



Vestry University

Episcopal Diocese of Newark

Property Management Guide

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CONFESSION 😊

- THERE IS NO NEW PROPERTY MANAGEMENT GUIDE
 - COMING SOON ON YOUR GO TO WEBSITE
WWW.DIOCESEOFNEWARK.ORG
- UPDATED AND MORE USER FRIENDLY

ALL PROPERTY IS HELD IN TRUST

TEC CANON 1.7.4:

- All real and personal property held by or for the benefit of any Parish, Mission, or Congregation is held in trust for this Church and the Diocese thereof in which such Parish, Mission, or Congregation is located. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission, or Congregation otherwise existing over such property so long as the particular Parish, Mission, or Congregation remains a part of, and subject to, this Church and its Constitution and Canons.

CANONS

There are two types of
congregations:

Parishes

Missions

PARISHES

- Parishes hold property in the name of the parish corporation (rector, wardens and vestry persons or some variation thereof) subject to the application of the Trust Doctrines recognized in the National Canons.
- Management of parish property is the responsibility of the clergy, wardens and vestry collectively.
- Approval to sell, lease or encumber (mortgage/line of credit) portions of church properties subject to the approval by the clergy, wardens and vestry and then the Bishop, and Standing Committee.

MISSIONS

- Title to the property is held by the Trustees of the Diocesan Properties and Episcopal Funds of the Diocese of Newark on behalf of the mission or aided parish.
- Management of the property is the responsibility of the executive committee and in consultation with the Trustees.
- Approval to sell, lease or encumber (mortgage/line of credit) portions of church property is subject to the approval of the executive committee, the Trustees, the Bishop and the Standing Committee.

ROLE OF LEADERSHIP

- Working together:
- The Rector/Priest in Charge has the authority to decide when and who will use the church buildings
- The Vestry/Executive Committee is charged with the duty of maintaining those buildings

BISHOP AND STANDING COMMITTEE

- TEC Canon 1.7.3:
- No Vestry, Trustee or other Body, authorized by Civil or Canon law to hold, manage, or administer real property for any Parish, Mission, Congregation, or Institution, shall encumber or alienate the same or any part thereof without the written consent of the Bishop and Standing Committee of the Diocese of which the Parish, Mission, Congregation or Institution is a part, except under such regulations as may be prescribed by Canon of the Diocese.

Annual and Single Facilities Usage

- Most congregations permit some use of their building(s) for non-congregational functions or meetings. Since this use presents both opportunities and challenges it must be carefully considered and well-defined guidelines and policies should be established.
- Contracts for facilities use are found at <http://www.dioceseofnewark.org/property>

FORMS FOR FACILITIES USAGE

- An Annual Facilities and Equipment Use Agreement which has 4 main sections:
 - Details of Facilities and Equipment Use – dates, times, contacts, payment, etc.
 - Terms and conditions of agreement.
 - Key Control Agreement.
 - Letter to the “User” from the church.
- www.dioceseofnewark.org/property

LEASE, MORTGAGING, LINE OF CREDIT & PROPERTY SALES

- The Bishop & the Standing Committee must approve the following:
 - LEASE TO TENANT FOR MORE THAN ONE YEAR
 - LEASE OF RECTORY FOR ANY LENGTH OF TIME,
 - MORTGAGE
 - LINE OF CREDIT
 - PROPERTY SALES

MISSIONS PROPERTY

- Must have the permission of the Trustees of Diocese of Newark prior to bringing a lease, sale or mortgage/line of credit to the Bishop and Standing Committee.

LEASE, MORTGAGING, LINE OF CREDIT & PROPERTY SALES

- *Diocesan Canon 10:*
- A Parish may enter into a lease or leases of Parish-owned property, other than for residential use, without the prior consent of the Bishop and Standing Committee provided the term of such lease does not exceed (1) year in duration, and the lease does not obligate the Parish to extend or renew the tenancy beyond one year.
- No Parish-owned property shall be used or leased for residential purposes without the prior consent of the Bishop and Standing Committee, in writing, regardless of the extent of such use and the duration of such lease, except that no such consent shall be required for the occupancy of Parish-owned property by Clergy or lay employee of such Parish.
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LEASE

One year; longer than one year

- Leases for one year or less do not need review and approval,
- Leases longer than one year; those with no term or an indefinite term require Bishop and Standing Committee approval.
- The Standing Committee will consider a lease for up to three [3] years. If the lease is to be renewed, it must be resubmitted.

What Must be Provided to the Bishop and Standing Committee

- **Selling or Leasing:** No application to sell or to lease real estate to a tenant will be entertained until the petitioner has filed the following documents in proper form with the Bishop's Office:
- A Resolution, or other proof, that the Vestry of the parish, or In the case of a Mission, the Executive Committee AND the Diocesan Council, has authorized (subject to the consent of the Bishop and the Standing Committee) the proposed sale or proposed lease.
- A brief statement of how the sale or lease of this property will aid in the congregation's strategy for growing its mission.
- A Petition which shall contain or be accompanied by supporting schedules, containing the following:

PETITION

- A description of the property,
- Information as to whether the property has been consecrated,
- The reason or reasons for selling or leasing the property,
- The full name, address, and the relationship, if any, of the lessee or purchaser to the parish or mission.

