

BUILDING POLICY

BUILDING POLICY

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SUMMARY OF SECC BUILDING POLICY

Building something? You probably need SECC approval.

Helpful Hint: *You don't need to seek approval if you are only doing remodeling or maintenance unless you need a loan or you are adding square feet.*

There are four steps in the approval process so you generally need to present the project to the Property and Trust Services (PATs) for approval for each step. Helpful Hint: Call Tim Rawson (951) 509-2232. He's your best friend in working through the process!

THE STEPS

Step I. Concept Approval. Send a letter of intent to the treasurer with preliminary description and finances. This goes to PATs Board for review and approval.

Step II. Preliminary Plan Approval. This is more involved and needs drawings, estimated costs and a funding plan. This goes to PATs Board for review and approval.

Step III. Final Building and Financial Plans. You should have final working drawings and bids based on the drawings. Your funding plan should be in final form also. This goes to PATs Board for review and approval.

Step IV. Project Approval. Have there been any modifications to the plans in the process of getting the building permit? Any last minute changes to bids? This goes to PATs Board for review and approval. Once approved you are now free to sign construction contracts. Helpful Hint: *Make sure they are reviewed by legal counsel or someone knowledgeable with construction contracts. The church/school board can authorize someone to sign the contracts.*

Need a loan? This needs to be part of your approval process.

Want a subsidy? Request it in writing of the superintendent and/or treasurer. Helpful Hint: *Current conference practice is to do up to 15% of the costs with a cap of \$150,000 for new construction that exceeds funds from the sale of property.*

Be sure to get a copy of the building policy and follow it.

SOUTHEASTERN CALIFORNIA CONFERENCE

CHURCH/SCHOOL BUILDING AND PROCEDURES POLICY

- I. Conference Assistance
- II. Policy
- III. Application Procedures
- IV. Other Information

Revised
September 2013

SECTION I

CONFERENCE ASSISTANCE

The Southeastern California Conference shall endeavor to assist each church/company/school in the conference to reach its growth potential within the established conference development plan, by providing:

A. Qualification for and provision of financing from

1. The "Conference Development Fund" **AS FUNDS ARE AVAILABLE.**

NOTE: Capital project funds, when available, form part of the annual conference budget and therefore are voted for funding in a given year. Thus, due to voted funding commitments, approval of new requests arising within the current budget year, will be considered for funding in (a) *subsequent* budget year(s).

2. Loan financing from the Pacific Union Church & School Loan Fund, and/or Income Fund
3. Loans from any other designated SECC loan funds.

B. The Property & Trust Services Board, an SECC Executive Committee appointed sub-committee, empowered to review and recommend proposed projects, review funding and review and recommend loan financing to the SECC Executive Committee and Pacific Union Conference.

SECTION II

POLICY

A. Funds needed for project and construction approval:

1. Thirty-five – forty five percent (35-45%) of the total cost of the new project must be in *cash in hand*. (This may include the conference appropriation, if available through the *current year*.) The remaining 55-65% may be borrowed provided the church/company/school qualifies for debt financing (see section E “Loans”) and the conference has contingent debt capacity. Borrowed funds may be covered by pledges in the amount of 120% of the loan amount. (Conference approved prioritized appropriation for subsequent years may be considered as part of the pledges provided the conference has voted the specific year(s) for funding the project.)
2. The land must be paid for before conference approval for construction may begin.

B. Prioritization of conference capital project funds

Due to fund limitations and prior building project commitments, the conference will allocate capital project grants, as funds are available, according to the following criteria:

1. Place a first priority on completing projects that were underway in 2005 and on new unforeseen emergencies.
2. Place a second priority on capital project commitments still unfulfilled.
3. A third priority, as funds are available, for new requests.

C. Conditions and limits for conference appropriated funds

1. An appropriation will be considered for a capital project provided the following conditions are met:
 - a. The location must be recommended by the or Property & Trust Services Board and approved by the Conference Executive Committee.
 - b. The type of building construction must be recommended by the Property & Trust Services Board and approved by the Conference Executive Committee.
 - c. An architect must be involved with the project from Step II (see Section III “Procedures”, Step II) and work with the city or county in obtaining the permits.
 - d. A licensed contractor must be involved and on the job from the opening of construction to completion.
2. The conference appropriation, as funds are available, shall range from \$1.00 up to 15% of the project cost to a limit of \$150,000. Land purchases do not qualify for conference project grants. The appropriation to a project will range from \$30,000 - \$50,000 in a given year and a maximum of \$150,000 for a three year period. If \$1.00 -

SECTION II – POLICY *(Continued)*

15% of the project cost exceeds this amount, it will be required to reapply for the balance of the appropriation at the end of the three year period **by sending a letter to the conference treasurer.**

3. If funds have been allocated in a given year by the conference for a project but not used, the proposed project will be reviewed during the fourth quarter of the calendar year to ascertain the project status. Unused funds may be transferred to another project. Organizations thus losing priority status will need to notify the Conference Property & Trust Services Board when they are ready to re-institute their project. The conference will notify the church/school when the appropriation will be available.
- D. Capital Reversion and Large City Funds are available to qualifying churches.
- E. Loans
 1. In recommending or approving debt financing and contingent debt liability, the SECC shall not exceed a maximum debt ceiling of one half of the conference annual tithe. The debt ceiling is inclusive of all conference, and secured church/company/school/other institutional loans. SECC equity in its quasi-endowment fund, e.g. Stahlheber Estate, may also be used as debt capacity to a limit of 20% of net equity.
 2. Conditions for loan approval:
 - a. At the time of application, the prospective church/company/school, shall have maintained a consecutive minimum six month record of “on time” school subsidy payments to the local school constituency and maintained a current A/R balance with the conference and ABC, etc. demonstrating fiscal capability to service loan payments. Furthermore, release of loan funds during construction and development phases shall require continuous, current A/R and school subsidy status.
 - b. The debt carrying capacity of a church/company/school shall be assessed and established prior to building approval and recommendation to the SECC for loan funding.
 3. When a church or school wishes to borrow funds for a capital project, Southeastern California Conference Executive Committee and Pacific Union Conference approval shall first be obtained.
 4. Projects costing more than \$500,000 require Southeastern California Conference Executive Committee.
 5. The 35% minimum requirement of local church investment prior to qualifying for loan funding shall be adhered to. Maximum loans issued shall be based on 300-400% of annual tithe. The 300% maximum is for the Church & School Loan Fund, and 400% maximum is for the Income Fund Loan.

