

4.000 COMMITTEES OF PRESBYTERY: COMMITTEE ON MINISTRY, CHURCH PROPERTY

4.101 Guideline for Church Lease Agreements

- A. Certain specifics shall be written into the lease for both parties protection:
1. Space to be used:
 - a. Identify rooms that will be used.
 - b. Whether or not kitchen and its equipment may be used.
 - c. Whether or not storage space is available and where.
 2. Length of time:
 - a. State months and days of the week involved.
 - b. State beginning month, last month, and the year.
 3. Financial agreement:
 - a. State cost per month.
 - b. State date of first payment and date of last payment.
 - c. State total cost.
 - d. State which utilities are included in the cost of sharing.
 - e. Agree on custodial responsibilities.
 - f. If tenant chooses, the church may send monthly statements.
- B. Tenant's Responsibilities:
1. Damage to property: Tenant agrees to pay for any damage done by them to church property.
 2. Approved special equipment:
 - a. Tenant will pay for any special equipment, such as answering service, etc.
 - b. Tenant will pay for added equipment, such as room dividers, etc.
 3. Other: Tenant agrees to make necessary arrangements to minimize any conflicts with other church-affiliated organizations that may be utilizing facilities during the same hours of the day.
- C. Legal and Tax Implications:
1. Require that tenant lists church as a "named insured".
 2. Inform church's insurance agent of the tenant's presence.
 3. If your tenant is a taxable entity, you may become liable to local property tax. Check with an attorney.
 4. Consider drawing up your "lease" as a cost-of-sharing agreement" to avoid taxability of possible rental income as profits.