and management. A collapse in the property market could result in a significant write-down in the carrying values of the portfolio and may result in a breach of banking covenants. The MH bank loans are secured against some of the freehold property portfolio. The MH Board consider that the overall level of gearing is manageable and the risk of a breach of covenant highly unlikely.
4. **Unsecured Debt** - The loan will be an unsecured debt of MH. In the event of MH entering into a formal insolvency process, loan holders will rank equally with other unsecured creditors of MH and behind secured creditors and may not recover their full investment.
5. **Interest Rates** - An increase in bank interest rates could impact the surpluses generated by MH and its ability to service the debt or restrict its ability to raise bank debt in the future. It is possible bank debt will be used as a method to repay some of the loans in the future so this issue could be significant for future loans.
6. **Redemption of loans** – The loan is contractually due for repayment at the end of the term stated in the application. Loan holders are advised that it is not possible to provide a formal guarantee but the MH Board is confident that the repayment of loans will be financed either by the low cost loans or ultimately the sale of the sale of properties. The MH Board is confident of its ability to plan and manage the business and financial resources in order to repay the loans on their due date.

7. **Voids** - There is always a risk that properties purchased will have voids in the tenancies.
8. **Taxation** - Income tax is payable on interest paid on the loan and this will be deducted at source. The amount taken will be at the current HM Revenue and Customs rate. This is subject to change in accordance with any variation in tax law and practice, which may also affect any returns to loan holders.
9. **Risk Warning** - If you have any doubt about the action you should take or the suitability for you of applying to MH to provide a loan, you should contact your Independent Financial Adviser (authorised under FSMA 2000) or other appropriately qualified adviser. Your loan should be seen as a **social investment**. Applying for a MH loan is not suitable for anyone who needs income from investments or immediate access to their capital. There is always a risk that you could lose some, or all, of your money.
10. **Staircasing** – This is the processes of buying some or all of the remaining shares in a shared ownership property. In order to buy more shares, a valuation by an independent surveyor would need to be conducted to determine the current market value of the property. However, it is likely that the missional worker who has bought equity in the property would continue to staircase until all of the equity was owned by the missional worker, or the property is sold outright if the missional worker moves on.

NOTE: THIS INFORMATION DOES NOT CONSTITUTE LEGAL ADVICE

For further information, please contact Mission Housing, 8 Belmont Hill, London, SE13 5BD. Telephone: 020 8318 4432 Email: info@missionhousing.org.uk

Privacy Information

Mission Housing is the ‘controller’ of the personal information which you provide in the application form which means that MH is responsible for it. The following are the details of MH:

Address:	8 Belmont Hill, London SE13 5BD
Email:	info@missionhousing.org.uk
Telephone:	020 8318 4432
Registration number:	17128R
ICO registration number:	Z6792074

If you have any questions or concerns about the manner in which we handle your personal information, please contact our Operations Manager on 020 8318 4432 or judi@missionhousing.org.uk.

With the exception of the information which you provide about causes which you might be interested in helping in the future, MH collects and uses the information you provide in the application form for the purpose of entering into and performing the contract with you. This information is required and you would not be able to enter into the contract you apply for if you do not provide it.

Your contact details and the information you might provide about causes you might be interested in helping may be used for sending you marketing information about subsequent loans and bond issues only if you consent to receive such information in the ‘Communications’ section of this form. You have no obligation to consent and refusal to do so will not have any adverse consequences. To the extent that MH relies on consent, you may withdraw consent at any time by contacting the operations manager on 020 8318 4432 or judi@missionhousing.org.uk. Please note that this would not affect the lawfulness of anything done by MH on the basis of your consent until the moment consent is withdrawn.

The information you provide in the application form will be accessible to staff and contractors of MH who might process the information on behalf of MH such as our IT contractors. There may be circumstances where the information may be shared with our lawyers and accountants and situations where we have a legal obligation to disclose the information or we are required or requested to do so by a competent authority or regulatory body such as the police, a court or the Financial Conduct Authority.

If you consent, MH will also share your contact information with the Mission Worker which your funding supports. This will not be outside the European Economic Area.

The information provided in the application form will be held by MH until the expiration of 12 months following the end of the project to which it relates unless MH is required by law to keep this information for a longer period or if a longer period applies under MH’s Retention Schedule. Information about your preferences with regard to subsequent loans and bond issues, being information used solely for marketing purposes, will be deleted promptly if you request MH to do so by contacting the operations manager on 020 8318 4432 or judi@missionhousing.org.uk. Deletion and destruction of the information will be done in a secure manner.

As a ‘data subject’ you have a number of rights under data protection law, most notably the right to gain access to the information which MH holds about you. Other rights are the right to rectify personal information, the right of erasure, the right to restrict data processing, the right to object to processing and the right to data portability. If you have any questions about these

rights or would like to exercise them please contact the operations manager on 020 8318 4432 or judi@missionhousing.org.uk.

Complaints about the way MH collects, handles and uses personal information can be made to the Information Commissioner's Office here: <https://ico.org.uk/concerns/handling>.



Mission Housing

Missional Housing Loans – FAQs

1. Why are the loans required?

Mission Housing (“MH”) is a charitable housing association, established to provide Christian workers and volunteers (“**Missional Workers**”) with affordable housing, helping them live where they work. Missional workers are often priced out of the UK housing market, unable to rent privately or buy a home. The result is that many have to leave their ministry for local churches or Christian organisations.

