

Sharing Space Successfully: Why Facility Use Agreements Matter

Insurance Board



A simple, two-page document can serve to protect your church more than you will ever know! Opening your doors to outside parties means opening your church to additional risk. While offering church facilities to the community may be part of your ministry, all users need to be treated at arm's length. Yes, their mission may be compatible with those of your church, but their guests, clients, and employees may view your church as just any other landlord. Even when one church is borrowing or renting the facilities of another church, a lease is needed because of things that may occur while the property is in the custody of the visiting congregation which are not strictly the responsibility of the host congregation.

To limit the liability your church assumes, require all groups renting your facility to sign a Facilities Use Agreement. A use agreement serves many purposes:

1. **Legal Protection:** It outlines the terms and conditions for individuals or organizations using the church facilities, protecting both parties legally. This can include liability waivers, hold-harmless agreements, and indemnification clauses to mitigate risks associated with property damage or personal injury, and insurance requirements.
2. **Clarity on Usage:** It defines the specific areas of the church premises that can be used, the duration of use, and any restrictions or limitations. This prevents misunderstandings and conflicts regarding access to certain spaces or equipment.

3. **Financial Arrangements:** If there are any fees associated with using the church facilities, the agreement specifies the payment terms, such as rental fees, security deposits, and any additional charges for amenities or services provided.
4. **Responsibility of Parties:** The agreement outlines the responsibilities of both the church and the individuals or organizations using the facilities. This can include expectations regarding cleanliness, maintenance, security, and adherence to church policies and regulations.
5. **Community Engagement:** By allowing external organizations or individuals to use the church facilities, the church can foster community engagement and outreach. The agreement ensures that such engagements align with the church's mission and values.
6. **Stewardship of Resources:** Churches often have limited resources, and allowing outside groups to use their facilities can generate additional revenue to support the church's operations and ministries. The agreement ensures that such usage is in line with the church's financial goals and priorities and protects the church in the process.

Understanding the purpose and value of a lease agreement is the first step to protecting your church. Recognizing the importance of what is in the agreement is the next step. Written agreements define responsibilities to maintain and secure premises, supervise invitees, and provide appropriate insurance coverage. Lease/use agreements must:

- Provide a release and indemnification to your church for accidents that result from their operations.
- Outline insurance requirements for the tenant. At a minimum, the user should have a liability insurance policy with a \$1M limit that also contains medical payments coverage with at least a \$5,000 limit.

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- Require that the church have “additional insured” status on the users’ policies.
- Require the user to provide a Certificate of Insurance (COI) which is documentation that the tenant’s insurance fulfills the contract’s requirements and demonstrates financial means to defend a claim under the lease.
- Contain a hold-harmless, indemnity, and defense clause for any liability claim that results from the user’s activities on your property.

Finally, as you consider implementing or updating your facility use policy and agreement, consider the following:

- ⇒ Will this activity cause unnecessary and potentially expensive wear and tear on your facility?
- ⇒ Is the activity high-risk, potentially causing people to be injured?
- ⇒ Will any user with children present agree to follow your church’s abuse prevention policy?

Overall, a Facilities Use Agreement helps ensure that the church facilities are utilized effectively, responsibly, and in a manner consistent with the church's mission and values, while also providing legal protection and clarity for both parties involved. All legal documents should be reviewed by a local attorney familiar with your state’s laws.



Agent Corner



Jennifer Perri CIC, CISR, is the Assistant Vice President of United Church Insurance Services.

Insurance Board’s Tenant User’s Liability Insurance Program (TULIP) provides a low-cost general liability insurance option to users of our participant church facilities. While coverage may not be available for all types of events or uses, it does offer an insurance solution for many groups, organizations or individual users that may not have their own coverage.

The TULIP program can be available for single event uses like music recitals, weddings or other celebrations or for recurring meetings like book clubs, crafting groups, AA or other anonymous groups and many other special interest groups. Typically, TULIP is not an option for youth gatherings or activities.

Documentation of tenant insurance should be part of your overall facility use procedures which should also include an agreement or contract (reviewed by your legal counsel) with hold harmless and indemnity language as well as insurance requirements which should detail a minimum liability limit the church requires users to carry, as well as additional insured status in favor of the church. These important risk transfer measures can help minimize the churches exposure to lawsuits from use or operations from the third parties and help to maintain a positive relationship with those that want to use your premises.

Access to the TULIP program is very easy as we offer an online application process and quick response. I would encourage your church to consider offering TULIP as part of your facility use procedures.