**Instructions for Local Church Leases**

**\*\*These instructions are for reference only - DO NOT include with the lease \*\***

Paragraph 2541 of the Book of Discipline requires the Board of Trustees to obtain the following approvals prior to any lease being executed:

* Charge Conference approval with a resolution passed by a majority vote of the members present at a regular or special meeting.
* The District Board of Location and Building shall review the lease to ensure it conforms with The Book of Discipline and the Polices of Greater New Jersey.
* Written consent of the Pastor and the District Superintendent of the local church

**Leases are null and void without ALL proper resolutions/approvals; the signature page is proof that all parties give their approval.**

**Attached is a sample lease and below is a summary of which items can and cannot be altered from this sample.**

**Cannot be altered (lease is null and void without this language):**

* Parties named in the lease (only fill in the blanks)
  + Note, there are two (2) Lessors: The Church and The Conference
* Item #’s:
  + 1 through 3 (only fill in the blanks)
    - Examples of “Zone” (get from your municipality): Institutional Building, Highway Commercial, Recreational Commercial, Residential, etc.
    - If you lease to a for-profit organization rather than a non-profit or property tax-exempt corporation, seek guidance from your municipality regarding property tax implications; see item # 31
    - # 2 – Leases more than 1 year contain the “discontinue” clause as stated with the recommended # of days being up to 90 days; more or less than 90 days requires approval by trustees, pastor and superintendent.
  + 16 & 17 – should appear as written
  + 19 through 22 – should appear as written except as follows:
    - # 19 only update Exhibit A as follow: The minimum liability coverage is noted in Exhibit A for each category. If the tenant’s current insurance coverage is higher, then the limits are to be amended to the higher thresholds.
    - Only include in Exhibit A the required and applicable optional coverage as instructed; delete all and only the optional coverage that is not required.
  + 25– should appear as written
  + 26 – should appear as written; affix the church’s Safe Sanctuary policy
  + 27 through 32- – should appear as written
  + 33 – should appear as written (only fill in the blank)
  + 34 & 35 – should appear as written
  + 36 - – should appear as written (only fill in the blank; “New Jersey” in most GNJ cases)

**Items without notation above should be written by Lessor to reflect the situation of their Lessee.**

**LEASE AGREEMENT**

This Agreement is made on this \_\_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2024 between\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Church)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a New Jersey Title 16 non-profit corporation with IRS 501(c)(3) tax-exempt status, whose address is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and which holds title to the property in trust for the Greater New Jersey Annual Conference, whose address is 205 Jumping Brook Road, Neptune, New Jersey 07753, jointly noted hereinafter as “Lessor,” and\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a New Jersey non-profit corporation with IRS 501(c)(3) tax-exempt status, whose contact information is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ hereinafter noted as “Lessee,” to be effective on the \_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_, 2024.

1. The goal of this Agreement is to define the use of the facilities of the \_\_\_\_\_\_\_\_\_(Church)\_\_\_\_\_\_\_\_\_ by \_\_\_\_\_\_\_\_\_\_\_\_(Lessee)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_in order to preserve the character of the church while serving the\_\_\_\_\_\_\_\_\_(Lessee)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Lessor does not warrant that the leased facilities are suitable for any particular purpose, but acknowledges that the property being rented is zoned \_\_\_\_\_\_\_\_\_\_\_\_\_ and is located at \_\_\_\_\_(address)\_\_\_\_\_\_\_\_.

2. The term of the Lease is\_\_\_\_\_\_\_\_\_ months/years, from \_\_\_\_\_\_\_\_\_\_\_\_to\_\_\_\_\_\_\_\_\_\_\_\_\_( usually one (1) year) but if for more than one year, the Lessor or the Lessee after one year may discontinue the lease with \_\_\_\_ days notice.

3. The rental rate is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and includes all and only those areas and items specifically listed herein.

4. The space being leased includes:

\* Exclusive use/exactly when – days and time

\* Non-exclusive use/exactly when – days and time

\* Include parking areas, rooms, entry/exit ways, storage areas, bulletin boards, etc.

5. Equipment being provided by Lessee includes\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Equipment being provided by Lessor includes\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. Where/how Lessee will store its items, including locking provisions.

