

District Church Properties Board Policy and Procedure 2017-2021

This document is for the purpose of giving guidance and assistance to all local churches who are contemplating the purchase of land and/or building(s), or the construction of buildings. This is to inform the churches of the purpose, policies, and procedures by which the District Church Properties Board (hereinafter called "the Board") shall function.

When your church plans to purchase property, sell property, make renovations/remodeling, construct a new edifice, or borrow money, you must make application for approval for the project by the District Church Properties Board. (See Church of the Nazarene Manual 2017-2021 (hereinafter called "Manual"), par. 103-104.2.)

Please contact the District Office and Resource Centre for application forms when the occasion for any of the above situations arises (See Appendix 2).

I. THE PURPOSE OF THIS BOARD (Manual, par. 236-237.5)

1. This Board is given the responsibility to advise the local church in the purchasing of land, buildings, or the construction of buildings along wise and sound lines.
2. The District Superintendent and the Board are available for counsel with the pastor and/or Local Church Board or Building Committee. Their experience in this field can be of immeasurable value to the local church. Consult with them in the formative stages and throughout the project.
3. Churches are asked to follow the Manual procedures and the following instructions as hereby set forth by this Board. We seek to avoid the high risk of unsound building adventures.

The Board is able to give perspective, information, and counsel that will benefit the local church and pastor.

4. The duties of this Board are enumerated in the Manual, par. 236-237.5

II. APPROVAL IS NECESSARY (Manual, par. 103-104.3, 237.3-237.4)

1. A local church contemplating the purchase of real estate, or the erection of a church building or parsonage/manse, or a remodeling of either, shall submit the proposition to the District Superintendent and the Board for their consideration, advice, and approval. No indebtedness, whether involving a mortgage or not, shall be incurred in the purchase of real

estate or the erection of buildings or a remodeling of either, without the written approval of the District Superintendent and the Board. (See Manual, par. 237.3-237.4.)

2. The Board will consider all propositions for the purchase of real estate, or the erection/renovations/remodelling of church buildings or parsonage/manse and to advise them concerning the propositions submitted. (See Manual, par. 237.4.)

3. The Board will approve or disapprove, in conjunction with the District Superintendent, propositions submitted by the local churches relative to the incurring of indebtedness in the purchase of real estate or the erection of buildings.

III. STEPS IN THE SELLING OF CHURCH OR PARSONAGE PROPERTY (See Manual, par. 103-104.3, 237.3-237.4.)

1. The pastor should consult with the District Superintendent and the Board on the proposed plan to sell the property and the use of money received from the sale of the same, before the proposition is presented to the congregation for a vote.

2. The Local Church Board should consider the proposition by taking into account all the related facts. When they come to agreement on a proposal they shall recommend it to the church membership for their vote. The membership shall vote at a duly called special church meeting. A **two-thirds** vote of members present is necessary. (See Manual, par. 103, 104 and 113.8.)

3. The pastor shall submit all the facts on the proposition to the District Superintendent and the Board, for written approval before the sale can be effected.

4. The Local Church Board is authorized, by the vote of the congregation and the approval of the District Superintendent and the Board, to negotiate the sale of the property. Thereafter, all other transactions to formalize the arrangement will be undertaken by the District Office and Resource Center or its Legal Team.

IV. STEPS IN BUYING LAND OR CHURCH BUILDINGS OR PARSONAGE (See Manual, par. 103-104.3, 237.3-237.4)

1. The pastor should consult with the District Superintendent and the Board in the formative stages. The District Superintendent and the Board will be interested in knowing the need for the purchase, the location, the size, the terrain, the condition, the price and the ability of the church to undertake the financial obligations.

2. The Local Church Board should either elect a Building Committee or act in this capacity.
3. The Building Committee shall consider the needs of the church, securing the necessary facts to determine what is required to best serve the purpose of the church. They should seek out suitable sites and buildings which can be purchased.
4. The Building Committee should recommend to the Local Church Board a certain site or building for their consideration and approval.
5. The Local Church Board should consider the recommendation and approve or disapprove the purchase and financing plan.
6. The approved proposition is submitted to the District Superintendent and the Board for their advice and written approval or disapproval.
7. The pastor, after consultation with the Local Church Board, shall duly call a special church meeting for the purpose of having the membership vote on the specific proposition. A **two-thirds** vote of members present is necessary. (See Manual, par. 103, 104 and 113.8)
8. **After** the Local Church Board, the District Superintendent, the Board, and the membership at the special church meeting, have approved the proposition, the transaction is then referred to the District Office and resource Center or its Legal Team for completion of the purchase.

V. STEPS TO CONSTRUCT CHURCH BUILDINGS OR PARSONAGE (See Manual, par. 103-104.3, 237.3-237.4)

1. The Local Church Board should either elect a Building Committee or act in this capacity.
2. The pastor and the building committee shall consult freely with the District Superintendent and the Board throughout all stages/phases of this project.
3. The building committee shall consider the church building needs and proposals to meet those needs. Complete studies should be made on the communities served by the church and projections on anticipated population and membership growth. This initiative should be undertaken in consultation with the District Advisory board.
4. The building committee recommends an over-all plan to the Local Church Board for their consideration and approval.

