



Adventist Risk
Management® Inc.



13 POINTS

You Need To Know About Renting Your Church

You don't often see "for rent" signs on the outside of churches. However, renting churches, especially Seventh-day Adventist Churches, is fairly popular in some parts of the world.

There are many reasons for renting the church property to other denominations and groups. These include helping out a non-SDA congregation who needs a church home having none of their own, to the more practical realities of sharing the cost of upkeep on a building that has little use on Sundays or even other days of the week. So what are some of the things you need to be alert to if you are planning to rent out the church facility?

- 1. Have a written agreement that covers all aspects of the rental arrangement.** Since the local conference is the legal owner of the property, consult with the conference treasurer to facilitate this. If possible, use the conference lawyer to assist in the drafting of rental agreement or lease. Do not use a standard form rental agreement. Generally, these will not cover everything needed in the agreement for a church facility.
- 2. Be careful who you rent to.** Does the tenant have a stable congregation and income stream to pay the rent? Are they willing to abide by the spirit and letter of your agreement?
- 3. Before you sign an agreement, know what the consequences are to your church in terms of taxes.** In some jurisdictions, by renting your church, you may be ending significant tax exemption benefits. Find out what you can and cannot do in your jurisdiction before you rent. In some jurisdictions renting the church merely to raise money to offset your costs will terminate a tax exemption, whereas a shared use where the tenant congregation pays something to offset the costs of their use will be okay.
- 4. Be sure the tenant congregation has ample insurance for their use of the property.** We suggest requiring the same amount of



limits that your church must insure according to North American Division working policy. They need to name the Seventh-day Adventist Church as an additional insured. If an incident caused by the tenant occurs, their insurance will cover your church. Check with your conference treasurer on the exact name that should be included as additional insured.

5. Be sure the agreement includes an indemnification, defense and hold harmless clause that clearly states the tenant will cover all costs and damages associated with any claim related to the tenant's use and that they will defend and protect the SDA Church as landlord from any such claims arising.

6. Be clear what space is rented and what is not rented. Also include any equipment they have rights to use and equipment they cannot use.

7. Little things make a difference such as provisions prohibiting on premises use of alcohol and tobacco-this should not be assumed. Put them in the agreement.

8. Be clear as to what activities can take place in the church as part of the rental. Do you allow dancing in the fellowship hall? Do you permit or limit marriages in your church, such as same-sex marriages? What about use of the kitchen and food preparation for meat or pork? We are not suggesting how you address these issues, but they often come up after the fact. They can create frustration within the SDA congregation because they assumed the tenant would not do certain things.

9. Who is responsible for clearing sidewalks, parking lots, etc., if there is snow or ice on a Sunday morning or some other time the

tenant uses the facility? A slip and fall on the church property raises liability issues for both the landlord and the tenant.

10. It is smart to appoint someone to be the facility liaison with the renting congregation other than the pastor. It is best to keep the pastor in a position that he can be neutral if problems arise. The liaison should work with the tenant congregation on property and other concerns that come up during the tenancy.

11. Be clear how the tenant should leave the property each week and then monitor it. Should papers and debris be gathered, or is that the role of the SDA church-provided janitor? Conversely, the SDA congregation should be mindful of the needs providing for a clean facility for the renting congregation.

12. Are there provisions for your needs to use the church facility on the same day as the other congregation and how do you accommodate this? For example, what if the other congregation rents the property for all day Sunday and one of your church members wishes to use the church for a Sunday wedding? Figure this out in advance. It is a lot less frustrating to everyone than waiting till it comes up.

13. If a potential tenant wants to rent the church or school property for uses other than religious services (remember this could impact any tax exemption), be equally careful in how the liability is addressed and the details of the arrangement. For example, I have worked with churches and schools that rent their fields for soccer leagues. This is a great community program, but don't lose sight of the impact to the church. Soccer leagues like to play on Sabbath. Parking can be a big issue whenever they are using the fields even on other days when church activities are being conducted.



Many times we have seen an Adventist Church that has been damaged by fire or other events turn to a local Sunday church for rental accommodations during reconstruction. Similarly, for Sunday congregations who have needs, the Adventist Church is a very obvious place to turn. While there is inherent risk in any such activities, these risks can be addressed if they are carefully thought through and planned for. Our encouragement is that if you are willing to help out another congregation, use this as an opportunity to show others that we are helpful to the community and that the Seventh-day Adventist Church is a friendly landlord to work with.

.....
REPORT YOUR CLAIM RIGHT AWAY

1.888.951.4276 • CLAIMS@ADVENTISTRISK.ORG
.....

STAY INFORMED

ADVENTISTRISK.ORG/SOLUTIONS
.....



Adventist Risk Management®, Inc. © 2014

THIS MATERIAL IS FACT BASED GENERAL INFORMATION AND SHOULD NOT, UNDER ANY CIRCUMSTANCES, BE CONSIDERED SPECIFIC LEGAL ADVICE REGARDING A PARTICULAR MATTER OR SUBJECT. PLEASE CONSULT YOUR LOCAL ATTORNEY OR RISK MANAGER IF YOU WOULD LIKE TO DISCUSS HOW A LOCAL JURISDICTION DEALS WITH ANY SPECIFIC CIRCUMSTANCES YOU MAY BE FACING.