

2021

ARKANSAS-LOUISIANA ASSOCIATION

Property Management Policies

**LOAN REQUESTS / SALES-PURCHASE / SUBSIDIES
BUILDING GUIDELINES / INSURANCE**



**Arkansas-Louisiana Conference
of Seventh-day Adventists**

www.arklacsda.org

Associations Department



ARKANSAS-LOUISIANA CONFERENCE ASSOCIATIONS MANUAL

The membership of your church is to be commended for its plan to provide adequate building facilities to glorify God in your community and meet the needs of your church family.

Please know that your conference administration and executive committee are anxious to do everything possible to assist you in reaching your objective.

We have prepared the following materials to simplify the implementation of your plans and to assist in following the Bible counsel to “count the cost” before beginning to build. Please read the Policy Guidelines before completing the applications. Of course, good judgment and careful planning should always accompany our faith.

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Conference appropriations are made as funds become available through ARKLA ADVANCE offerings from sister churches.

We pray for God’s blessings on your endeavors to erect an edifice to His honor and glory and following inspired counsel as outlined below:

In none of our buildings should we seek to make a display; for this would not advance the work. Our economy should testify to our principles. We should employ methods of work that are not transient. Everything should be done solidly, for time and eternity.

Testimonies, Vol 6, p 101.

God would not have His people expend means extravagantly for show or ornament, but He would have them observe neatness, order, taste, and plain beauty in preparing a house for Him in which He is to meet with His people.

Testimonies, Vol 2, p 257.

***The Arkansas Conference Association of Seventh-day Adventists
The Louisiana Conference Association of Seventh-day Adventists
Policy Manual***

Property Purchase, Sale, Lease and Tax Policies

1. Property purchases and sales must be coordinated through the Associations Department at the Arkansas-Louisiana Conference Office.

2. Churches are encouraged to develop a long-range plan for ministry prior to the development of property purchases and/or building plans. Points to consider include:
 - Review your church's mission statement and provide a brief description of how the purchase/building fits into your mission.
 - The reasons/needs driving the purchase/building plan.
 - Congregational support for project (describes congregational participation/commitment).
 - Steps taken in planning process—all the construction plans, budget, expenses, contractors, and resources available must be presented and approved by the church's appointed committees and/or subcommittees
 - Phases for project (if more than one, provide brief description).
 - Purchase/building project's fit into the church's long-range ministry.
 - Overview description of purchase/building project. Provide photos, plans, drawings, etc.
 - Project's church impact: financially, logistically, internally, and spiritually.
 - Following local church approval, all plans to be submitted to the Association Management Committee prior to construction.

3. **Qualifications for a loan include**
 - Church debts and obligations must be current, including tithes and offerings, and Conference receivables.
 - Churches requesting a loan shall have at least one full year of operating financial records before a loan request for the purchase of land, church, school, or the construction of the same is presented.
 - Congregations must achieve full Church status before requesting a loan to purchase land, a church, a school or the construction of the same.
 - Congregations requesting a loan must prove from records submitted to the Conference that their monthly local offerings may support the payment of a loan plus operating expenses. If the monthly offerings do not support a full payment of the proposed loan, then they may receive pledges towards the loan payment from their membership, but the pledges must exceed the loan payment by 125% of the loan payment.

4. Process for obtaining a loan

- **All property purchases must be first voted by the local church in a duly called business session and a copy of the minutes provided to the Association office.** The minutes must include the voted action regarding the purchase, the sale amount, or the cost for construction/repairs. The minutes must also include the time and date of the meeting as well of a head count of those present. If possible, the names of the church members present should be included.
- Fill out Loan Request papers obtained from Conference Associations Department, making sure the pastor and church treasurer sign appropriately. Submit papers to Conference for approval.
- Before a purchase or sale contract is presented, the property must be evaluated by an Association official representative. This person will contact the congregation, to clarify questions before presenting a report to the Associations Management Committee (AMC) for further action.
- All property-related purchase or sale contracts must be voted by the Arkansas-Louisiana Conference Associations Board. Properties must be titled in the name of the "The Arkansas Conference Association of Seventh-day Adventists," or "The Louisiana Conference Association of Seventh-day Adventists," as applies.

