

## **PRESBYTERY OF NEWARK BOARD OF TRUSTEES**

### **Policy on the Use of Proceeds from the Sale of a Manse** (Approved: June 23, 2009)

1. At least one hundred per cent (**100%**) of the net proceeds (after sale or transaction expenses such as mortgage payoff, real estate sale commissions, abstracting or title expenses, or legal fees, ) from the sale of manse will be retained for housing needs of the minister. **Said proceeds to be maintained in an interest bearing account that is clearly delineated as housing funds.** Housing allowance is subjected to change based on the terms approved by the Presbytery.
2. **A church may petition the Board of Trustees to reduce the total percentage retained in section one above.**
3. **The Board of trustees must agree to the reduction in the total percentage retained in section one above.**
4. The Committee on Ministry and Presbytery must approve any variation from above.
5. Churches which sell a manse shall submit to the Board of Trustees and Committee on Ministry a letter indicating the gross proceeds and expenses in the sale of the manse along with the amount they **are required** to hold for future housing needs for the minister and how they plan to invest it.
6. A church may use the interest or income earned on these funds to reduce the annual cost of providing a housing allowance to the minister and may reinvest the earnings in this fund so that its value keeps pace with inflation.

#### **Purchase or Sale of Church Property**

The Book of Order states in G8.0501: " A particular church shall not sell, mortgage, or otherwise encumber any of its real property and it shall not acquire real property subject to an encumbrance or condition without the written permission of the Presbytery transmitted through the session of the particular church"

1. For a church to borrow money it is required that the church have a minimum of one-third of the required funds on hand, an additional one-third of the funds pledged, and no more than one-third can be borrowed. If the borrowing is for the purpose of refinancing an existing loan with no additional funds, these requirements may be relaxed by the Board of Trustees, at their discretion.
2. Once the Session has determined it wants to sell, mortgage, or encumber real property or to purchase property, it must call a congregational meeting to authorize the action. The church must come to the Board of Trustees for their approval. The request of the church will be transmitted to the Committee on Ministry by the Board of Trustees. Similarly, when a church proposes to refinance an existing loan or to apply for a loan it must come to the Board of Trustees for their approval, and then also seek the approval of the Committee on Ministry.
3. Once the Congregation has voted, the Session is to transmit its action to Board of Trustees and Committee on Ministry. The Board of Trustees will act on such requests only after the congregation has acted.
4. The Board of Trustees will have the authority to approve the purchase or sale agreement and the terms of a mortgage, if such is required.

5. When a purchase or sale agreement is made, it will state that it is contingent upon the action of The Presbytery of Newark through the Board of Trustees acting on behalf of the presbytery. The church shall provide the legal description, the purchase or sale agreement and the terms of the mortgage, if such is required, and the necessary required documents to the Board of Trustees. The Board of Trustees may then grant permission for the transaction. When so granted, The Board of Trustees will transmit the board's recommendation to the Presbytery in writing to the church.
6. The action is to be approved by Presbytery upon the approval of the Board of Trustees report and recommendation.
7. The Trustees require that they receive an annual report from all lending institutions where churches have encumbered their church property. The Trustees also require from the church a written plan for the repayment of the loan(s).

### **Policy on Loans**

1. The Church applying for the loan shall submit in full all information requested by the Board of Trustees.
2. When a manse is involved, a professional real estate appraisal shall be obtained to determine market value of the site to be financed.
3. Title to property shall be in fee simple and entirely without reversions.
4. Loan proceeds shall be used only for the purpose for which they are appropriated.
5. When land is acquired, copies of the deed and plot shall be furnished to the Board of Trustees.

### **Required Documentation**

1. Congregational(Corporation) Minutes – Approval
2. Church Trustees Minutes – Approval
3. Request to the Board of Trustees-Outline of request (how much, for what reason)
4. General information on the church such as years in existence, locations, number of members/families
5. List of Church Trustees
6. Name of Financial Institution
7. Number of giving household
8. History of previous capital campaigns. If so when, and the results (goals vs. actual).
9. Number of donors & size of pledges ( over what period of time will pledges be collected?)
10. Annual operating budgets for the past four years
11. Annual financial statements for the past five years.(balance sheet/revenue and expenses)
12. Current year financial statements and operating budget comparison
13. Three-year trend in membership, worship attendance, church school
14. Three-year trend in annual budget giving by giving household(building fund, etc; please designate)
15. Resume on head of staff, organizational structure and member roster for key committees.
16. Estimates of projected growth in membership and annual budget.
17. Annual financial statements for the past five years on umbrella organization if it will be a co-borrower or guarantor.
18. The loan must be approved by the Presbytery upon the approval of the Board of Trustees report and recommendation.

### **Guidelines for Church Lease Agreement**

1. Certain specifics shall be written into the lease
  - a. **Space to be used:**
    - i. Identify rooms that will be used.
    - ii. Whether or not kitchen and its equipment may be used.

- iii. Whether or not storage space is available and where.
  - b. **Length of time:**
    - i. State months and days of week involved.
    - ii. State beginning month, last month, and the year.
  - c. **Financial agreement**
    - i. State cost per month
    - ii. State date of first payment and date of last payment.
    - iii. State total cost.
    - iv. State which utilities are included in the cost of sharing.
    - v. Agree on custodial responsibilities.
    - vi. If tenant chooses, the church may send monthly statements.
2. **Tenant's Responsibilities:**
- a. Damage to property; Tenant agrees to pay for any damage done.
  - b. Approved special equipment:
    - i. Tenant will pay for any special equipment, such as answering service, etc.
    - ii. Tenant will pay for added equipment, such as room dividers, etc.
  - c. Other: Tenant agrees to make necessary arrangements to minimize any conflicts with other church-affiliated organizations that may be utilizing facilities during the same hours of the day.
3. **Legal and Tax Implications:**
- a. Require that tenant lists church as a "named insured"
  - b. Inform church's insurance agent of the tenant's presence.
  - c. If your tenant is a taxable entity, you may become liable to local property tax. **Check with an attorney.**
  - d. **There must be proof of adequate insurance coverage by tenant.**

**The Presbytery of Newark approved the Board of Trustees policies as guidelines to be used by the Board of Trustees. These guidelines are not part of the Standing Rules of the Presbytery. These guidelines can be amended with the approval of the Presbytery.**

**Approved: June 23, 2009**