



GUIDELINES FOR BUILDING PROJECTS

When a Church Needs to Build

Introduction: A building project can be one of the most exciting and meaningful experiences for a congregation. If a building or remodeling project will exceed 10% of the value of the existing structure then the requirements of the Book of Discipline must be met.

The 2012 Book of Discipline in paragraph # 2543 lists the requirements of the United Methodist Church regarding the purchase, construction, and mortgaging of real property.

Summary of the Book of Discipline requirements

1. Local church establishes a study committee.
2. Study committee duties:
 - A. Analyze the needs of the church and community.
 - B. Project potential membership and attendance.
 - C. Write up the Program of Ministry. (Paragraph 201-204)
 - D. This information will form the basis of the report to be presented to the Charge Conference and to be used by the building committee.
 - E. The Study Committee's finding becomes a part of the report to the District Committee for Church Location and Building.
3. Local Church then secures the written consent of the Pastor and District Superintendent, and submits the data to the District Board of Church Location and Building for review and approval.
4. Church Location and Building Committee reviews and approves.
5. Charge Conference authorizes the project and elects a building committee of no less than three members.
6. Building Committee
 - A. Estimate the facilities needed.
 - B. Determine the cost of properties to be obtained.
 - C. Develop preliminary architectural plans.
 - D. Ensure that all newly constructed or purchased buildings and parsonages contain ground level handicapped accessible facilities.
 - E. Estimate construction costs.
 - F. Develop a preliminary financial plan for the total costs including cash, pledges, and borrowed amounts.

- G. Submit a statement of need for the proposed facilities, preliminary architectural plans, and preliminary financial estimates to the District Board of Church Location and Building.
7. District Committee of Church Location and Building reviews and approves preliminary data from church.
 8. Pastor, with written approval of the District Superintendent calls a Church Conference to recommend the project including all preliminary data.
 9. Church Conference reviews and approves preliminary data from the Building Committee.
 10. Building Committee: After approval of the preliminary data, obtain detailed plans and estimate of costs and submit them to the Charge Conference and the District Board of Church Location and Building.
 11. District Board of Church Location and Committee reviews and approves final data.
 12. Charge Conference reviews and approves the final data.
 13. The Local Church shall:
 - A. Obtain a fee simple title to the property.
 - B. Shall not enter into a contract or use any volunteer labor which would incur any financial obligation until there is cash on hand, pledges payable during the construction period, or a loan.
 - C. No trustee or church member can be required to personally guarantee any loan made to an agency of the United Methodist Church.

SHOULD OUR CHURCH PAY CASH OR BORROW?

It is always less expensive to pay cash for a building project.

HOWEVER, a church may consider borrowing when:

- The vision and ministry depend on a building project that cannot be paid for in cash, AND
- It can generate enough income to service the debt and not create shortfalls or hardships on the other obligations of the church.

HOW DO WE RAISE THE MONEY TO FUND OUR BUILDING PROJECT?

Almost every church we encounter uses a capital fund campaign to fund major building projects.

A capital fund campaign is an organized effort to raise funds over and above the operating budget. This money is used to pay for construction costs, and principal and interest on a loan for the term of the campaign.

A capital fund campaign communicates the building project to the congregation and asks the membership for a financial commitment, typically 3 years (156 weeks) to accomplish the building goals.

Unless your congregation and/or project is very small, you should **seriously consider using a professional stewardship consultant, like Heartspring, to lead the campaign**. Studies have shown and our personal history confirms that a church using a professional consultant will raise significantly more in commitments than in a self-led campaign. A church should interview several consultants to find the right match.

Heartspring Methodist Foundation provides capital campaign services, and would like an opportunity to make a presentation.

For more information about capital campaigns, contact Heartspring at 713-533-3780 or 800-521-9617.

HOW DO WE DETERMINE A SAFE DEBT LEVEL?

A church loan is essentially a 'cash flow' loan. The value of the church facilities and land are not nearly as important as budget income. A church must demonstrate to the lender that they have the income to meet the monthly payments.

Do careful cash flow projections to determine if you have the necessary income to make the loan payments when the interim (construction) loan has concluded and the permanent financing begins. Factor in additional costs for maintenance, insurance, utilities, and staffing. Be realistic about growth projections.

In today's lending environment, loans are usually a floating rate, or fixable one year at a time. Loans are typically three to five year renewable, based on a 15-20 year amortization schedule.

Prepare a loan packet and invite lenders in your area, including Heartspring, to bid on the project. Also, beware of fees. Make sure you look at the total cost from each lender. One lender may offer a better rate, but charge considerably more fees.

RESOURCES

Architectural Resources Packet available from the office of:

General Board of Global Ministries
Office of Evangelization and Church Growth
475 Riverside Drive, 15th floor
New York, NY 10115
212-870-3860

Order

Email ecg@gbgm-umc.org

*15% shipping and handling fee added to all orders

Description

The architect provides consultations and resource materials related to church buildings and the building planning process. The office offers limited on-site consultations to local churches in conferences after the conference has organized a number of churches to be visited over several days. Preliminary drawings for new church buildings or renovations may be sent to the architect for review. Preliminary drawing review is mandatory for all churches applying for United Methodist Development Fund or General Board loans. Standards, guidelines, and models are established for the physical facilities relating to church buildings and the programs of the Office of Church Development and New Church Development. The architect is involved in training events, such as the School of Congregational Development, and serves as a resource person for the District Board of Church Location and Building and local church boards of trustees. The office provides printed resources on: The building planning process, planning church building space, procedures for church building programs, planning for district boards of church location and building, interviewing, evaluating, and contracting with architects, parsonage planning, energy conservation, solar energy, dealing with asbestos in your facility, and immediate steps to be taken after a major fire. Please contact us to share your questions, reactions and suggestions, as well as any information that may be helpful to our visitors.