SECTION II – POLICY (*Continued*)

6. Prior to loan qualification, the conference building department shall have completed a supplementary thorough review of anticipated costs for the proposed project. The estimates shall include total cost per square foot from three of the most recent church structures of similar design, cost per square foot estimate based on construction by voluntary builders and cost per square foot if the entire project is completed by a commercial contractor. Furthermore, the budget shall include a minimum 15% contingency cost factor purely for unknown and unexpected costs after a thorough review has been completed. Construction on the project shall commence only upon approval of the Property & Trust Services Board.
7. The maximum amount a church may borrow is the lesser of 300-400% of its annual tithe (300% for a Church and School Loan Fund and 400% for an Income Fund loan) or 35-45% of the cost of the project, but not to exceed \$2,000,000 for Church & School Fund, and \$2,500,000 for the Income Fund from the Pacific Union Conference.

Note: Land and site improvement costs are to be paid in full prior to requesting a construction loan.

8. (There is an initial six month interest-only period for Church & School Fund Loans and Income Fund Loans from the Pacific Union during construction.)
9. Other funding sources for debt-service which churches wish to propose will be considered by the conference on an individual basis.
10. Existing indebtedness must first be cleared or form a part of the plan of financing for any new projects.
11. Every endeavor shall have been made to provide realistic costing for a project. However, should a project experience a cost overrun that requires conference funding over and above the debt ceiling authorized by policy for the church, and beyond the church's capacity to service while maintaining current accounts payable obligations to the conference, church institutions, and the local school constituency, the church shall be evaluated for possible redistricting or consolidation including the sale of the property for repayment of the loan funds.

SECTION III

APPLICATION PROCEDURES

Step I. Letter of Intent - For Concept Approval

- A. Send a letter of intent to the conference treasurer and a copy to the conference building department supervisor. Along with the letter, include a completed Preliminary Financial Worksheet (See page 10) and the *Building Policy Acknowledgment* form signed by the pastor, head elder, church/school treasurer, and building or project committee chairperson. The information requested in Step I for concept approval needs to be in the conference office one week prior to the date of the Property & Trust Services Board meeting in order to be included on the agenda.
1. Give a description of the project. If land or building purchase forms part of the plan, include engineer's information with the required letter of intent (see item #3 below). Also describe the level of church support for the project including a statement indicating that this project concept has the approval of the church in business session. The letter of intent must be dated and signed by the pastor, head elder, and treasurer. For a school, the statement should indicate approval of the constituency, and dated and signed by the principal and board chairman. A plot plan that includes a preliminary dimensional plan of the building including room dimensions and the location of new and existing buildings (showing property line and adjacent streets) will be helpful in presenting your building project to the committee.
 2. Land purchase for building project: contact Treasury personnel and the conference building department supervisor.
 3. At your expense, contact a civil engineer to establish preliminary city requirements for on and off site improvements, an estimated cost of such improvements, suitability for intended purpose, and review earthquake and hazard waste issues, etc. Escrow closing will be subject to approval, by the conference Property & Trust Services Board, of the engineer's report.
- B. **DO NOT** contract with an architect at this point to prepare final detailed building plans. Engage an architect or draftsman on a fee only basis.
- C. Please wait for concept approval from the Conference Property and Trust Services Board and Conference Executive Committee. (The conference approval or disapproval of the concept project will be conveyed in writing.) When approved, proceed to Step II. Concept approval for Step I does not commit the conference to funding the project

Step II. Preliminary Plans for Building and Finance

- A. Provide a current formal engineering report for the land and or property purchase. (The cost for the engineer is to be church expense.)

SECTION III - APPLICATION PROCEDURES *(Continued)*

- B. Proceed to hire a draftsman or architect to do the following:
1. Prepare an accurate dimensional plot plan.
 2. A dimensional preliminary plan of building, showing approximate room outlines with line drawings of major exterior and interior structures. Give approximate room dimensions and list name of each room.
- C. Prepare an Estimated Expense Report with detail amounts listed. Use the form on page 11. (Revise the Preliminary Financial Worksheet as needed). Include, but not be limited to, the following items: (revise as necessary prior to full architectural drawings being presented to the city.)
1. Engineer's estimated detailed costs for on and off site preparation such as street, curb, and gutters, sewer include all city or county fees.
 2. Estimated cost of building(s) or modifications or improvements.
 3. Estimated cost of carpeting, pews, and furnishings (include pianos and organ).
 4. Estimated cost of on-site improvements (sidewalks, walls, etc.).
 5. Estimated cost of parking lot, landscaping and church identification sign.
 6. Estimated cost of public address system.
 7. Total estimated cost of project.
 8. Indication as to whether ASI/Mission Church Builders are to be involved.
 9. Church funds on hand for the project.
 10. Estimated grant request from SECC, if any.
 11. Estimated amount of funds to be borrowed, if any.
- D. Submit Step II information to the Conference Property & Trust Services Board and when approved in full, proceed to Step III. (Preliminary approval will be conveyed in writing.)
- E. Requests for conference funding are made in a separate letter to the conference treasurer. A Financial Plan (Preliminary or Detailed for the appropriate Step I or II) should be included with the letter.

SECTION III - APPLICATION PROCEDURES *(Continued)*

Step III. Final Building and Financial Plans

- A. Once approval and comments are received from the conference for your preliminary building and financial plans, proceed with final working drawings utilizing the services of an architect. Submit to the conference for final approval two sets of completed architectural plans. Obtain bids from contractors.
- B. Obtain bids in order to verify actual costs. Prepare the final plans and a Financial Plan With Detailed Costs using a copy of the enclosed expense report form on page 12. Submit this information one week in advance of the Conference Property & Trust Services Board for recommendation and subsequent approval by the Executive Committee.
- C. After Step III has been approved by the conference, the loan application (if a loan is needed) will be submitted to the Pacific Union for funding.

