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## FOURSQUARE CHURCH

### **RENOVATION OR CONSTRUCTION**

New building construction is still a routine activity in Foursquare churches, but, more commonly, our churches are renovating properties for better use. The difference is that new construction is any increase in square footage (footprint of the building is increased or altered), and remodeling is a build-out or repair that affects more than 25 percent of the interior, any load-bearing walls, or material change to the structure.

The Property Services Team has assisted hundreds of Foursquare churches navigating the construction/remodel process and continues to assist dozens more each year. Our team can leverage that volume of experience and level of expertise to guide pastors and churches through the creative aspects and unique complexities of each project.

Below are the details about authorization and signatures, requirements, steps in the process, and typical timeframes related to property transactions. Please contact our team early so that we can help you navigate the process and answer any questions.

#### **AUTHORIZATION + SIGNATURES**

According to our bylaws, all loan offers, agreements and closing documents can only be executed by authorized signers who have prior ICFG board approval. Therefore, no construction agreements shall be signed by the local church or its leadership. Construction agreements are only permitted in the name of the International Church of the Foursquare Gospel and can include the legal name and/or slogan name of the church.

#### **LIST OF RENOVATION OR CONSTRUCTION REQUIREMENTS**

- The Foursquare Hub indicates the church is current and up-to-date on monthly reporting, tithing, missions giving, insurance and any mortgage
- Congregation confirmation: (1) 2/3 membership vote certified by the church council if the refinance will include additional debt or longer amortization; OR (2) only church council approval if no new debt is added, and the amortization remains the same
- Plans + specifications approved by city/county and fire
- Hard bids to support the estimates
- Complete budget of construction/project costs which includes: (1) all hard and soft costs (planning, permits, architectural design, on and offsite work, landscaping, and construction costs); (2) Furniture, Fixtures, + Equipment (FF+E); (3) course of construction insurance; (4) possible environmental tests, including for remodels of buildings built before 1981; and (5) 25 percent contingency must be added onto the contractor's estimate of costs
- Cash on hand = 20% or greater of the total project costs
- Lending approval sufficient to cover the remaining amount needed
- Demonstrate ability to cash flow any new fixed expenses due to project
- Permission and/or assurance from local city/county agencies

- Adequate course of construction insurance
- Fixed operational expenses = 80% or less than unrestricted income

#### **LIST OF STEPS**

- Church contact FFS or commercial lender to determine borrowing capacity
- Church submits construction agreements for **preview** to the Property Services Team
- Church submits city/county/fire approved plans, specs, complete budget and hard bids
- Property Services Team consult with district
- Completion of PT form attesting to congregational and church council approval
- Construction draws are funded by PT-22 forms submitted to and approved by the Property Services Team
- ICFG Board approval of construction or remodel request
- Final loan closing

#### **ESTIMATED TIMEFRAME**

Typically, it takes 90-120 days to begin the renovation or construction. It could take longer depending on the local agency requirements and/or the complexity of the project.