

# REAL ESTATE MATTERS

REAL ESTATE DEPARTMENT OF THE APOSTOLIC ASSEMBLY | [WWW.AAREALESTATE.ORG](http://WWW.AAREALESTATE.ORG)

## A NEW YEAR AND NEW OPPORTUNITIES



REAL ESTATE DEPARTMENT  
OF THE APOSTOLIC ASSEMBLY

*"FOR I KNOW THE PLANS I HAVE FOR YOU, DECLARES THE LORD, PLANS FOR WELFARE AND NOT FOR EVIL, TO GIVE YOU A FUTURE AND A HOPE." JEREMIAH 29:11*

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The Real Estate Department & Real Estate Matters Magazine is managed under the guidance of the General Secretary, Bishop Ismael Martín del Campo

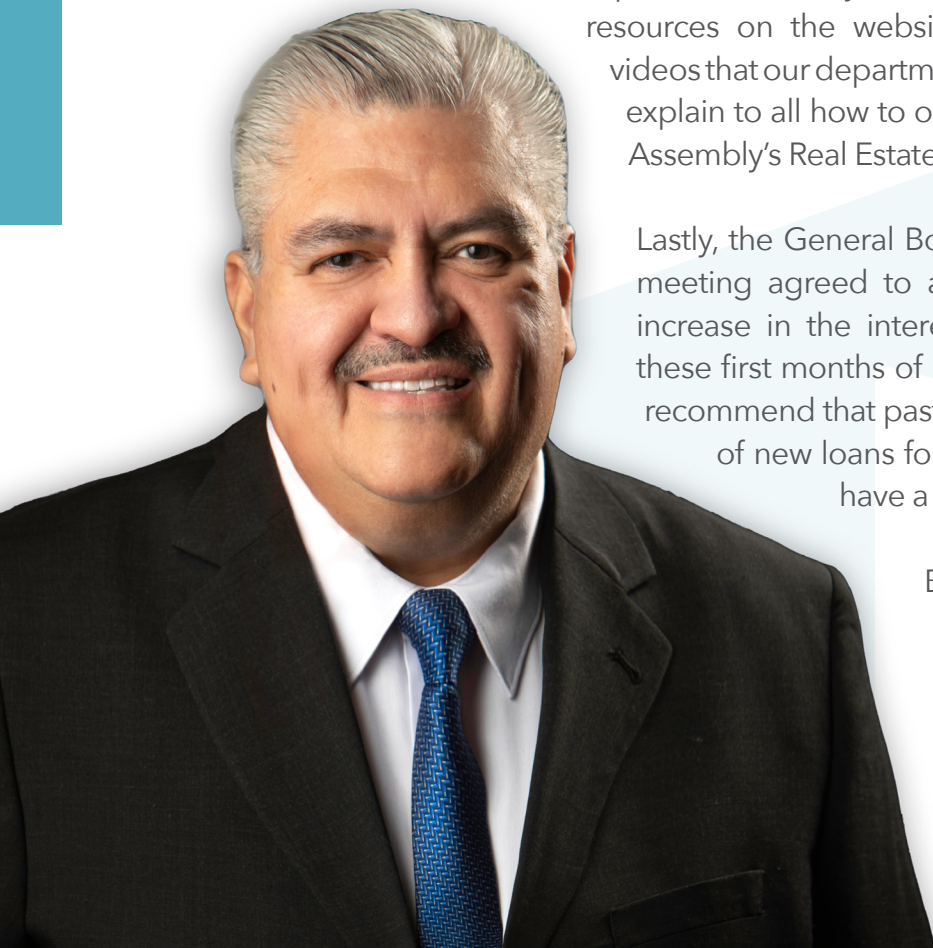
# FROM THE DESK OF THE GENERAL SECRETARY

Esteemed Bishops, Pastors, and Leaders of our churches, Praise the Lord!

We begin 2023 fully confident in our God's protection and direction. I am glad to be able to share with you our confidence in the diligent and professional work of our Real Estate Team, which consists of Administrator Gabriel González, Real Estate Specialist Daniel Jiménez, Real Estate Business Coordinator Esmeralda Rodríguez and Administrative Assistant Isaac Riojas.

In my thirty years of experience as an Apostolic Assembly pastor in the United States, I can tell you that we have at this moment the best Real Estate Team working at our Headquarters. Every day I receive copies of emails that record the careful follow up of different matters like loan requests, purchase resolutions, lease resolutions, property taxes and property management as it pertains to cities, counties, and states. Our team handles a great number of issues each day in a very responsible manner. Dear Bishops and Pastors, I am pleasantly surprised by the excellence of our team's work.