Step IV. Project Approval

Upon full project approval of the SECC Executive Committee, approval for signing construction contracts, will be conveyed in writing by the Conference Treasurer to the respective church/school pastor/principal and designated building project supervisor. Construction contracts must be reviewed and approved by SECC attorney before signing.

SECTION IV

OTHER INFORMATION

Pacific Union Conference participation

- 1. A \$7.50/seat appropriation from the Union is available at the dedication of new churches, at the opening ceremony based on sanctuary, balcony, and choir seating.
- 2. Application for these funds must be made through the local conference treasurer by cover letter after the mortgage has been paid.

SOUTHEASTERN CALIFORNIA CONFERENCE

BUILDING AND PROCEDURES POLICY

ACKNOWLEDGMENT FORM

***Submit to the Conference Property & Trust Services Board for Step I Approval One Week
Prior to Meeting Date***

The persons listed below hereby acknowledge and declare that they have read and agree to comply with the SECC Building and Procedures Policy and have shared it with all members of their board and building committee

Name of Church/School

Church Pastor/School Principal

Date: _____

Church/School Treasurer

Date: _____

Head Elder/School Board Chair

Date: _____

Project Chairperson

Date: _____

PRELIMINARY FINANCIAL WORKSHEET
***Submit to the Conference Property & Trust Services Board for
Step I Approval One Week Prior to Meeting Date***

Name of Church _____ Date _____

Name of Pastor _____ Telephone _____

Description of Project _____

Date and Name of the Meeting authorizing project _____

Estimated Cost of Project \$ _____
(Divide into phases as necessary)

\$ _____

\$ _____

Cash On Hand \$ _____

Amount To Be Raised (By when?) \$ _____

Loan Amount Requested \$ _____

Select Type of Pacific Union Loan

_____ PUC Church & School Loan Fund (requires 45% cash) (As of 10/1/13: 4% interest, 15 year amortization.)

_____ PUC Income Fund (requires 35 % cash) (As of 10/1/13: 4.75% interest, 20 yr amortization.)

_____ PUC Income Fund remodeling loan (requires 10% cash, 4.75% interest, 7 yr amortization, \$250,000 max.)

Pacific Union Appropriation Cap. Rev./Large City Funds (Contact Black/Hispanic V.P.'s _____)

Tithe for previous year (loan amount is up to 300-400% of previous year's tithe) _____

Conference appropriation request _____
(As funds are available; from \$1 to 15 % with stipulations; \$150,000 maximum; see policy)

School Subsidy Current _____ Yes _____ No

ABC Account Current _____ Yes _____ No

Account with SECC current _____ Yes _____ No

DETAILED ESTIMATES FOR STEP II APPROVAL
*Submit to the Conference Property & Trust Services Board for
 Step II Approval One Week Prior to Meeting Date*

Name of Church/School _____

1. Engineer's site preparation estimates

Off-site

Street \$ _____

Lights \$ _____

Water \$ _____

Curb \$ _____

Gutters/drains \$ _____

Other \$ _____

Total Off-Site \$ _____

On-Site

Fire Hydrants \$ _____

Sprinkler System \$ _____

Permits \$ _____

Sidewalks \$ _____

Landscaping \$ _____

Parking Lots \$ _____

Other \$ _____

Total On-Site \$ _____

Combined Total \$ _____

2. Estimated cost of Building, modifications (labor & materials, etc.) \$ _____

3. Estimated cost of carpeting, pews, furnishings, pianos, etc. \$ _____

4. Estimated cost of public address system \$ _____

5. Estimated cost of engineering, supervision, etc. \$ _____

Total Project Cost \$ _____

6. Owned church funds on hand \$ _____

7. Project grant request from SECC \$ _____

8. Amount of loan request \$ _____

9. Value of pledges to cover loan request \$ _____

Total Funding Plan \$ _____

10. Prior calendar year annual tithe \$ _____

11. Has your church/school maintained a previous 6-month record of remaining current (within 30 days) with the conference, ABC, and school constituency? ☐ Yes ☐ No

ACTUAL COSTS FOR STEP III APPROVAL

(Costs are determined by actual bids from contractors)

Submit to the Conference Property & Trust Services Board for Step III Approval One Week Prior to Meeting Date

Name of Church/School _____

1. Engineer's site preparation costs

Off-site

Street \$ _____

Lights \$ _____

Water \$ _____

Curb \$ _____

Gutters/drains \$ _____

Other \$ _____

Total Off-Site \$ _____

On-Site

Fire Hydrants \$ _____

Sprinkler System \$ _____

Permits \$ _____

Sidewalks \$ _____

Landscaping \$ _____

Parking Lots \$ _____

Other \$ _____

Total On-Site \$ _____

Combined Total \$ _____

2. Cost of Building, modifications (labor & materials, etc.) \$ _____

3. Cost of carpeting, pews, furnishings, pianos, etc. \$ _____

4. Cost of public address system \$ _____

5. Cost of engineering, supervision, etc. \$ _____

Total Project Cost \$ _____

6. Owned church funds on hand \$ _____

7. Project grant request from SECC \$ _____

8. Amount of loan request \$ _____

9. Value of pledges to cover loan request \$ _____

Total Funding Plan \$ _____

10. Prior calendar year annual tithe \$ _____

11. Has your church/school maintained a previous 6-month record of remaining current (within 30 days) with the conference, ABC, and school constituency? ☐ Yes ☐ No

SECC POLICY FOR QUARTERLY REPORTS FOR CERTAIN PROPERTY & TRUST SERVICES BOARD APPROVED CAPITAL PROJECTS

Current accounting practices require that the Conference maintain records of land improvements, buildings and building improvements for all of the churches and schools. This is due to the ownership of the land that each of the facilities sits belongs to the Conference. This data is needed in order to complete the annual audit of the Conference by both our external auditors and the General Conference Auditing Service. When projects are presented to the Property and Trust Committee, the entity will be informed of their responsibility for this reporting requirement.