With the assistance of loans from people like you, MH could do more. MH can offer a ministry opportunity to strengthen Christian witness by using your help to purchase an affordable home in London.

2. What expertise does MH have in managing accommodation?

MH is a member of the National Housing Federation and the Evangelical Alliance. MH has been operating since May 1965 across London and has experience of purchasing, managing and disposing of properties.

MH currently owns and manages over 50 flats and houses across London on behalf of a number of church workers, churches and Christian charities. Some of these properties are owned outright by MH and most are let at approximately 50% of a private landlord’s rent. Other properties are partly owned by MH via a shared ownership scheme with the church worker.

3. What is the difference between a fixed rate loan and an equity loan?

Fixed Rate Loan: You will receive interest on the amount of loan capital you provide. At the maturity of the loan, you will receive the original loan amount.

Equity Loan: The loan capital is backed by equity in a property which means that the loan capital you provide is interest-free. At the end of the loan period if the property value increases, you have the prospect of a potential gain linked to the value of the property. If the property value falls over the period of the loan, you would receive back less than the original loan.

4. What are the income tax liabilities?

The interest received from the fixed rate loan will be classed as income to you; therefore, you are liable to pay income tax at the prevailing rate, which is deducted by MH before forwarding the net interest to you. You should state receipt of such income on your self-assessed tax return for the financial year of receipt of the interest.

If you have made your loan interest-free to MH, or do not qualify to pay income tax (e.g. you are a charitable organisation) there should be no income tax liability. However, you should take tax advice as to whether income tax is payable or not. If you do not qualify to pay income tax, MH would require evidence of such.

5. What are the capital gains tax implications?

Any increase in the value of the property linked to the equity loan could be subject to capital gains tax on repayment of the loan. If there is a decrease in the value of the property and therefore, a loss is made on the original loan, it could be treated as a loss for capital gains purposes.

6. What happens if the property is occupied by people no longer engaged in Christian work?

The MH Board would negotiate with the occupants to vacate the property, if the property cannot be occupied by Missional workers within a reasonable time, the property will be sold and the loans repaid out of the proceeds of the sale of the property.

7. Who maintains and insures the property?

MH will arrange for building insurance on all freehold properties and MH will pay the service charge on all leasehold properties which includes the insurance premium of those properties. MH also has a full management and maintenance programme for let properties. The maintenance of shared ownership properties is the responsibility of the shared owner and maintaining the property to a good standard is a requirement in the shared ownership lease agreement. It is recommended that insurance of the contents is arranged by those who occupy the property.

8. What happens if the property prices fall?

If the property prices fall between the date of purchase and the date of sale then the equity loan is repaid in a reduced amount reflecting the percentage fall in property value.

The repayment of the fixed rate loan is unaffected by the rise or fall in property values.

9. How does MH decide what interest rates to pay out for the fixed rate loan?

MH has undertaken detailed and rigorous financial modelling and has calculated how MH can cover costs of administering the loan, managing the properties and various risks associated with the project. MH offers a modest interest rate as we are committed to letting out the properties at an affordable rent which align with the ethos and promises made by MH to investors.

10. Can I cancel the loan?

Your right of cancellation begins on the date of notification by MH of acceptance of your application and ends 14 days from that date. If you give notice of the loan being cancelled within this 14 day period you will receive your money back with no interest. You may not cancel your application at any time thereafter until the loan period has expired.

11. What happens in the event of my death?

The loan will be repaid to your executors within 3 months of receiving a copy of your death certificate unless you have made provisions in your will for it to be forgiven on your death. If the loan is forgiven it would become a gift to MH and may be exempt for inheritance tax purposes. However, please make your own enquiries as to potential tax liabilities.

12. If the Bank of England base rate increases during the term of the loan, will the interest rate be adjusted?

Interest rates are fixed for the period of the loan and will not be adjusted. This does not apply to equity loans.

13. How will the loans be repaid?

At the end of the fixed term you could chose to 'roll over' your loan rather than be repaid. This means that together with other finance options we are able to retain the properties we purchase and extend our work in the community. If you wish to withdraw your funds at the end of the loan term, the funds would be repaid from new funds raised in advance. If many loan holders wish to withdraw funds and it is not possible to raise new finance at the time, MH would sell the properties required to pay back the loan holders.

14. What is the guarantee that I will get my money back?

MH expects to repay you the full amount of your loans at the repayment date. However, with an unsecured loan we are unable to offer any guarantee regarding full repayment. We therefore encourage you to consider the loan carefully. We believe that this is relatively low-risk and that you can have confidence in the loans available. MH has worked hard to manage the various risks involved in this type of project.

15. Can I gift my loan?

Yes. The gift would be used to benefit MH allowing further properties to be purchased. If you are a tax payer, Gift Aid can also be claimed on the donation at the option of the donor.

NOTE: THESE FAQ'S DO NOT CONSTITUTE LEGAL OR TAX ADVICE and appropriate legal/tax advice should be sought.

For further information, please contact Mission Housing, 8 Belmont Hill, London SE3 5BD Tel: 020 8318 4432 Email: info@missionhousing.org.uk