

CHURCH PROPERTY – PURCHASING AND/OR BUILDING

C-5

These guidelines are to be followed when a congregation plans to build or purchase a property.

1. Careful study by the church board of the entire project, including need, desirability of property, and cost.

Early in step one, the conference treasurer should be contacted to secure the evaluation of Potomac Partners for the purpose of evaluating the property and/or building under consideration. The conference committee will not approve any project where this evaluation has not been completed.

The conference treasurer should also be contacted for help in developing a plan of finance to meet the requirements of the General Conference Borrowing of Funds policy.
2. Recommendation from the church board to the entire church in business session.
3. Vote by church to request authorization for conference to proceed in harmony with General Conference policy.
4. Church clerk to furnish the conference with a copy of the minutes, including the request to the Potomac Conference to purchase the property and/or approve the building program.
5. The church is to furnish the conference a confirmation that no asbestos-containing building materials will be used.

Basic Financial Plan Requirements:

- A. Minimum of 50% of total project cost in hand and in the form of cash, readily convertible assets, and paid-for land, etc., Potomac Conference appropriations can be include din this amount. Please see Policy P-4 for Potomac Partners funding guidelines.
- B. The amount to be borrowed must be covered by adequate pledges so that the borrowed funds, plus interest, can be repaid over a maximum ten (10) year period of time.
- C. The amount of borrowing is limited by the lesser of : two (2) times the latest annual tithe or one-half the cost of the project.

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- D. Building and financial plans for church and institutional projects shall be submitted for approval according to the following plan (amount exclusive of land):

Project Cost:

Exceeding \$100,000	Local Conference Committee
Exceeding \$500,000	Local Conference & Union Conference
Exceeding \$1,000,000	Local Conference, Union Conference & NAD

The time period for obtaining the above approvals varies with how many of the organizations must approve the project. Two or three months are required when all three approvals are needed.

- E. All independent contractors shall be required to maintain a minimum of \$1,000,000 limits of liability and shall provide evidence of coverage prior to commencement of construction on any denominational property. The General Conference of Seventh-day Adventists and affiliated organizations shall be named as additional insured under contractor's policy. Also all contracts shall contain a hold-harmless clause in favor of the General Conference of Seventh-day Adventists and affiliated organizations.
- F. All independent construction contractors shall be required to carry Workers' Compensation Insurance and to file proof of such coverage prior to commencement of the construction on any denominational property.