In an attempt to help collect this data, Conference Administration decided that all church or school capital projects having budgeted costs totaling \$3,000 or more should provide a quarterly report to the Conference using the 2 developed forms (or similar reports from their accounting software) for: **1)** a detail report of current quarter project costs paid; and **2)** a report of project cost savings by cost savings category and showing how the reported amounts were determined. For the year end there is one further form that is necessary and that is one that will give a detail of project cost amounts owed to vendors at the end of the year. If a contract exists for the project management, this should be sent to the conference with the first quarterly report.

The \$3,000 threshold for total budgeted costs is the Conference approved spending level for which an item should be capitalized as an asset. This has been adopted by many of you for your equipment which you purchase.

The due dates for the reports will be the 15th of the month following the end of each quarter. It would be helpful on the first quarterly report that the total project budget be identified along with all costs incurred to date if not previously reported.

SOUTHEASTERN CALIFORNIA CONFERENCE OF SDA

Report for Project Costs Paid Compared to Budgeted Costs

[illegible]

¹ Please make copies of this form for additional sheets, if needed. For the first monthly report for the project, make sure the amounts reported for project to date includes **all** project costs paid from the project's inception through the end of the month reported. (You may provide a similar report if provided by your accounting software.)

SOUTHEASTERN CALIFORNIA CONFERENCE OF SDA

Report for Project Cost Savings

(Contributed, Donated or Discounted Labor, Fees or Materials)

[illegible]

Report Showing How Current Month Project Cost Savings was Determined¹

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing. There are no margins, text, or other markings on the paper.

¹ Please make copies of this form for additional sheets, if needed. For the first monthly report for the project, make sure the items reported, including showing how the project cost savings amounts were determined, includes a listing of **all** project cost savings from the project's inception through the end of the month reported.

Detail Report for Project Cost Amounts Owed to Vendors (Accounts Payable) at End of Month

Month/Year

<u>Vendor Name</u>	<u>Amount</u>	<u>Explanation</u>	<u>Budget Category</u>
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[illegible]

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PACIFIC UNION CONFERENCE
LOAN APPLICATION PACKAGE

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Loan Application

Loan Application Instructions

NAD Building Plans and Borrowing of
Funds Approval Request

Resolutions:

Church

School

Conference Executive Committee

PACIFIC UNION CONFERENCE LOAN POLICY SUMMARY

- A. Purpose - to provide funding for loans to approved capital projects, including major building improvement and repairs of churches and schools within the Pacific Union Territory.
- B. Loan Application Package - please complete all forms, any questions should be directed to the local conference treasurer.
- C. Approval - all loans must be approved by: 1) Pacific Union Conference Investment Committee, 2) Pacific Union Conference Executive Committee. For "Mega Projects" (where the building project exclusive of land exceeds 6,000,000.00) approval is also required by the North American Division Building Plans Committee. The maximum loan amounts are:
1. Lesser of 300% of year end tithe or \$2,000,000 for Church and School Loan Fund
 2. Lesser of 400% of year end tithe or \$2,500,000 for Income Fund
- D. Availability - loan applications are approved only as income projections indicate an adequate cash flow to guarantee funding of the approved loan. Depending upon the availability of funds, a maximum loan limit may be imposed when funds are limited in order to serve more projects.
- E. Terms/Rate - rates are variable as adjusted by Investment Committee of the Lender two times each year, effective January 1 and July 1. Any decrease or increase of the interest rate shall not be less than one fourth percent (.25) nor more than two and one-half percent (2.5) per year. The change in the interest rate shall be limited to a total decrease or increase of five percent (5%) for the term of this Note.

Loan Terms:

<u>Project</u>	<u>Maximum Term</u>	<u>Percent Financed</u>	<u>Maximum Loan</u>
Church and School Loan Fund			
1) New construction, purchase of existing structure or renovation	15	55	2,000,000
2) Land for building or expansion	10	55	2,000,000
Income Fund			
1) New construction, purchase of existing structure or major renovation	5*	65	2,500,000
2) Repairs and renovation up to \$250,000:			
a) Under \$50,000	7	90	50,000
b) Over \$50,000	15**	90	250,000
3) Modular units	5	65	250,000
4) Organs	5	65	250,000

*Amortized over 20 years, renewable at maturity at holders option, limited to three renewals.

**Amortized over 15 year, renewable at maturity at holders option, limited to two renewals.

For construction and renovation loans, interest-only payments may be made during the first six-month period with principal amortized over the remaining life of the loan. For a complete set of Loan Policies contact your local conference treasurer.

- F. Conditions - land for building sites is to be paid for in full prior to requesting the construction loan. Required "Cash on hand" is a minimum of 45% (Church and School Loan Fund) or 35% (Income Fund) of the total project. Cost of land is included as "Cash on hand" only for the first project.
- G. Limitations - multiple loans to any one borrowing entity may be authorized, provided the aggregate of loans from the fund does not exceed:
1. \$2,000,000.00 for the Church and School Loan Fund
 2. \$2,500,000.00 for the Income Fund.
- Total payments on all loans cannot exceed the equivalent of 50% of average monthly tithe income.

Special Loan Requests - (exceeding 500% of annual tithe considering the aggregate of loans from both Church and School Loan Fund and Income Fund) are considered in extreme circumstances and require special approval from the Pacific Union Executive Committee. The following must be submitted with this application in addition to items required for other loans:

1. Explanation of the unusual circumstances requiring the loans.
2. Statement indicating that all obligations of the requesting church are current and have been current for the preceding twelve months, including community obligations, loan payments, school subsidies, conference/ABC, etc.
3. Guaranteeing conference must have a minimum of 50% of the working capital requirement at end of prior year.

- H. Security - loans over \$100,000 require Promissory Notes secured by Deeds of Trust against the property being purchased or improved. **A legal description in recordable format and the Assessor's Parcel Number (APN) for the securing property is necessary for all loans requiring a Deed of Trust.** Loans approved for constituency school projects are borrowed by the local constituent churches with their church property pledged as security unless the loan is to be repaid from the constituency school operating funds, in which case the constituency school property is pledged as security. When the borrower's property to be improved by the loan proceeds is situated on leased land, no recorded lien is required. Other security arrangements may be implemented by agreement with the sponsoring conference.

