

# Church group offer interest free home loans

Since 1989 a Whakatane Christian church group has helped over **270 home owners** enjoy a better way of life, through an innovative interest free lending program.



Greg and Samantha Gates, Ehsa and Harry

Over three decades ago two local churches namely Whakatane Christian Fellowship (Liberty Centre) and the Whakatane Baptist Church saw the potential to help people toward home ownership without the burden of having to find crippling mortgage interest payments throughout their adult lives.

Most of us spend our working lives, and beyond, paying off a bank mortgage and when we finally get free we watch our children commence the same cycle.

These church groups asked, 'What if there was a way to circumnavigate this financial treadmill. What if there was a way to release borrowers from having to pay interest when you lend them money?' They did the sums and found the formula for success. Since then a growing number of potential home owners have discovered that such a system is open to everyone no matter their belief, creed or race.

No, it is not a scam or some magical

formula. It certainly contradicts the norm and when you grasp the potential and ongoing benefits for generations of families you have to admit the whole idea is simply brilliant.

Back in those early days a survey was conducted among church members. Through this, it was discovered that the average mortgage amounted to \$35,000 and together the surveyed group owed \$2million. Collectively they would be paying a further \$7million in mortgage interest over the remaining life of their mortgage (yes, interest payments were exorbitant back then). The challenge was to implement a fool-proof system which had the ability to turn such massive interest payments into a benefit for borrowers and their families.

In a nut shell this is how Liberty Trust worked: each family (or individual) contributed \$20 per week into a fund. As soon as there was enough money in the kitty the first family (by ballot) would

re-finance with an interest free mortgage.

That family would then re-pay their mortgage (interest free) to the fund until their loan was re-paid. They were still paying the same monthly payments as they were on their previous bank loan, but the interest portion was now going toward paying the principle. The borrower was able to repay their mortgage many years earlier and thus save a fortune.

The Liberty Trust attracted 100 applicants and was administered by 5 volunteer Trustees. The figures showed that the last contributor would receive their interest free loan after twelve years. Sceptics said such a system would not work, they were wrong, it worked back in the eighties and with care and fine-tuning is still relevant and very much alive today. Along the way changes have been necessary; the ballot system for acceptance of loans has been circumvented and is now replaced by a fairer 'first come,

first served' basis. Participants are now able to choose how much they will donate.

If you talk to the people of Liberty Trust they will tell you that God's word is truth and the proof is not only in the \$20million that has been lent and re-lent to families all over New Zealand but also in the testimonials of people released from traditional mortgages.

Greg Gates says:

"...We were over the moon to be told we were next to get our interest free loan. It is such a joy to know that we are now paying off our home with each repayment we make instead of lining the pocket of some mystery investor in Australia. And again, God's timing couldn't be better. With our youngest starting school Samantha was increasing her work hours which has meant that, with the slightly higher Liberty repayment amount, we will not be struggling to service the loan. Add to that the fact that we will be completely mortgage free before our children leave school and will be able to plan for their higher education and even begin contributions to help them on the road to buying their first homes. We feel so blessed and thankful that we made the decision to join Liberty Trust when we did..."

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