5. Loan policies:

- **New loans will only be granted to congregations meeting the criteria for church status. Groups and companies will not be considered.**
- Depending on their financial circumstances, a church may borrow up to a maximum of 300% of its annual tithe average for the last three years or 65% of the total project cost, whichever figure is less.
- A subsidy of 5%, up to \$20,000.00, can be obtained from the Conference for total purchase price of property/building. An additional subsidy of 3% is available through the NAD for Spanish (multi-cultural) congregations. Application must be turned in along with receipts/invoices documenting renovations/purchase. No subsidies will be disbursed without itemized receipts. The appropriate conference committees will review products purchased to determine their qualification for subsidy.
- The conference subsidy can count toward the down payment amount of purchase if approved by Associations Management Committee (AMC), Associations Board, **and the Executive Committee.** Any exceptions must be approved by the Conference Executive Committee.
- The loan request to the Southwestern Union Revolving Fund (**SWURF**) must be signed by two Association officers from the Conference as well as the church treasurer and pastor before being submitted to SWURF. Loans can be obtained for up to twenty years at **the rate set by the SWURF.**
- The loan request to the Adventist Lay Church Builders (ALCB) must be signed by two Association officers from the Conference as well as the church treasurer and pastor before being submitted to ALCB. Loans can be obtained for up to fifteen years at **rate set by ALCB.** Loans through ALCB will only be available to churches with less than 100 members. These loans will be limited to \$100,000.00 or less.

- The Arkansas-Louisiana Association Board and the Arkansas-Louisiana Executive Committee will **only** approve loan requests to be granted by either the SWURF or ALCB. **The Arkansas-Louisiana Conference under no circumstance will approve nor guarantee loans from parties other than the SWURF or ALCB.**

6. Sale Purchase Contracts:

- No employee or church member is allowed to sign sales contract documents without first obtaining a written authorization from the Association. Final closing documents and all legal deeds can only be signed by Association officers.
- Required contract contingencies must include:
 - a. A voted approval by the Arkansas-Louisiana Conference Associations Management Committee, Associations Board, and Executive Committee.
 - b. A phase I environmental site assessment completed with a clean report. (If deemed necessary by Association office representative.)
 - c. Approved zoning for church use and an occupancy permit obtained.
 - d. A property boundary survey and site elevation survey.
 - e. An inspection by a professional, licensed inspector.
 - f. A property appraisal for all property purchases/sales or a comparative market analysis by realtor.
- All construction projects must include an architect and/or an engineer stamped set of architectural drawings.
- All contracts are to be reviewed by a Conference attorney and/or an Association Officer prior to signature.
- All real estate purchases and sales are handled by brokers or attorneys agreed on by the buyer and the seller in the area the closing is taking place.
- All original documents must be stored in the Associations vault for record keeping and filing.
- Closings should be scheduled on Tuesdays, Wednesdays, or Thursdays in order to avoid unnecessary delays due to Association office travel schedules.
- All closing (settlement) statements must be received and reviewed in the Association office prior to the actual closing.

7. Legal Aspects:

- The church is required to seek the counsel of all local city or county building and planning officials prior to major project remodeling, expansion, new construction or purchase. Caution is needed in making sure that the property is zoned for a church and that it is rated for "assembly" and eligible for an occupancy permit.
- Use local state licensed and bonded contractors to oversee remodeling and new construction. Obtain copy of state license and worker's compensation and liability insurance for Association file.
- All new construction projects require "builder's risk" insurance prior to commencement of construction.

- Property must be appropriately insured, and proof of insurance provided to the Conference office. Call office for minimum acceptable coverage. On properties purchased or built we require flood elevation certificates to be included in the property file. Request from the Association the check list of information required for insurance purposes.
- Tax exemption status is filed by the Associations Department at the Conference Office.

8. Property Facility Use, when allowing another organization use of facilities:

- Must have signed agreement (Facility Use Agreement; request from Associations Department at the Conference Office).
- Business meeting minutes from church, approving another organization to use building, and listing monthly shared expenses, must be turned in to Associations Department for filing.
- Conference Officer must sign facility use agreement along with the Pastor, Treasurer and Elder from the church.
- Facility users must carry insurance policy of **at least \$3,000,000** for liability and property damage and provide proof of coverage from the insurance company. **The Conference, Association, and local organization must be listed on insurance policy as additionally named insured.**
- To maintain a tax-exempt status on the property, only non-profit organizations may use property.
- If parsonage or other building are rented for personal or a for-profit business, the associated land must be separated by a survey and a separate deed and annual property tax paid.

9. Property Rental, when Adventist congregations rent facilities from others for services:

- **All contracts** concerning facility use of church or school, or **rental agreements when our congregations rent facilities** for services must be approved by the Conference Association Board.
- Contracts should be made out in the name of The Arkansas Conference Association or The Louisiana Conference Association.
- Contracts **must** be signed by Officers of the Conference Association.

10. Property Taxes

- All church properties must be titled in the name of "The Arkansas Conference Association of Seventh-day Adventists" or "The Louisiana Conference Association of Seventh-day Adventists", as applies.
- The Conference Associations Office will apply for tax exemptions for properties being used for religious or educational purposes.
- Properties that are not currently being used for religious or educational purposes may not be granted tax-exempt status by the county/parish they are located in.
- The Arkansas-Louisiana Conference will pay property taxes on all non-exempt properties, then bill the appropriate church entity.