Loans are guaranteed in writing and supported by actions of the governing committee of the conference responsible for the borrowing entity. Such loans are recorded as contingent liabilities in the financial records and reports of the conference (not association or corporation).

- I. Documentation - Loan documents are signed prior to advance of funds; loan documents for churches are signed by the pastor, treasurer, first elder, and clerk upon approval by the church board and include a copy of the approving resolution voted by the church members in business session. Loan documents for schools are signed by the board chairman, principal, treasurer and secretary upon approval by the school board and include a copy of the approving resolution voted by the school constituency.

- J. Funding - Loan approval is valid for funding for one year from the date of Investment Committee approval. If funds are not drawn within one year after approval, loan approval expires, requiring the applicant to renew the loan request. Upon request before expiration, loan approval may be extended an additional six months.

Funds are requested by the borrowing entity through the local conference treasurer in advance to allow time for signatures to be secured and proper documents to be returned to the Pacific Union Conference.

Draws on approved loans are made only when needed for payment of actual project costs. For construction and renovation loans the authorized loan amount may be drawn over a six-month period.

- K. Monthly payments are due as provided in the Promissory Note, and the account is considered delinquent after the tenth day following the payment due date.

Delinquent loan payments exceeding 150 days for an outstanding loan renders the conference ineligible for additional loans until the delinquency is paid in full. Partial payments or interest-only payments will not be considered as regular loan payments.

Accelerated principal payments, made at the borrower's option, do not eliminate the borrower's obligation to make the regularly scheduled payment each month.

If early payment is required, the loan shall become due and payable within 90 days through the securing of a loan by the borrowing entity from another source.

PACIFIC UNION CONFERENCE LOAN APPLICATION INSTRUCTIONS

LOCAL CHURCH/SCHOOL

1. Read the Pacific Union Conference Loan Policy Summary in its entirety before filling out the application to be sure your loan request meets all requirements.
2. Fill out sections one through six completely. Missing information will delay loan approval.
3. Present project to church business meeting/school constituency for approval. Complete resolution form and include with loan package.
4. For projects costing \$6,000,000.00 or more exclusive of land, submit building plans and complete North American Division Building Plans and Borrowing of Funds Approval Request.
5. Send application, resolution and building plans, when applicable, to your local conference treasurer for approval.
6. ADDRESS ALL QUESTIONS CONCERNING THIS LOAN TO YOUR CONFERENCE TREASURER.

LOCAL CONFERENCE

7. Review application, resolution and building plans to see that material is complete and meets the Pacific Union Conference Loan Policy.
8. Review project to make sure it meets the building and loan requirements set by the local conference.
9. Verify that the church's/school's other obligations are current. (School subsidy, conference, ABC, and association bills, etc.)
10. Present project to building committee/executive committee for approval and guarantee of loan. Complete executive committee resolution and include in loan application package.
11. Loans over \$100,000.00 are secured by a first deed of trust. Obtain legal description in **recordable format and APN (Assessor's Parcel Number)** of subject property from your local conference association and include in the loan application package.
12. Send completed loan package (including building plans if applicable) to the undertreasurer of the Pacific Union Conference for processing. (Loan application package must be received at least ONE WEEK prior to the Investment Committee meeting to assure adequate time for processing.)

PACIFIC UNION CONFERENCE INVESTMENT COMMITTEE

13. The Investment Committee, which normally meets bimonthly on the second Friday of the even numbered months, is responsible for approval of all loans.
14. Notification of loan approval or denial is sent to the local conference treasurer within approximately one week following the meeting. Loan approval is valid for one year.
15. Projects costing \$6,000,000.00 or more exclusive of land, require approval of the North American Division. When Loan Policies are met and the Investment Committee gives tentative approval, the union undertreasurer will forward to the North American Division Building Plans and Borrowing of Funds Request along with the building plans to the Division. Where Division approval is required, the conference treasurer will be notified when approval is received.

FUNDING THE LOAN

1. BEFORE FUNDS CAN BE RELEASED - advise your local conference treasurer that you are ready for funding. Your treasurer will notify the union undertreasurer to begin the document process. Be sure to allow adequate time to complete all paperwork before the first draw is needed. THE PROMISSORY NOTE AND DEED OF TRUST (when applicable) will be sent to your local conference treasurer. ALL DOCUMENTS MUST BE COMPLETED AND SIGNED BY BOTH THE BORROWING ENTITY AND THE GUARANTOR PRIOR TO FUNDING.
2. ALL REQUESTS FOR RELEASE OF FUNDS must come through the local conference treasurer. (Some projects require one large draw while other are set up for several smaller draws. **Funding must be completed within six months of the first draw**).
3. Funds will be sent to the local church or conference office as requested by conference treasurer.

PACIFIC UNION CONFERENCE

LOAN APPLICATION

This application is designed to be completed by the applicant with the local conference assistance. Questions concerning this application should be directed to the local conference treasurer.

I. BORROWER

Church/School Name _____ Membership/Enrollment _____
Street _____ Annual Tithe _____
City _____ State _____ Zip _____ Annual Operating Budget _____

II. PROPERTY INFORMATION

Project Name _____
Street _____
City _____ State _____

(Attach a copy of the legal description of subject property including APN#.)

III. LOAN TYPE AND TERMS

TYPE OF LOAN

_____ Construction _____ Land for expansion/relocation
_____ Purchase _____ Refinance
_____ Renovation

Description of project: _____

Terms Requested:

Loan Amount _____
Loan Period _____
Interest only first six months _____ yes _____ no
(available only on new construction and renovation loans)

First draw date _____
Send draws to _____
Street _____
City _____ State _____ Zip _____
Phone _____

IV. PLAN OF FINANCE

ESTIMATED COST

Land already owned _____
Land to be purchased _____
Building _____
Equipment _____

TOTAL ESTIMATED COST _____

FUNDS SOURCE

Land already owned _____
Cash on hand for this project _____
Local conference appropriation _____
*Donated labor/materials _____
Loan requested _____

TOTAL FUNDS SOURCE _____

(Total estimated cost must equal total funds source)

*Donated labor or pledges may not be considered as cash on hand

V. OTHER LOANS

If the borrowing entity has other outstanding loan obligations, please show lender and current balance owed.

