



EMCC PROPERTY MANAGEMENT POLICY

Approved By: Board of Directors

Initial Approval

July 2011

Policy Owner: Operations

Revised

August 2011

OBJECTIVE

The EMCC Property Management Policy exists for the purpose of directing the management of capital assets held on behalf of or received from EMCC local churches and related entities.

POLICY

Property Management Policy Summary

1. Background
2. Beneficial Ownership
 - 2.1. Risk Management
3. Transfer of Title, Mortgage or Other Disposition
 - 3.1. Clauses and ROFR on Title
 - 3.2. EMCC Consent Requirement
 - 3.2.1. EMCC Consent Considerations
 - 3.3. Procedure for Transfer of Title
4. Assets from Closed Churches:
5. Property Management Administration

1. BACKGROUND

The following policy is written in order to maintain continuity with the property management policies of the Districts (EMCCWD and EMCCED) in the merged operation of EMCC, EMCCWD and EMCCED. By special resolution EMCC, EMCCWD and EMCCED have approved the amalgamation of the three corporations and have agreed to function as a merged entity effective July 1, 2011. For simplicity of the policy the term EMCC will be used to include lands held by EMCCWD or EMCCED.

Title for EMCC church property and related entities in eastern Canada (east of the Ontario/Manitoba border) is mainly held by the local church or other related entity. Operating bylaws for each entity include affiliation and dissolution clauses that define association with EMCC and assigned assets to EMCCED upon closure. Denominational interest in the property is maintained by a consent clause that is registered as a caveat on all property titles.

In western Canada (west of the Ontario/Manitoba border) title for EMCC church properties has historically been held by the EMCCWD or its denominational precedents (The Missionary Church, United Missionary Church, Northwest Canada Conference of the Evangelical Church). In many cases, congregations were not incorporated, and did not have a separate legally- recognized status to hold the property themselves, and so it was prudent

to register the titles with and in the name of the District. In addition, registration of titles by the District offered benefits of centralized management and ability to raise financing for certain projects from time to time by cooperative use of titles as collateral.

There has been a recognition that the true or beneficial ownership of such titles rests with the local congregation, subject only to a limited supervisory and managerial role by the District which has been exercised with a view to the overall denominational purposes served by the District to seek to ensure that such properties are dealt with in a fashion conducive to the general ministry and objectives of the denominational Church. As well more local congregations and District affiliated ministry organizations have been incorporating, facilitating the possible transfer of applicable lands to those legally recognized entities.

Over the past 10 years churches in western Canada have been encouraged to incorporate and request transfer of title from EMC,CWD. As of Jan. 1, 2011 EMC,CWD still holds title for the majority of churches and related entities in western Canada. Work continues to assist churches in undertaking the incorporation process and receiving transfer of property title. Bylaws of incorporated entities include affiliation and dissolution clauses that define association with EMCC and assign assets to EMC,CWD upon closure. Denominational interest in the property is maintained by entering into a Right of First Refusal Agreement with the receiving entity, which is registered as a caveat on all property titles transferred or where possible the 'Consent Clause.'

The Districts and now the National Church, as an adjunct to their role in seeking to facilitate and nurture the health and development of the overall Church and each of its constituent congregations and organizations within the context of the whole, maintain an interest in overseeing the ultimate use and disposition of such lands toward the general purposes and objectives of EMCC.

It is desirable to set out the policies to govern the holding of such lands by the Districts, and to govern the potential transfer of such properties to local churches or other ministry entities.

Arising out of the above background, the following are hereby set forth as the policies to govern the holding and the possible transfer of such lands to local congregations or other legal ministry entities affiliated with EMCC.

2. BENEFICIAL OWNERSHIP

In cases where EMCC holds title of the property purchased by a local congregation or a related entity, the latter shall be recognized as beneficial owners. The beneficial owner has the right to use the property for its intended purpose, and undertakes responsibility for the usual obligations of property management such as day-to day management, maintenance, insurance, taxes, etc.

EMCC shall have the ongoing role of advisor to the beneficial owners in providing information and guidance from time to time regarding insurance, risk and other management recommendations. Additionally EMCC may provide information and guidance in connection with capital financing, construction or similar projects proposed.