I invite every Bishop Supervisor and Pastor to contact our team for any Real Estate need, consultation or question. I invite you to take advantage of all our department's resources on the website, especially the excellent informative videos that our department has created. These videos greatly help explain to all how to obtain the best service from our Apostolic Assembly's Real Estate Department.



Lastly, the General Board of Directors in our December 2022 meeting agreed to ask all our pastors to be aware of the increase in the interest rate of current Real Estate loans in these first months of 2023. The General Board also agreed to recommend that pastors, if possible, postpone the acquisition of new loans for the first six months of the year, until we have a clearer panorama of the new costs.

Bishop and Pastors, we are ready to continue supporting you in Building the Church with Real Estate resources!

Fraternally in Christ,  
Bishop Ismael Martín del Campo,  
General Secretary



**“A NEW YEAR AND  
NEW OPPORTUNITIES”**



**By Rev. Gabriel Gonzalez**  
Real Estate Administrator

## **THE ADMINISTRATOR'S CORNER**

Happy New Year!

As the holidays and festivities come to an end, our team is stepping into the new year in full force with anticipation for the great and bright future that lies ahead of us. God's Word declares to us in Jeremiah 29:11, "For I know the plans I have for you, declares the Lord, plans for welfare and not for evil, to give you a future and a hope." As we look back and reflect on where God has brought us from, and we look forward with expectancy to where God is taking us, we cannot help but give thanks to God for His provision and His blessing over the Church.

As a department and as a Church, we have seen many positive and new changes. To start, we are very excited to announce the recent election of our new General Board of Directors of the Apostolic Assembly. We know that God has chosen these amazing men of God to lead His Church during these tumultuous times. We are honored to work

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and serve with these great men and leaders at our Corporate Offices in Fontana, California. Specifically, we are excited to announce and welcome our new General Secretary, Bishop Ismael Martín del Campo.

Bishop Martin Del Campo has met with our team and shared his vision for the Real Estate Department, and we are excited to work together with him to continue to improve the service that we provide to our pastors and local churches! Along with his passion for excellence and his affection for our beloved Apostolic Assembly, Bishop Martin Del Campo brings wisdom and exceptional leadership experience as valuable resources to our team. We could not be more excited to work with such a wonderful leader and man of God. The future is bright!

Collectively, our team has made tremendous progress toward our goals for improved service and access to greater resources for our local churches. We had the privilege of visiting the District of Washington in October 2022 to provide educational conferences on real estate practices. Additionally, for the first time ever, we were able to have our own exhibition at the last General Convention to meet many of our pastors and church members, as well as to provide newly designed and printed resource booklets. We've created and designed a brand-new website, [www.aarealestate.org](http://www.aarealestate.org), which has a wealth of new resources, including our professional educational videos.

In this edition of Real Estate Matters, you will read about several different topics that are crucially important for each pastor to understand, including a segment on property taxes. Our goal is to educate - to provide you with the tools and resources you need to manage your church's real estate well. However, my petition to you - dear Bishop, Pastor, Minister, Deacon, Brother, or Sister - is that you pray for us. Pray for our team. Pray for our leadership. There are challenges that lie ahead, especially with our national economy, but we are not afraid. God is with us! And this is just the beginning...our team is ready to take this department to the next level! I believe wholeheartedly that this new year is going to bring new and greater opportunities for the Apostolic Assembly!

In His Service,  
Rev. Gabriel Gonzalez  
Real Estate Administrator

# STRATEGIC PARTNER HIGHLIGHT

The Real Estate Department has worked very hard to establish strong business relationships with several lending partners. Officially, we call these our Strategic Partners because together, these lenders have strategized with our team to provide the Apostolic Assembly with unique loan products that are tailored to our churches with great benefits and lower costs. We prefer to do business with these lenders because of the great service they provide to our churches.

One of our Strategic Partners is our very own Apostolic Mutual, the church loan fund of the Apostolic Assembly. In many ways, we are similar, but we are actually separate and different legal entities! Below, Executive Director Elder Eddie Campa explains more about who Apostolic Mutual is and how they are structured.

*In many ways, the mission of AM is to help our churches fulfill their mission, their goals, and their future endeavors. With every mission or goal, there is a budget attached.*



## WHO WE ARE AND HOW WE WORK

By Pastor Eddie Campa,  
AM Executive Director

For the past four years, Apostolic Mutual (AM) has been servicing the churches of the Apostolic Assembly. Originally, AM started off as the Real Estate Trust Fund back in 2010 under the leadership of Bishop Leobardo

Maffey. In our early beginnings, we provided loans of up to \$10,000 for church improvements or repair work. Throughout time, the trust fund grew until it evolved into Apostolic Mutual.