Lender: _____

Amount owed: _____

PACIFIC UNION CONFERENCE

LOAN APPLICATION

Continued

VI. APPROVAL

RESOLUTIONS

In applying for the above described loan approval, the business meeting/constituency or governing board has adopted an approval resolution authorizing its officers to sign the Application and Loan Documents, with the express understanding that the borrowing entity shall be responsible for the loan repayment according to the terms and conditions stated in the loan documents which conform to the Pacific Union Conference Loan Investment Policies and board or committee actions pertaining thereto.

(Copies of Church/School and Conference Resolutions must be attached)

Borrower

Business/Constituency Meeting Date _____

Pastor/Chairperson (Print)

(Signature)

(Date)

First Elder/Principal (Print)

(Signature)

(Date)

Clerk/Secretary (Print)

(Signature)

(Date)

Treasurer (Print)

(Signature)

(Date)

Local Conference Guarantee

Executive Committee Date _____

Officer (Print)

(Signature)

(Date)

Officer (Print)

(Signature)

(Date)

FOR UNION CONFERENCE OFFICE USE ONLY

Meets Guidelines for: _____ INCOME FUND

_____ CHURCH AND SCHOOL LOAN FUND

Investment Committee date _____

Treasurer/Undertreasurer

Executive Committee date (if needed) _____

Approved loan amount _____

Term _____

Investment Committee Secretary

Rate _____

WHEREAS, the _____ Seventh-day Adventist Church (Borrower) whose address is _____ has approved this project for _____ . (Describe as: new purchase, remodel, roof, addition, parking lot etc.)

TOTAL COST OF PROJECT:

\$ _____

To be funded as follows:

Church Funds on Hand \$ _____

Loan Request from Union \$ _____

TOTAL FUNDING: (must equal cost of project)

\$ _____

WHEREAS, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the _____ Conference (Guarantor);

THEREFORE, BE IT RESOLVED, that a loan be obtained by this church from the Lender with the following conditions:

RESOLVED FURTHER, that the pastor, first elder and treasurer (or their replacements) be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application Forms.
2. Provide the necessary information and documentation to your **conference treasurer** for obtaining an approval of this loan by the Conference Executive Committee.
3. Sign the Promissory Note, and other loan documents required by the Lender.

ALSO RESOLVED, that the terms and conditions of this Resolution shall be binding upon this church, to be respected and performed by its officers and members, now and in the future.

CERTIFICATE OF CHURCH CLERK**THE UNDERSIGNED,**

the duly elected, qualified, and acting clerk of the _____ Seventh-day Adventist Church, hereby certifies that the above Church Resolution is a true and correct copy of the Resolution adopted on _____, 20____, by the members of the said church in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON _____, 20____

Signature of Church Clerk_____
Print or type name

PACIFIC UNION CONFERENCE**CONFERENCE EXECUTIVE
COMMITTEE RESOLUTION**

WHEREAS, the _____ Seventh-day Adventist Church or School (Borrower) whose address is _____ has approved this project for _____ (Describe as: new purchase, remodel, roof, addition, parking lot etc.)

TOTAL COST OF PROJECT:

\$ _____

To be funded as follows:

Funds on Hand \$ _____

Loan Request from Union \$ _____

TOTAL FUNDING: (must equal cost of project)

\$ _____

WHEREAS, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the _____ Conference (Guarantor);

THEREFORE, BE IT RESOLVED, that a loan be obtained by the Borrower from the Lender with the following conditions:

RESOLVED FURTHER, that the conference officers be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application Forms.
2. Provide the necessary information and documentation to the Lender for obtaining an approval of this loan by the Conference Executive Committee.
3. Sign the Promissory Note, and other loan documents required by the Lender.

ALSO RESOLVED, that the terms and conditions of this Resolution shall be binding upon the Guarantor, to be respected and performed by its officers and members, now and in the future.

CERTIFICATE OF CONFERENCE SECRETARY**THE UNDERSIGNED,**

the duly elected, qualified, and acting secretary of the _____ Conference of Seventh-day Adventists, hereby certifies that the above Resolution is a true and correct copy of the Resolution adopted on _____, 20____, by the said Executive Committee in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON _____, 20____

Signature of Conference Secretary_____
Print or type name

PACIFIC UNION CONFERENCE**SCHOOL BOARD RESOLUTION**

WHEREAS, the _____ Seventh-day Adventist School (Borrower) whose address is _____ has approved this project for _____ (Describe as: new purchase, remodel, roof, addition, parking lot etc.)

TOTAL COST OF PROJECT:

\$ _____

To be funded as follows:

School Funds on Hand \$ _____

Loan Request from Union \$ _____

TOTAL FUNDING: (must equal cost of project)

\$ _____

WHEREAS, it has been determined that the proposed loan meets the Investment Policy of the Pacific Union Conference (Lender) and the _____ Conference (Guarantor);

THEREFORE, BE IT RESOLVED, that a loan be obtained by the Borrower from the Lender with the following conditions:

RESOLVED FURTHER, that the school principal, business manager and school board chairperson be authorized and empowered to do everything that is necessary and proper to obtain this loan, including but not limited to the following:

1. Complete and sign the Loan Application forms.
2. Provide the necessary information and documentation to your **conference treasurer** for obtaining an approval of this loan by the Conference Executive Committee.
3. Sign the Promissory Note, and other loan documents required by the Lender.

ALSO RESOLVED, that the terms and conditions of this Resolution shall be binding upon this school, to be respected and performed by its officers and members, now and in the future.

CERTIFICATE OF THE SCHOOL BOARD CHAIRPERSON**THE UNDERSIGNED,**

the duly elected, qualified, and acting school board chairperson of the _____ Seventh-day Adventist School, hereby certifies that the above School Resolution is a true and correct copy of the Resolution adopted on _____, 20____, by the members of the said school board in a duly called and held business meeting. That said Resolution has not been amended, modified, rescinded, annulled or revoked, and is in full force and effect as of the date hereof.