2.1 RISK MANAGEMENT

EMCC has an interest on behalf of the churches and related entities in seeking to preserve property, which has served as a base for operation and ministry, for continued ministry

wherever reasonably possible. To this end, EMCC shall seek but shall not be legally responsible to do the following:

1. maintain a record of titles and mortgages or other encumbrances against properties.
2. maintain a record of incorporation and/or Bylaws for all EMCC churches and related entities.
3. maintain insurance coverage of least 90% building replacement value and general liability coverage of \$2 million. Where the local church or other related entity fails to provide adequate insurance, coverage will be purchased by EMCC Building Development Fund with reimbursement sought from the local church;
4. ensure property and facilities are under the oversight of a responsible ministry group or EMCC
5. ensure property which includes a cemetery shall be maintained according to government regulations and every effort made to respect the deceased and to foster a positive relationship with the community. To that end the property shall be maintained by the closest local church. Failing that, a volunteer will be sought to provide an acceptable level of care.
6. ensure all property title transactions with member churches must include the Denominational "Consent Clause" and/or "Right of First Refusal Agreement."

3. TRANSFER, OR OTHER DISPOSITION OF REPOSITORY LANDS

3.1 Consent Clause, Right of First Refusal Agreement on Title

National Church interest in church properties is maintained by registering a consent clause as a caveat on all property titles and/or a ROFR agreement. The overall intent for EMCC involvement shall be to provide "sober second-thought" for issues regarding property management, financial risks and development opportunities, within the context and overall desire described in point 2. Beneficial Ownership above. EMCC personnel are available to advise the Church on financial and property management issues related to site and building development.

The main objectives of the consent clause or ROFR are to do the following:

- a) To protect the congregation from misuse or liquidation of property during shifts or changes of leadership that may not be in the best interests of the local body or the denomination.
- b) To protect the use of property for EMCC ministry during church splits or closure
- c) To ensure that fair market value has been received from the sale of property for current or future ministry use.
- d) To ensure that sufficient assets are retained for the local body and if applicable EMCC where EMCC's opinion is that risk of liabilities against a local body or EMCC is high
- e) To ensure that a denominational 'footprint' is maintained in urban areas or rural regions deemed by the EMCC to be well-suited for current or future ministry

The consent clause shall be as follows:

“The said lands shall be held for the use and benefit of the said congregation or other entity as part of the Evangelical Missionary Church of Canada. Save as otherwise herein provided, the said lands may be sold, conveyed, mortgaged, leased or exchanged, or otherwise dealt with only with the consent of the local congregation of the church and the consent of the Evangelical Missionary Church of Canada, which latter consent may be given by the Board of Directors thereof.”

In provinces where the consent clause cannot be registered on title denominational interest is maintained by registering a Right of First Refusal Agreement (ROFR) as a caveat on property titles. (See “Right of First Refusal Agreement” for terms and conditions of the agreement.)

Where EMCC does not have either a consent clause or ROFR on title, EMCC shall request the congregation to register such a clause on title. The legal costs would be covered by EMCC Building Development Fund.

3.2 EMCC Consent

In addition to the approval by the local congregation or organization in accordance with its bylaws or other applicable governance documents, the written consent of EMCC to any proposed transfer, mortgage, other charging or disposition of Repository Lands, as well as any other lands which are subject to a ROFR Agreement in favour of EMCC, is to be sought and obtained by the local congregation or other organization prior to undertaking or implementing any such arrangement. No such disposition shall be undertaken without EMCC consent.

3.2.1 EMCC Consent Considerations

The granting of Consent or postponing/discharging the ROFR Agreement, as applicable, shall be discretionary, but it shall not be unreasonably withheld. 3.1 above states the objectives of EMCC’s involvement and below are intended as a non-inclusive listing or illustration the EMCC consent considerations.

Mortgage or Charge: The basic criteria for evaluation by EMCC of a request for consent to the granting by the local congregation or other organization (the “local body”) of a mortgage or charge against its property is that the local body must have a reasonable prospect of being able to service the debt so that the availability of the property for ministry within the EMCC context is not unduly jeopardized.

Transfer or Sale: The following shall be the basic criteria for evaluation by the EMCC of a request for transfer or sale by the local body of its property:

- a) The transfer or sale of property should continue and/or enhance EMCC ministry on said location or within the local region.
- b) If the property is sold, the local body must have a viable plan to reinvest the proceeds of sale to continue and enhance ministry within a reasonable timeframe.
- c) The local body must provide evidence of market analysis to support and substantiate property value.
- d) The local body must demonstrate sound financial management of property and resources, and where applicable provide plans for future development including initial conception, additional capital investment required, decision

making process, risk evaluation, site/building acquisition, planning, design and construction, and future maintenance and ministry considerations.

- e) Alternatives for EMCC support may be considered where suitable and available.

3.3 PROCEDURE FOR TRANSFER BY EMCC TO LOCAL CHURCH OR ORGANIZATION

Upon written request from such corporation, Repository Lands may be transferred by EMCC to the church, camp or other organization for whom they have been held, where that church, camp or other organization is or has become a legal corporation.