ARKLA Subsidy Policy

1. The ARKLA Conference provides a subsidy of 5% of the cost of purchasing or constructing a church or school facility.
 - a. The subsidy will be up to a maximum of \$20,000.
 - b. Subsidies are given only when funds are available.
 - c. Subsidies are based on actual cost. Volunteer labor or donated items do not qualify.
2. The purchase cost of the land is included for purposes of calculating the subsidy, but the subsidy will only be granted when a church or school facility is constructed.
3. The proceeds from the sale of a previously owned facility, on which a subsidy had already been granted, will be deducted from the cost of a new facility when calculating the subsidy.
4. **Architectural building plans (see New Building Requirements) must be submitted to the ARKLA Conference Building Committee to qualify for the Conference subsidy.**
5. When purchasing an existing building, renovation costs necessary to bring the facility to a point where worship can take place are also covered.
6. There is no subsidy for remodeling of an existing facility unless it is required to bring the facility up to code in connection with a larger project.
7. No subsidy is given for construction costs covered by insurance proceeds.
8. The following items are eligible for the subsidy when necessary for the covered project:
 - a. Sanctuary seating, pulpit, communion table and fixed appliances that are attached to the building.
 - b. Landscaping around the building.
 - c. **Signage and esthetical adornments (such as steeples, lighting boards, etc.) as building identifiers.**
 - d. PA systems, projection and other equipment **are not eligible for the subsidy.**
9. Paved parking lots added at the time of initial construction or later will qualify for a subsidy.
10. Subsidies will be disbursed:
 - a. Based on submission of receipts and invoices.
 - b. Based on land cost being documented by closing statement.
 - c. After the project is completed.
 - d. If submitted within one year of project completion.
11. Subsidy requests submitted before the project is complete will be considered only if an exception to policy is granted by the appropriate committee.
12. This policy was voted by the Executive Committee and is effective as of September 15, 2015. Updated most recently on January 13, 2021.

New Building Guidelines

A church or school building project require several plan components. The details below include architectural, structural, and mechanical plans to keep in consideration.

Any new church, school building project or addition to an existing facility must provide stamped architectural plans including but not limited to the list below prior to beginning construction to the ARKLA Conference Building Committee for approval.

Architectural Drawings

- Name and address of project.
- Name, address and occupation of the author of the construction documents.
- Scaled and dimensioned floor plans with all room names labeled; doors and windows shown; and special features clearly noted.
- Exterior elevations, showing all openings.
- All door and window sizes noted either on elevations, plans or door and window schedules referenced to plans. Indicate sleeping room and basement egress.
- Complete sections and details for foundations, floors, walls and roofs, with components of assemblies completely noted, properly cross-referenced, with floor-to-floor heights dimensioned.
- Indicate compliance with braced wall requirements, indicating the specific methods used and details of the method(s) in construction documents.
- Indicated compliance with Energy Code. Show insulation values plus mechanical drawings as required.
- Indicate stair dimensions, tread and riser dimensions, handrail and guardrail information.
- For additions and renovations, make clear the distinction between existing construction, alterations to existing, and new work.
- If possible, indicate rated walls, provide a copy of the testing agency design detail(s) on the drawings, and show compliance with other parish, city or county requirements.

General Information

- Site plan drawn to scale showing project, distances to nearby buildings, fences, parking, handicapped access, location of hazardous features such as fuel storage or incinerators.
- Floor plans(s) drawn to scale showing walls and partitions, openings, door swings, built-in features, changes in elevation such as steps or ramps, dimensions, and notes to indicate what is shown and the us (room name) of each space.
- Details required to explain construction and/or other features.
- Exterior elevations if appropriate. Stair and railing details, plans, and sections.

- Schedules for doors, windows, hardware, and room finishes.
- Drawings of heating and air conditioning systems.
- Electrical drawings showing service, fire alarm, required fire suppression system, exit lighting and emergency lighting where required.
- The drawings shall clearly indicate what is existing and what changes are proposed.
- A ground floor plan showing required exits and floor plans of the entire floor(s) where work is contemplated (such as in high rise buildings).

Structural Information

- Note uniform design loads and any special loading.
- Scaled and dimensioned foundation plans. Show ventilation and access openings as required.
- Scaled and dimensioned floor and roof framing plans. Indicate all beam sizes, headers, ledgers, posts and columns. Note species and grade of lumber or manufactured structural members performance grade.
- Sections and details properly referenced to plans.
- Reinforcing steel, if used, for slabs, retaining walls, grade beams, foundations and foundation walls.
- For additions and renovations, detail the existing structure and footings that provide bearing for new work.
- General notes and construction notes

Mechanical Plans

- New construction requires:
 - heating/cooling load calculations
 - duct layout
 - complete mechanical layout and the equipment list (type and size) including exhaust system for kitchen, baths and dryer, venting systems and combustion make up air for fuel-burning appliances and signed by a licensed HVAC contractor, or architect or mechanical engineer with stamped drawings.
- For alterations or additions to existing dwellings, the same requirements apply.
- When adding or replacing exterior units, a scaled, certified plat is required. It must clearly indicate the location of the new or replacement unit(s).