EXECUTED ON _____, 20____

Signature of School Board Chairperson_____
Print or type name

TO BE COMPLETED ONLY IF PROJECT IS IN EXCESS OF \$6,000,000.00 (NOT INCLUDING LAND)

North American Division of
Seventh-day Adventists

12501 Old Columbia Pike, Silver Spring, MD 20904
Telephone (301) 680-6000 FAX (301) 680-6090

**BUILDING PLANS AND
BORROWING OF FUNDS
APPROVAL REQUEST**

DATE OF REQUEST

BUILDING PROJECT INFORMATION

NAME OF PROJECT:

DESCRIPTION: (CHURCH, SCHOOL, OFFICE, AUDITORIUM, COLLEGE, HEALTH-CARE INSTITUTION, ETC.)

LOCATION: (STREET, CITY, STATE, ZIP)

AREA IN SQ. FT., ALL FLOORS
INCL. BASEMENT:

ESTIMATED COST PER SQ. FT.:

NAME OF ARCHITECT FOR PROJECT:

IF CHURCH - PRESENT MEMBERSHIP:

PROJECTED MEMBERSHIP:

SEATING CAPACITY: (OF SANCTURY OR AUDITORIUM)

IF SCHOOL - ELEM. SEC. COLLEGE, ETC.:

PRESENT ENROLLMENT:

PROJECTED ENROLLMENT:

IF HOSPITAL - PRESENT BED CAPACITY:

ADDITIONS:

ADDITIONAL INFORMATION:

PLAN OF FINANCE

ESTIMATED COST

ULTIMATE SOURCE OF FUNDS

Land already owned

\$

Land already owned

\$

Land to be purchased

Cash on hand for this project

Building

From Union Conference

Equipment

From Local Conference

Interest Cost

From Bona Fide Pledges

TOTAL ESTIMATED COST

\$

TOTAL SOURCE OF FUNDS

\$

PROPOSED BORROWING PROGRAM

APPROVAL OF BORROWING RECOMMENDED BY:

APPROVAL OF BORROWING RECOMMENDED BY:

(Conference or other organization)

PACIFIC UNION

ORGANIZATION RESPONSIBLE FOR REPAYMENT OF LOAN:

ORGANIZATION CO-SIGNING OR GUARANTEEING THE LOAN:

ON WHAT PROPERTY WILL MORTGAGE BE TAKEN?

WHICH OF THE ABOVE NAMED SOURCES WILL BE USED FOR THE REPAYMENT OF THE LOAN?

IF THE BORROWING ORGANIZATION HAS OTHER
OUTSTANDING LOAN OBLIGATIONS PLEASE GIVE
THE CURRENT BALANCE:

APPROVAL FOR BORROWING IS HEREBY REQUESTED
IN THE AMOUNT OF

FOR A PERIOD OF

SIGNATURE OF UNION UNDERTREASURER

\$

\$

139

YEARS



December 9, 2013

Treasurer

11330 Pierce Street
P. O. Box 8050
Riverside, California 92515-8050
(951) 509-2244
Fax: (951) 509-2235
<http://www.seccadventist.org>

Dear Church Treasurer and Church Business Administrator,

We are just three weeks away from completing another year. That means it is time that you update our records for land, buildings, building improvements, land improvements and funds borrowed for the calendar year 2013. This includes the name of the property or improvements, the actual costs and if it was completed by the end of 2013.

Some examples of building improvements include the following:

1. Replacing the church roof (please specify if for certain sections)
2. Replacing the church carpeting (please specify where in the church)
3. Renovating the church building (please specify what work was done for the renovation)
4. Adding space for Sabbath School classrooms, Pastor's study, etc. resulting in an increase of the church's square footage (not reconfiguring the same space)

Some examples of land improvements include the following:

1. Installing a new church parking lot (please specify if for certain sections)
2. Major resurfacing of the church parking lot (please specify if for certain sections/slurry coat excluded)
3. Putting a fence around the church property (please specify if for certain sections)

The following are the requirements for reporting on your church's property acquisitions, disposals and improvements:

1. Projects to report on must have a minimum threshold of an expected total cost and cost savings (for donated or discounted labor, materials and contractor/professional fees) of \$3,000. Please report on those projects meeting this minimum threshold on the enclosed Summary Information on Projects Year 2013 form. (Please make additional copies of the form sheet if needed).
2. For those projects identified, please provide a detailed listing of all payments or amounts reported as project cost savings as well as a list of any funds borrowed to complete the project. For amounts reported as project cost savings, please provide a report that shows how the amounts reported as project cost savings for each project were arrived at (quantities times unit value or provide copies of information on this that were provided by the contractor/professional (vendor invoices)).
3. Copies of the supporting documents (vendor contracts and invoices, vendor register receipts, etc.) are required to be provided to the Conference for all the project cost amounts reported.

Please complete the enclosed response card along with what appears in items 1 through 3 above if you checked the first box on the response card. If your church has no property acquisitions or improvements to report on, please complete the enclosed response card making sure to check the second box on the response card (this is required even if your church is renting and has no property). Then return this information to me by **Thursday, January 2, 2014**. Please call me at (951) 509-2248 if you have any questions about this matter. If email is more convenient for you, my email address is steven.case@seccsda.org.

Sincerely,

Steven L. Case
Conference Assistant to the Associate Treasurer

cc: Church Pastor

CHURCH RESPONSE CARD

Please complete, by placing a check mark in the appropriate box and return this card to the attention of Steven Case, Conference Assistant to the Associate Treasurer at the Conference office by **Thursday, January 2, 2014**.

- ☐ Attached is the list of our church's land, building, building improvement and land improvement additions/disposals for the calendar year 2013.
- ☐ We have no improvements or purchases or sales of land and buildings to report for the calendar year 2013.