The following documents are required from or in respect of the local church or other organization in order to request a transfer to it of title to its property:

1. a formal request from its Board for transfer of title;
2. a copy of its Letters Patent verifying corporate status and approved Bylaws containing affiliation and dissolution clauses that define association with EMCC.
3. a letter evidencing EMCC's approval of its incorporation and Bylaws and acknowledging its denominational membership in good standing, in accordance with EMCC's policy requirements in that regard;
4. a copy of its last fiscal year-end financial report disclosing all outstanding loans;
5. a signed Right of First Refusal Agreement in favour of EMCC, substantially in the form attached as Appendix A (the "ROFR")
6. completed letter of acknowledgement that the church Board and administration has read and will comply with all requirements of the EMCC Property Management Policy

Completed Property Title Transfer Checklists shall be submitted to the Director of Operations. The Director of Operations shall ensure that the checklist is completed satisfactorily with all supporting documentation provided. Once complete the Director of Operations shall sign off on the request to transfer title and submit request to the President for approval of title transfer. The Director of Operations shall arrange for the transfer of approved titles.

The local church or receiving entity will be responsible for all reasonable legal and administrative costs the transfer of title.

4. ASSETS FROM CLOSED CHURCHES: DISSOLUTION OF LOCAL CHURCH

The management of the assets transferred to EMCC are delegated to the EMCC Administration according to the following criteria:

1. In general properties received from church closures shall be sold and assets distributed according to EMCC policy and By-laws regarding dissolution.
2. All continuing operational obligations following the date of closure will be paid from the EMCC Building Development Fund.
3. Additional personnel support required to facilitate property management and asset distribution may be paid from the EMCC Building Development Fund in accordance with its policies
4. Records from closed churches shall be subject to standard administrative protocols of the EMCC Privacy Policy and Records Retention Policy. Records will be assigned to an historical archive where appropriate, or disposed of when no longer required.

5. Vacant facilities shall be rented out if possible subject to EMCC rental guidelines
6. To determine fair market value an independent appraisal shall be conducted for all properties and buildings received. A qualified/certified appraiser shall conduct appraisals for properties valued \$500,000 or greater.
7. Buildings/Property may not be sold for less than 80% of fair market value without BOD approval
8. The President may choose to hold property for transfer to another EMCC church or future ministry opportunity for up to 3 years without the approval of the BOD.
9. A discontinued congregation may suggest to EMCC how funds and/or property be used, but the final determination is at the discretion of the Board of Directors of EMCC in accordance with the Building Development Fund policies. For up to 5 years consideration will be given to reinvesting proceeds from the sale of property for a qualifying church plant in the same region.
10. A list of properties sold and those held by EMCC for sale and future use shall be reported annually to the BOD.

4.1.MANAGEMENT OF ASSETS FROM CLOSED CHURCHES

The closure of a church is made by the membership of the local church in consultation with the Regional Minister or by a Steering Committee as appointed by the EMCC President. Upon closure EMCC administration shall oversee the disbursement and assignment of assets, records and liabilities.

1. The assets coming under EMCC management include:
 - a. all records, statistics, and files
 - b. all office equipment, ministry aids, church furnishings, and chattels,
 - c. all funds held by the church treasurer in instruments of investment,
 - d. all property and buildings,
 - e. all designated building funds on deposit,
 - f. all other identifiable assets.
2. The liabilities coming under EMCC management include:
 - a. all rental obligations outstanding from the closed church,
 - b. all principal, interest, or tax payments on property or buildings held by the closed church
 - c. all property maintenance and insurance coverage,
 - d. all other identifiable liabilities

5. Property Management Administration

Property Management:

1. All property management activities will be administered by the EMCC Director of Operations or designate.
2. Implementation of the Property Management Policy shall follow standard administrative protocols and be subject to the same financial controls as all other EMCC Funds.
3. All expenses related to property management under EMCC control not covered by the local church shall be paid by the Building Development Fund.

4. The President, Director of Operations, and the officers of the board shall have signing authority for all property related matters, any two signatures required.

Property Management Team:

The EMCC President may appoint ad hoc Property Management Team(s) as needed to provide advice and support in dealing with specific property management situations, issues and/or concerns. Property Management Teams (PMTs) shall operate according to the following criteria:

1. PMTs shall consist of 2-4 volunteers with distinct property management skills to assist the Director of Operations in meeting the objectives/requirements of this policy.
2. PMTs shall keep up to date and accurate records of its actions and interactions with churches and report to the Director of Operations.
3. The activities of the PMT participants will remain confidential and the members of that team are bound to respect that confidentiality.
4. The Regional Ministers shall provide relevant background information to assist PMTs in their work.
5. The EMCC President and/or Director of Operations, shall be ex officio members of all Property Management Teams.
6. PMTs may meet from time to time in person or by conference call or such other electronic means wherein all participants are able to hear and address each other.