8. Utilities payment (who pays what and/or what is included in Rent) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

9. Services\_\_\_\_\_\_\_\_\_\_\_\_\_ (as custodial, snow removal, etc. – who does what)

10. Keys\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (how many, for where, who has, etc.) Also include “locking-up” responsibilities.

11. Posting of required licenses by both entities, if required.

12. Limitations on number of persons in facility(ies) per fire code.

13. Condition in which the facilities will be left each day; will weekends differ? Note - it is possible that the Lessor may not need to use the area being leased all week, but does use those areas on weekends.

14. Maintenance and repair cost designations. Delineate the responsibilities of maintenance of the leased premises between the Lessor and the Lessee. Any and all repairs must be approved in advance by the Lessor, in writing, regardless of who will ultimately pay for and oversee the repairs.

15. List all disposable supplies that Lessee will be charged for and how this will be calculated.

16. Lessor and Lessee mutually agree to avoid interfering with each other’s use of the leased area. Any shared space shall be identified and how and when the space will be used.

17. Lessor will inspect the lease premises periodically with 24 hour notice to the Lessee.

18. Security deposit – amount – if any - where it will be held [legally required] and how and when it will be released.

19. Lessee’s Certificate of Insurance must be attached and approved by Lessor’s insurance provider and contain the minimum limits of insurance as outlined in **EXHIBIT A INSURANCE REQUIREMENTS**

20. The Lessee is required to endorse their policy to include the waiver of subrogation in favor of the Lessor, that their coverage will be primary & non-contributing, and that all policies will provide 30 days notice to the Lessor in the event of policy cancellation, termination, or non-renewal. This must be reflected on the certificate of insurance. The Lessor is not liable to Lessee for any liability arising out of Lesse’s operations, use, and/or occupancy. The Lessor is not responsible or liabile for any damage to the Lessee’s personal, business, or client property.

21. The Lessor, its officers, employees, agents, and volunteers is to be named as additional insured in the Lessee’s policy. This must be reflected in the certificate of insurance and policy endorsement(s).

22. The Lessee shall hold harmless and indemnify the Lessor from and for any and all payments, expenses, cost, reasonable attorney fees and from and for any and all claims and liability for losses or damage to property or injuries to persons occasioned wholly or in part by or resulting from any acts or omissions by the Lessee or the Lessee’s agents, employees, guests, licensees, invitees, subtenants, assignees or successors, or for any cause or reason whatsoever arising out of or by reason of the occupancy of the premises by the Lessee or business of the Lessee.

23. What will be the process if Lessee requests additional space and additional times of use?

24. If the Lessee requests any inside or outside alterations to the leased area, said request must be approved in writing by the Lessor and then the decision will be made as to who pays for and is responsible for overseeing the alteration.

25. Smoking and consuming alcoholic beverages anywhere on the Lessor’s property is prohibited, and Lessee must follow all relevant Disciplinary paragraphs.

26. Lessee must follow the requirements of the Lessor’s Safe Sanctuary Policy [attached] and must provide the Lessor with its own policy if Lessee has developed one.

27. A member of Lessor’s Board of Trustees shall be the liaison with the Lessee. Lessee shall select its liaison to communicate with the Trustee on any and all issues that may arise, including emergency situations. The full Board of Trustees shall handle the resolution of disputes.

28. In cases of weather or emergency closures, Lessor shall have the authority to make closure determinations.

29. If Lessor church closes its operation, or merges with another church, Lessee will be given as much notice as possible to vacate the premises if such action is necessary as determined by the all the parties involved with the closure and/or the merger and any rent paid in advance prior to vacation of the premises will be returned.

30. Lessor and Lessee will abide by any and all governmental actions which require changes the terms in this Agreement.

31. If the property tax-exemption is revoked because of Lessee’s occupation, Lessee will pay all property taxes.

32. Either party has the right to terminate this lease with sixty (60) days’ written notice to the other.

33. This lease shall be automatically renewed for \_\_\_\_\_\_\_\_\_\_\_\_(usually one (1) year) with the same terms and conditions, unless either party notifies the other within ninety (90) days prior to the termination of the existing lease term of that party’s desire to make modification to the lease.