Name of Respondent

Church Name

Position

Date

Southeastern California Conference of SDAs
Land and Building Improvements/Construction Projects
Summary Information on Projects
Year 2013

Name of Church/School	Totals for Current Year 2013	Any Project Services or Purchases in 2013 Not Paid by Year End?	Was the Project Completed by Year End?
Project Description _____			
Project Costs	\$ _____	Yes__ No__	Yes__ No__
Project Cost Savings	\$ _____	(If yes, please	
Project Funding Financing Costs (loan interest and fees)	\$ _____	provide a listing of the items)	
Project Description _____			
Project Costs	\$ _____	Yes__ No__	Yes__ No__
Project Cost Savings	\$ _____	(If yes, please	
Project Funding Financing Costs (loan interest and fees)	\$ _____	provide a listing of the items)	
Project Description _____			
Project Costs	\$ _____	Yes__ No__	Yes__ No__
Project Cost Savings	\$ _____	(If yes, please	
Project Funding Financing Costs (loan interest and fees)	\$ _____	provide a listing of the items)	
Project Description _____			
Project Costs	\$ _____	Yes__ No__	Yes__ No__
Project Cost Savings	\$ _____	(If yes, please	
Project Funding Financing Costs (loan interest and fees)	\$ _____	provide a listing of the items)	

Summary Information on Loans and Debts (Funds Borrowed)

Lender Name	Loan Number	Balance at 12/31/2013	2013 Interest Amount
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____

Southeastern California Conference of SDAs
Land and Building Improvements/Construction Projects
Summary Information on Projects – Clarification Sheet

Section on Report Sheet

Project Description

- Please make sure that what you provide to this identifies both the “what” and “where”.
- For some generic terms like “remodel” or “renovation” please provide some specifics: i.e. Renovation of the men’s and women’s restrooms (new tile flooring, paint, countertops, sinks and faucets, cabinets, etc.).
- Make sure each project reported has an expected total project cost and cost savings of at least \$3,000.

Project Costs

- For each project reported, please make sure the amount you report for this agrees to the total amount from your list of payments.
- The list of payments can be as simple as an adding machine tape but certain accounting software can provide more information that is useful (date, check number, payee, check amount, description of what was paid).
- For larger construction projects (usually for when a new building is being constructed) please use accounting software such as QuickBooks for tracking costs paid by construction/contractors cost category – this is needed for helping identify which costs are for which asset category: Land Development, Land Improvements, Building or Building Improvements, Furnishings and Equipment, Costs to be Allocated, and Other Costs.
- Remember for each project that even pre-construction costs from the beginning of the project needs to be reported. Pre-construction costs can include architect and engineering fees, City, County, State or Federal government fees, blueprints and other reproduction costs, etc.
- For each item on the list of payments, please provide a copy of the supporting documents (vendor contracts and invoices, vendor register receipts, etc.). If the list of payments for a reported project is more than 25 items, please contact Steven L. Case, Conference Assistant to the Associate Treasurer at (951) 509-2248 or steven.case@seccsda.org for guidance so a sample selection can be performed for this.

Project Cost Savings

- Project cost savings usually can be in the form of volunteer or donated labor, donated materials, discounted labor, or discounted materials. When this is provided by a vendor, it usually is identified on a vendor document such as a vendor invoice. When this is provided by non-vendors, it is usually known but not often in documented form. In those cases a best estimate should be determined: i.e. Volunteer labor by church members - # of hours times market rate per hour for skilled contractor labor, and # of hours times \$10 - \$15 per hour for less-skilled labor.
- If the project cost savings being reported is of a single form such as just volunteer less-skilled labor: the calculation supporting the amount reported for the project can be written next to the amount on the report sheet. Otherwise another report sheet should be prepared that shows what makes up the reported project cost savings amount and how the amount reported was determined.

Project Funding Financing Costs

- This usually represents the amount(s) or the projects share of the amount(s) you report at the bottom of the report sheet for loan interest for the year. Other loan financing costs usually are loan origination fees that occur at the beginning of the loan.

2 “Yes” or “No” Questions to Answer for Each Reported Project

- The first question is for the report year’s purchases or services that were paid in the following year.
- The second question helps the Conference office determine if there will be more amounts to be reported on the project for the following year.

SOUTHEASTERN CALIFORNIA CONFERENCE OF SDA (SECC) LEASE/RENTAL INFORMATION

With the requirement for SECC to become GAAP compliant, we are introducing a new form for all churches to use in order to provide us timely information to satisfy GAAP reporting and Audit Review.

We are requesting that this form be completed at the end of each quarter if the church has any lease or rental income during that period.

All churches must complete the form each January and, if there are no leases, please indicate that on the form, sign it, and submit the form. The church need not submit any further forms during that calendar year, **UNLESS**, a new lease is signed during that same calendar year.

Churches that have leases should complete this form and submit it along with the copies of the lease agreement and requested forms as described in the **Quarterly Church and School Lease Information** form as soon as possible in order to bring the property files up to date.

All continuing leases must be reported and amendments or renewals submitted each month.

All paperwork, including the form, may be emailed to edna.johnson@seccsda.org, faxed to 951-509-2394 or mailed to: PO Box 79990, Riverside, CA 92513-1990.

******Any churches that had new leases in 2013 should submit the signed agreements.

**SOUTHEASTERN CALIFORNIA CONFERENCE
PROPERTY AND TRUST SERVICES
Quarterly Church Lease Information**

Church Name: _____

For the quarter ending: _____

*Please return completed form
at the end of each quarter.*

Cell Tower	Vendor Name	Monthly Pmnt	Commencement Date	Begin Date	End Date
<i>For brand new leases, please send a copy of the first check payment. Send copies of Active Lease, Amendments, Letter of Commencement.</i>					
Auxiliary Facilities (Rental Prop. & Commerical Space)	Renter	Monthly Payment	Begin Date	End Date	
<i>Send copies of Active Lease, Amendments, Address of residential property</i>					
Primary Facility (Church and Church Space)	Renter	Monthly Payment	Begin Date	End Date	
<i>Send copies of Active Lease, Amendments, Certificate of Liability Insurance with additional insured endorsement, Lessee Contact Information</i>					

Name of Person Filling out the Form

Email and Daytime Phone

Copies of paperwork need only be sent at commencement and renewal.

Revised 09/25/2013

