



Vestry University

Episcopal Diocese of Newark

How to Solve Your Property Problems

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Ways to Solve Your Property Problems

**There are no insurmountable property problems when
dealt with in a calm thoughtful manner**

Ways to Solve Your Property Problems (continued)

- Create a small property committee of 3 to 7 responsible parishioners that are willing to commit to the needed time to aid in identifying, evaluating and follow through to repair the problems.
- Arrange a walk thru with the Diocesan Property Manager.
- Identify, interview and engage at least three qualified contractors to examine the needed repairs.
- Ask them how they would do the repairs and don't hesitate to ask questions. Engage in conversation about the repairs and listen to their opinions. If they won't share now find another contractor!

Ways to Solve Your Property Problems (continued)

- Request a written bid on the work by a given deadline.
- Once you have the estimates it is time to review and discuss them as a committee. Remember, listen to each other and respect each person's opinions as you work through this process.

Don't make your decision based only on the lowest bid!

Consider the contractors willingness to work with you and discuss the issues during the initial and follow up interviews.

- Decide who will be the project leader, he or she will deal with the contractor and inspectors.

Ways to Solve Your Property Problems (continued)

- Now you can prepare your presentation to your vestry or executive board. Explain your project and why it is necessary, why you choose the contractor, what it will cost and the agreed time line for the completion of the project.
- Once they have approved the project get a contract from the contractor stating the exact cost and when payments are to be made, the specifics of the work, when the work will begin and the expected date of completion.
- Get a certificate of liability insurance from the contractor before the work begins.
- Have the contract signed by a Warden and the Rector / Priest in Charge.

I. Property Use Issues

- Use of Property As a Source of Revenue
- Use of Property As Part of Your Mission
- Use of Property As Part of Fellowship
 - Have an Agreement
 - Lease
 - Use Agreement
 - Something That Spells Out What Everyone Is Agreeing To
 - What Happens When Things Go Wrong

Property Use Issues (continued)

- Agreements should specify
 - Who
 - Gets to use the property:
 - What group
 - Who is responsible
 - Who gets the keys
 - Who cleans up
 - Where
 - What part of the church

Property Use Issues (continued)

- Permanent or Infrequent
- Beware of Usage and Time Creep
- What:
 - Of Your Equipment If Any Are They Going To Use
 - Kitchen, Sanctuary, Other Areas
- When:
 - Set Time Limits
 - Date and Time

Property Use Issues (continued)

- Money
 - When Do They Pay?
 - Before the Event
 - What Happens If They Don't?
 - What Are They Paying For?
 - Security/Cleaning Deposit
- Use of Church Name
 - Signs
 - On the Property
 - Around Town
 - In Newspapers

Property Use Issues (continued)

- Publicity
- Insurance/Indemnity
 - Sample Documents in Property Manual

II. Insurance

Problems:

- Finding the Policy
- Limits & Self Insured Retentions (Deductible)
 - Saving Money vs. Adequate Coverage
- What is Covered?
 - Directors/Officers
 - Clergy Malpractice
 - Sexual Abuse/Adult Abuse
 - Fidelity Bonds-Coverage for Theft
 - Replacement Value

Insurance – Solutions

- Have a policy that is specifically designed for Houses of Worship
 - Clergy Malpractice
 - Counseling Issues
 - Day Care
- Review annually-limits, coverage, SIR

Insurance – Solutions

- When Something changes at church review it again
 - New Tenant
 - New Programs
- Lease/Agreements with Tenants
 - Certificates of Insurance - make sure they are current
 - Indemnity Agreements – Indemnity without Insurance is worth nothing

III. Property Taxes

Problem: Churches can be subject to property taxation depending upon the situation.

Issue is USE & Not Ownership

- Special Rules for Rectories
- Profit vs not-for-profit rentals
 - If you rent to a not-for-profit then the exemption remains
- Partial vs total rentals – proportionate taxation

Property Tax Issues - Solutions

- Ask a Lawyer (seriously)
(Who Actually Knows About Property Taxes)
- Tax Clauses in Leases Making Tenant Responsible for Any Tax Payments or Increased in Costs
- Understand the consequences of Leasing/Renting Property
- Standing Committee Approval

Where Will The Money Come From To Do The Work?

- INSURANCE - Does the damage of the building qualify for an insurance claim? Have you filed a claim?
- BUDGET - Is there a line item for maintenance and repairs in your annual budget?
- INVESTMENTS - Do you have sufficient investment funds that may support this size project?
- CAPITAL CAMPAIGN - Have you had a capital campaign in the last 7 to 10 years?
- EPISCOPAL CAPITAL LOAN FUND (ECLF) - Can you afford a long term ECLF loan? Up to \$40,000/As long as 25 yrs.

Where Will The Money Come From To Do The Work? (continued)

- WARD J. HERBERT GRANT - Does this type of work qualify for a Ward J. Herbert 50/50 grant? If the repairs qualify for W.J.H. you may be eligible for a small very short term loan to start the work. This loan must be repaid within one year.
- BISHOPS CHURCH EMERGENCY FUND – (BCEF) Depending on certain parameters your project may qualify for a BCEF grant. BCEF appeals are made five times per year.

FUNDING AND LOAN OPPORTUNITIES

EPISCOPAL CHURCH BUILDING FUND – National Church

The ECBF, founded in 1880, is an autonomous and self-supporting organization whose mission is “to aid in the building, improvement, and repair of churches, rectories, parochial, and diocesan buildings by providing assistance in planning and loans, and to aid in the development of congregations through providing training, education, and resources.” Contact Jim Caputo or Paul Shackford for more information.

WARD J. HERBERT - Diocese

- The Ward J. Herbert Board grants funds for buildings that are used for congregational functions.
- Top priority is given to funds for deterioration of structure, hazards, and emergencies, such as inoperative boilers.
- The fund's second priority is interior and exterior renovation to provide for expanded mission of the congregation. *[RARE]*
- *50/50 GRANT - Grants from the Ward J. Herbert Fund generally do not exceed 50% of the job cost.*

EPISCOPAL CAPITAL LOAN FUND [ECLF]

- Diocese

- An endowment fund created in the 1950s and administered by the Ward J. Herbert Fund provides short-term loans for capital campaigns and long-term loans for major building projects.
- Ward J. Herbert Board for current information on loan maximums (currently up to \$40,000 for 25 years) and interest rates.

BISHOP'S CHURCH EMERGENCY FUND [BCEF]

- People are asked to participate in a CALL to assist congregations who have emergency building needs.
- There are five calls per year. Each call brings in \$5—7,000 for emergency needs.