Additionally, In Case of a Lease

- Written appraisal of rental value by a qualified real estate professional appraiser,
- Proof of liability insurance coverage carried by the leasing body or organization. Such coverage should be in the amount of not less than two million dollars, and should specifically stipulate the parish, the leasing body or organization, and the Diocese of Newark as additional insured,
- A copy of the proposed lease

IN CASE OF A SALE

- The terms and conditions of the sale together with a statement of the intended disposition of the proceeds of the sale, and
- The Petition must be accompanied by a current (i.e., performed within the last six months) written appraisal by a licensed (minimum requirement) or certified real estate appraiser.

FORMS

- Forms for the petition, leases, and sale contracts are found at:
- www.dioceseofnewark.org/property.
- **PLEASE** use the lease and sale contract forms as the base for developing your agreement. They include the language approved by the Standing Committee. Additions can be added to meet the contract needs. Commercial leases are not acceptable.

REMEMBER

- YOU ARE THE LANDLORD!

LEASE OF RECTORY

- Leasing of a Rectory may cause the property to be taxed by the town. Consider adding the potential property tax to your lease.

MORTGAGES/LINE OF CREDIT

- No application to mortgage real estate will be entertained until the petitioner has filed the following documents in proper form with the Bishop's Office and it has been approved by the Bishop and Standing Committee:
- A Resolution, or other proof, that the vestry of the parish, or governing body of any other owner of real estate, has authorized (subject to the consent of the Bishop and the Standing Committee) the proposed mortgage.

MORTGAGES/LINE OF CREDIT

A Petition which shall contain or be accompanied by supporting schedules containing the following:

- A description of the property by metes and bounds,
- A statement of the size and terms of the mortgage, including the interest rate, amortization period, and name of the mortgagee,
- The terms of the Letter of Credit (if any).
- A statement of the reasons why it is necessary to borrow the money secured by the mortgage/line of credit, and a description of the plan for the ultimate repayment of the amount borrowed,
- A statement of all outstanding indebtedness (current and year end for the last two years),

MORTGAGES/LINE OF CREDIT

- A brief income and operating statement of the parish for the last two fiscal years showing sources of income, including pledges, plate offerings, rental income, income from investments, and the like; and expenses, including salaries and other expenses.
- A detailed listing of all financial assets (trust funds, endowment income, etc.), including their present value and year-end value for the last two years;
- A statement of parish pledge/contribution to the Diocese for the previous three years;
- A statement of the current parish membership showing the number of baptized persons and communicants for the five years prior.

PROPERTY COMMITTEE

- Annually the vestry/executive committee will designate a group of two or more representatives to conduct a walk-through of all properties including the rectory to assess any needed repairs or improvements.
- Also, annually, the rector and vestry/executive committee will develop a plan and budget for rectory maintenance.
- This is critical!

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 Shakford 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]*

WARD J.HERBERT - Diocese

- 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. Contact
- 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

PROPERTY MANAGER

- JIM CAPUTO!!!!
- EXCELLENT RESOURCE.

Website Resources

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- **Property Management Guide**
- **Sample Contract Facilities & Use – Annual**
- **Sample Contract Facilities & Use - Single Use**
- **Sample Lease Agreement – Church**
- **Sample Lease Agreement - Church School Real Estate**
- **Sample Lease Agreement - Church School Renewal**
- **Sample Lease Agreement – Rectory**
- **Sample Space & Use Agreement - Day Care**
- **Standing Committee Petition Forms for Lease, Mortgage or Sale of Property**

OTHER RESOURCES

- *The Vestry Resource Guide*, a Cornerstone publication of The Episcopal Church Foundation is a useful reference with a 2-page “Stewardship of Property Checklist.”
- *The Vestry Handbook* by Christopher L. Webber is also a good resource for property information.

OTHER RESOURCES

- The Partners for Sacred Places website lists a number of publications about property care. These are available for purchase through “Partners.”
 - *Maintenance Manual: A Program for Inspection and Seasonal Maintenance of Religious Properties*
 - *Inspecting and Maintaining Religious Properties*
 - *How to Care for Religious Properties*
- *Safeguarding Your Assets: Risk Management & Insurance Basics for Episcopal Organizations* by the Church Insurance Agency Corporation – for more detail about the steps listed above as well as information about insurance coverage and other considerations.

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OTHER RESOURCES

- *Church and Parish Hall Inventory: Protecting Your Church Assets* also by the Church Insurance Agency Corporation.
- *The Church Pension Group's website* provides another good resource for researching issues of risk management. (See *Appendix F for website information.*)
- *“Interim Checklist/Plan for Emergency Preparedness for Congregations”* from Episcopal Relief and Development helps congregations prepare for any type of emergency by planning response **before** disaster strike