

Presbytery of Philadelphia  
Commission on Ministry  
Policy on Loans to Pastors

Churches may make loans to Pastors to secure housing as part of a Pastor's terms of call with the approval of the Commission on Ministry. The principal balance of a Church's manse fund, if any, may be used to fund the loan. Any such loan should be evidenced by a Promissory Note and secured by a recorded Mortgage on the Pastor's residence. It's preferable that the Mortgage be a first lien on the property. If the Mortgage would be a second lien on the property, the Church should take such actions to ensure that the amount of both Mortgages does not exceed the value of the residence. The Borrower on the Note and Mortgage should be in the same names as on the Deed to the residence. It is highly recommended that the Pastor and her or his spouse be jointly and severally liable on the Note and the Mortgage. Under the rules of Appendix F of the Bylaws of the Presbytery, the Note and Mortgage must include a provision that the Note and Mortgage be repaid in full upon the sale of the residence or within 180 days after dissolution of the pastoral relationship between the Church and the Pastor.

Any Note and Mortgage must include interest on the principal balance at no less than the Applicable Federal Rate ("AFR") under Section 1274(d) of the Internal Revenue Code.

Proposed forms of a Note and Mortgage are available at the Presbytery Center.