5. The Local Church Board votes to engage an architect/qualified personnel to prepare preliminary plans, *not final working drawings*, in consultation with the building committee, District Superintendent and the Board.
6. The Board strongly recommends that qualified personnel (engineer, plumber, electrician, etc.) be used to prepare the plans/drawing.
7. The Local Church Board approves the preliminary plans/drawings.
8. The building committee determines the method of constructing the building; such as:
 - 1) Contracting out the building to a general contractor after securing bids,
 - 2) The church serving as the contractor and securing bids for sub-contracts as needed, or
 - 3) Do it yourself.
9. The building committee shall acquire Quantity Surveyor's report of the total cost of the building and furnishings and submit to the Local Church Board a sound plan for financing the project.
10. The Local Church Board submits the proposition to the District Superintendent and the Board for written approval or disapproval. The district will respond with initial approval and requirements. (See Appendix)
11. The Local Church Board votes to approve the building plans, as approved, and the plan for financing the project.
12. The Local Church Board submits the proposed plans, financing and projected cost to the church membership for their approval in a duly called special church meeting. A **two-thirds** vote of members present is necessary. (See Manual, par. 103, 104 and 113.8.)
13. The Local Church Board authorizes the final plans or working drawings to be prepared and approved by the necessary local authorities/agencies.
14. The building committee shall secure bids and/or estimates on the building and have these approved by the Local Church Board.
15. Contracts can be signed and obligations incurred to complete the project only **after** receiving the written approval of the District Superintendent and the Board.
16. The Local Church Board should designate a "Sub-Committee" within the building committee and empower the committee to make "on-site" decisions. (See Appendix)

VI. DATA TO BE SUBMITTED TO THE BOARD

1. The long-range plan for the development of the church facilities.
2. The present proposition under consideration.
 - A. Give all data concerning the purchase of land, such as; location, size, terrain, zoning and any other related information.
 - B. Give all data concerning the purchase of buildings, such as; location, zoning, type of construction, size, state of repair, repair or remodeling costs, price and adaptability to church use.
 - C. Give all data in the construction of a building, such as; site, compliance with zoning and building codes, plot plan, design of building, floor plan, method of construction, total cost of the project including land, building and furnishings.
 - D. Give complete financial report of the Local Church and her past record (3 year minimum) in meeting her obligations, such as; local expenses, pastor's care, payment of all church budgets, and the ability to take on the additional financial responsibility.
 - E. State the total indebtedness you are seeking approval for and give evidence that the Local Church can raise the necessary money to finance the project or the necessary mortgage payments.
 - F. Give evidence of the desire of the congregation for this project and their willingness to make it a success.
 - G. Pastor's commitment and willingness, in faith, to bring this to a successful completion.

VII. KEY POINTS TO BE CONSIDERED BY THE BOARD

1. The Local Church must show the need for the land and/or building.
2. The Local Church must show evidence of increasing morale and dedication to an expansion program.
3. The proposed plan must be adequate, feasible, and in the best interest of the local church.

4. The Local Church must be in a sound financial position as evidenced by financial growth, paying all local bills, providing an adequate pastor's salary, and paying all the budgets.

5. The complete financing of the proposed project shall be submitted to this board:

A. Present assets including cash on hand, value of church and parsonage property, net income from sale of property, pledges and any other assets.

B. Present liabilities including any mortgages on church and/or parsonage property showing balances due, monthly payments, and name of lender.

C. Present total cost of proposition, including land, building, landscaping and furnishings.

D. Present total indebtedness to be incurred. \$ _____

E. Show how you will finance this indebtedness. By a Deed of Trust _____;

Other _____; Total amount to be financed \$ _____; Interest rate _____ %;

Years to pay off _____; name and address of lender

F. Show a Deed of Trust commitment from a bona fide lending agency.

G. Show the ability of the Local Church to carry the indebtedness and the plan adopted by the Local Church Board to secure the additional monthly payments.

H. Demonstrate that sufficient money is available to complete the project.

<CASH ON HAND> _____ <GAP> _____ <DEED OF TRUST>

<TOTAL COST OF THE PROJECT>

Ways to close the gap:

1. Raise more money before starting.
2. Raise more cash during construction.
3. Increase the mortgage, yet under the maximum debt limit.
4. Reduce the cost by economizing in design, layout, materials, and method of construction.
5. A little of each.

VIII. GUIDELINES THAT DETERMINE DEBT LIMIT

The following “guidelines” are used by lending institutions and the Board.

They help to determine the maximum debt-limit a church can prudently carry. It is essential that each church keep the debt as low as possible.