34. Any changes to the lease must be in writing and signed by Lessor and Lessee.

35. Lessee will be permitted to fully inspect the property to be leased prior to signing the lease.

36. This lease is governed by the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_along with all local zoning, land use and rental regulations.

The lease will be signed by persons designated by the Lessee and Lessor’s local church pastor, local church Chair of Board of Trustees, District Superintendent on behalf of the Conference , and Chair of the District Board of Location and Building.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: Local Church Pastor

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: Local Church Chair of Board of Trustees

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: District Superintendent

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: Chair of the District Board of Location and Building

**EXHIBIT A: INSURANCE REQUIREMENTS**

**GENERAL INSURANCE REQUIREMENTS:**

* Insurance carrier must be rated AM Best A (Excellent) or better
* Provide a minimum of 30 days’ advance written notice of cancellation, material change, or non-renewal of policies. All required policies must be endorsed to include the 30 day Notice of Cancellation to the Lessor
* All policies of insurance be on a primary basis, non-contributory with any other insurance coverages.

**COVERAGE REQUIREMENTS FOR ALL LEASES:**

**COMMERCIAL GENERAL LIABILITY**

Coverage is to include:

* Occurrence based coverage form
* Premises and Operations - $1,000,000 Each Occurrence
* General Aggregate - $3,000,000
* Personal Injury/Advertising Liability - $1,000,000 per occurrence
* Products/Completed Operations Aggregate - $3,000,000
* Property Damage Legal Liability (Fire Damage / Fire Legal Liability) - $250,000
* Medical Expense - $5,000
* Abuse/Molestation Liability Coverage - $1,000,000 per occurrence /$1,000,000 aggregate
  + Lessee acknowledges and agrees that their activities are not required to be, and may not be, sponsored, conducted, supervised, or monitored by Lessor or its directors, officers, trustees, elders, employees, agents, representatives, or volunteers, and that Lessor is merely making the facilities available for the tenant’s use in connection with its operations.
* Liability Assumed Under an Insured Contract (including tort liability of another assumed in a business contract)
* Independent Contractors
* Required policy endorsements (or carrier’s equivalent):
  + CG 20 26 ed 04/13 Additional Insured- Designated Person or Organization
  + CG 20 01 ed 04/13 Primary and Noncontributory – Other Insurance Condition
  + CG 24 04 ed 05/09 Waiver of Transfer of Rights of Recovery Against Others To Us

**UMBRELLA/EXCESS LIABILITY**

* $1,000,000 Per Occurrence / $1,000,000 Aggregate
* Coverage could be waived only for small groups that use the facility once a week or less.

**ADDITIONAL COVERAGE REQUIREMENTS AS APPLCIABLE:**

**PROPERTY INSURANCE**

* If tenant stores furnishings/equipment at the church, this is required; otherwise, it is not.

Coverage is to include:

* Property Covered: All owned and rented furnishings and equipment of the Lessee
* Perils: Special Form perils including Theft
* Deductible cannot exceed: $5,000
* Valuation: Replacement Cost
* Under no circumstances will Lessor be liable for any loss or damage to any property

**WORKERS COMPENSATION & EMPLOYERS LIABILITY**

* If tenant has paid employees on your premises, this is required; otherwise, it is not.

Coverage is to include:

* Workers Compensation Per Statutory Benefits for All Employees
* EL Limits – Each Accident $500,000
* EL Limits – By Disease – Policy Limit $500,000
* EL Limits – By Disease – Each Employee $500,000
* Other Considerations: Waiver of Subrogation in favor of LIST YOUR NAME HERE (may not be available in all states)

**COMMERCIAL AUTOMOBILE LIABLITY**

* Examples of when it may be needed could be a contractor that rents the parking lot to store their work vehicles, or a school that transports students on and off church property

Coverage is to include:

* Combined Single Limit $1,000,000
* Hired & Non owned Auto Liability Included
* Covered Auto Symbols 1 or 2, 8, & 9

**ACCIDENT/HEALTH**

* This would only be needed if the general liability policy’s medical expense coverage excluded some part of the tenant’s operations.  For example, a school that’s general liability policy excludes student medical expense coverage, or a sports league that excludes medical expense for athletic injuries
* Accidental Medical Expense $5,000 per injury