Plumbing

- New construction will show the water service location and pipe size on the site/grading plan.
- Renovations and additions to existing structures may continue to use the existing water service.

- Plumbing riser diagrams are not required, except for unusual features such as solar water heating systems.
- All projects will show plumbing fixture layouts as part of the architectural plans.
- Fire sprinkler systems if required by code.

Electrical

- Complete plans and specifications of all electrical work.
- Labeling criteria of all electrical equipment.
- Lighting floor plan including electrical circuits indicating conduit and wiring sizes.
- Power floor plans including electrical circuits indicating conduit and wiring sizes, equipment and disconnect switches.
- Exit sign/means of egress lighting location and power supply.
- Panel board schedule.
- Lighting fixture schedule.
- Symbol schedule and diagrams.
- Specifications to include requirements for:
 - Raceway and conduit fittings.
 - Wire and cable.
 - Electrical boxes, fittings and installation.
 - Electrical connections.
 - Electrical wiring devices.
 - Circuit and motor disconnect.
 - Hangers and supporting devices.
 - Electrical identification.
 - Service entrance and details,
 - Overcurrent protection.
 - Switchboards.
 - Grounding.
 - Transformers.
 - Panel boards.
 - Motor control centers.
 - Lighting fixtures.
 - Fire protective signaling systems.
 - Automatic fire detection systems.

Emergency/standby systems

Church Building Purchase Checklist

Local Church

- Feasibility Study
 - List price of property
 - Estimate cost to repair building to obtain certificate of occupancy as a church.
 - Computation of borrowing limits
 - (obtain from Associations Office)
 - Financial plan to cover 35% down payment including:
 - Cash on hand
 - Pledges
 - 5% from ARKLA Advance
 - 3% for Spanish (Multi-cultural) churches
 - Estimate sale price of current building
- Create financial plan to maintain building including
 - Estimate Utilities
 - Estimate Insurance
 - Estimate other monthly expenses related to church building
- Prepare Financial Reports
 - Year to date Church financial report with actual income and expenses.
 - Previous year Church financial report with actual income and expenses.
- Church Business meeting where Feasibility Study, Financial plans to purchase and maintain, and Financial Reports are presented, and a vote take to approve plan.
- Submit to the Conference Association Secretary for approval:
 - Feasibility Study
 - Financial Plan (loan & down payment)
 - Maintenance financial plan
 - Church budget reports, and date of business meeting that approves purchase and financial plans

Association Secretary

- Present submitted materials to the Association Management Committee for approval
 - Communicate with pastor the decision of committee
- If AMC approves:
 - Negotiate final purchased price working with AMC & Pastor
 - Sign the purchase contract
 - Arranges for Inspections, Surveys, etc. (church to pay with closing costs)
 - Submits findings from inspections and surveys to pastor and AMC for final approval before taking to Executive Committee.
- If Executive Committee approves, arrange for loan, financial payment by church, and closing date with title company.

Insurance Policies

1. Insurance is required on **all** church properties.
2. Quotes must be accepted by a board decision.
3. Copies of board minutes accepting insurance quotes should be sent to the Conference to be kept in the Church file.
4. Adventist Risk Management (ARM) quotes are good for 30 days. If forms are not returned within the 30-day period:
 - a) Church will be added to the ARM policy at replacement cost
 - b) Contents will be covered at 30% of insured value
 - c) Church will be billed accordingly
5. Anything not attached to the church building needs to be listed on separate schedules, i.e.:
 - a) Detached fellowship hall
 - b) Storage buildings
 - c) Church signs

Licensing Autos, Trailers, Mobile Homes

1. All titles need to be held in the name of The Arkansas Conference Association of Seventh-day Adventists or The Louisiana Conference Association of Seventh-day Adventists.
2. Original titles should be kept on file in the Arkansas-Louisiana Conference Office
3. Proof of insurance should be kept on file in the Arkansas-Louisiana Conference Office.
4. No 15 passenger vans will be allowed.
5. Church board meeting required for either purchase or sale of vehicles. A copy of board minutes needs to be sent to the Conference to be kept in the Church file.
6. All vehicle purchases or sales need to be signed by an Association officer or by their appointed designee.
7. Copies of current vehicle registration and insurance should be kept on file in the ARKLA Associations office.

Updated by Association Board on January 13, 2021