1. The morale and dedication of the congregation to accomplish this project.
2. The attitude and ability of the local church to meet her local, district and general church obligations.
3. Confidence in the ability of the pastor to lead the church in a successful completion of the project.
4. The total indebtedness should not exceed 60% to 75% of the appraised value of the land, buildings, and furnishings. A qualified appraiser should determine value of the completed project.
5. The total indebtedness should not exceed 3 times the total raised for all purposes in one year. In cases where there has been an unusual rise in the income for one year, the board should average the income over the last three years. (See Manual, par. 237.4)
6. At no time should the debt payment be more than 40% of the residue after regular church expenses are met.

IX. REASONABLE ACCOMMODATIONS (For the Differently Able)

In response to the enactment of the Occupational Health and Safety Act, the Board advises that greater attention should be given in planning new buildings and remodeling of existing structures to accommodate the needs of those who are disabled.

Since many of our churches are small in size, the concept of “reasonable accommodations” should be the order of the day for most churches in consideration of the needs of the differently able.

In addition to the standard applications herein provided, those submitting plans for the Board approval should indicate provisions being made for barrier-free access for the differently able.

DIDF Recommendations and Projection

1. That the District Advisory Board charge the Finance Committee to develop a policy for investment and allocation of capital in the District Infrastructure Development Fund (DIDF)
2. That the Finance Committee in collaboration with the District Church Properties Board determine the allocation of District Infrastructure Development Fund (DIDF)
3. The Finance Committee shall determine the gap between the available resources of a local church and the imperative need for church property.
4. The Finance Committee shall then endeavor to bridge that gap by providing investment funds necessary to acquire property.
5. Funds shall be allocated based on priority and availability.
6. *That the goal of the DIDF be set at **\$2,000,000.00** with view of allocating fifty percent to building and due care of existing structures, twenty-five percent to investment, fifteen percent to fully financing New Starts/church planting, and ten percent to ad hoc/emergency.*

Guidelines for a Building Committee

1. Make the team small and manageable...no more than 4-5 persons
2. Plan to report to the **District Board of Church Properties (DBOCP)** at least EVERY QUARTER.
3. Have access to a skilled and knowledgeable construction person. If a member is not available have someone as a consultant or check the **DBOCP**.
4. Invite the **DBOCP** at the inauguration of the committee.
5. Acquaint the team with ALL Statutory Building Regulations/Requirements: OSH, Health, Town and Country, Electrical.
6. Most churches are over thirty years old and may not meet current regulations/requirements that have been changed in the last ten years, so every church must have a consultation about these areas.
7. Establish a Use of Church Policy for non-members and develop a fee structure.
8. List current needs and prioritize works and maintenance plan.
9. Plan a BUDGET and a financing plan.
10. Keep the Pastor and Local Church Board updated. Limit scope of works to small manageable projects as far as possible.

Application for Approval to Purchase Property

CHURCH: _____

Type of property: Land _____ (Lots _____ Acreage _____ Size _____)
 Existing Building _____ (Lots _____ Acreage _____ Size _____)
)
 House for Parsonage _____ (Lots _____ Acreage _____ Size _____)
)
 Other (specify) _____ (Lots _____ Acreage _____ Size _____)
)

Location of proposed property

Condition and age of buildings

Describe land: (appearance, neighborhood, condition)

Proposed use of property

Purchase price _____

Value of present church properties _____

Indebtedness on present properties _____

Total income for all purposes last year _____

Were all budgets paid in full? YES _____ NO _____ (If not explain

Local Church Board action on proposed purchase Date _____

Members Present _____ For _____ Against _____

Church Membership Vote (According to Manual Par 103, 104) Date _____

Members Present _____ For _____ Against _____

Pastor's Signature _____ Date _____

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 **(For District Use Only)**

DISTRICT BOARD ACTION

Date _____ Ballots Cast _____ For _____ Against _____

Approved _____ Not Approved _____

Qualifications for Approval:

Secretary, District Church Properties Board

Application for Approval to Construct Building

CHURCH: _____
 Type of construction: Sanctuary _____ Worship Center _____ Parsonage _____
 Education Building _____ Fellowship Building _____
 Major Remodeling (describe) _____
 Architect or Designer _____
 Are plans submitted with application? Y / N Previously _____ To Follow _____
 Total floor space in proposed building (sq. ft.)

Contractor _____

Contractor Supervisor (No General Contract) _____

Estimated cost of construction per square foot _____

Estimated cost of furnishings _____

Target date for construction: Beginning _____ Completion _____

Present value of church & parsonage properties \$ _____

Present indebtedness on all properties \$ _____

Total income for last year \$ _____

Were all budgets paid in full? Y / N (If not, explain) _____

Local Church Board action on proposed purchase Date _____

Members Present _____ For _____ Against _____

Members Present _____ For _____ Against _____

Church Membership Vote (According to Manual Par 103, 104) Date _____

Members Present _____ For _____ Against _____

Pastor's Signature _____ Date _____

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(For District Use Only)

DISTRICT BOARD ACTION

Date _____ Ballots Cast _____ For _____ Against _____

Approved _____ Not Approved _____

Qualifications for Approval:

Secretary,
District Church Properties Board