### WHO WE ARE

Apostolic Mutual and the Real Estate Department of the Apostolic Assembly work closely together; however, we are two separate entities. Apostolic Mutual is a non-profit organization under the supervision of the Apostolic Assembly. The reason why we operate as a separate entity is to legally protect the fund and to ensure that capital is being used for its intended purposes.



Just like the Apostolic Assembly (AA), AM has a Board of Directors to help provide strict oversight of all lending and investing functions. Of our nine board members, we have two CPAs and two attorneys. In addition, we employ the services of Bush Ross, who are the official legal counsel for Apostolic Mutual.

In many ways, the mission of AM is to help our churches fulfill their mission, their goals, and their future endeavors. With every mission or goal, there is a budget attached.

## HOW WE WORK

AM operates similarly to a bank but eliminates many of the added costs of a traditional commercial loan. Just like other banks, the loans must go through the underwriting process, in which certain criteria must be met. Financial statements and banking information is analyzed. Organization compliance is also reviewed. Once the loan package is completed, including resolutions from the AA, it is reviewed by the Loan Committee for their recommendation. At the regularly scheduled board meetings, the AM Board reviews the recommendations for approval.

There are several people involved in processing a loan. On the AM side, this involves the Underwriter, the Loan Officer, the Business Relations Manager, the Loan Committee, the Title, and Escrow company, the Insurance Company, and the AM Board of Directors. Yes, this is a big operation, and it requires this much effort for a loan to be processed.

The Real Estate Department of the Apostolic Assembly plays a huge role in ensuring that loan applications are processed. This means that both the Real Estate Department and AM must work closely together in harmony to accomplish what we have done up to this point. As of September 30, we have processed over \$4.5 million in loans.

Although the Real Estate Department covers a wide range of matters, the four key areas in which they help when processing loans with Apostolic Mutual are as follows:

1. They help ensure that the loan packet is complete and accurate. They review the packet to confirm that the AA guidelines are met.
2. They guide the church through the resolution process to gain approval from the General Board to proceed with the loan.
3. They help clear up any title issues that could prevent closing.
4. They help maintain the lines of communication with the Pastor.

It may seem like a big process just to approve a loan; however, all these safeguards are in place both in the AA Constitution and with Apostolic Mutual to protect the church. We admit that sometimes this process can be lengthy; however, our intentions are never for this to be a painful experience. It is also done in the spirit of wanting to do what is best for the church.

It has been an absolute pleasure serving as the Executive Director. We may not be in the everyday trenches with the pastors; however, we can partner with them financially to help make a difference. Moving forward, we look forward to continuing to find new and efficient ways to make the process easier working in tandem with the Real Estate Department.



# DID YOU KNOW?

**It is the responsibility of the local church to apply for property tax exemption, annually.** However, the Real Estate Department works with the local church to ensure that property taxes are paid and that the church has applied for exemptions on eligible properties. Property tax laws and regulations vary from state to state.

Below, we have compiled a list of important things to know about property tax exemptions:

- Property taxes are due every year, and it is the responsibility of the local church to make timely payments.
- Even if a church does not receive a tax statement via mail, the property taxes are still due and will incur penalties if not paid on time.
- A church is at risk of losing a property if property taxes are not paid in a timely manner because the local government, or municipal corporation, has the right to redeem the property taxes by selling the property.
- It is also important to note that property taxes are due on every parcel of land. Some churches' property is composed of multiple parcels of land, of which a property tax is levied against every parcel.
- Every local government and municipal corporation have different due dates for property taxes. Additionally, the annual amount due might be split into two or more installments with different due dates. Most of the time, property taxes will be due in April and November.
- Even though a local church is eligible to be exempt from property taxes, it still requires an application to be filed and approved by the local government or municipality. If an application for property tax exemption is not filed or approved, then the church will be responsible for paying the full amount of property taxes.
- The property taxes due for every parcel of land is public information and can be found on the website of the county Tax Assessor's Office or county Recorder's Office.





*Property taxes are due every year, and it is the responsibility of the local church to make timely payments.*

• Even though a church may own a property, it may not necessarily qualify for property tax exemption. The following types of properties generally do not qualify for an exemption:

- **Investment Properties** - a property that generates income for the local church such as a rental home.
- **Vacant Land** - a piece of land that does not contain a religious facility and is not being actively used for religious purposes.
- **Childcare Centers and Private Schools** - if the church hosts a childcare center or private school on the existing church property, the church may still be eligible for exemption on that property. However, if the childcare centers, or school, generates income for the local church, there is a chance that the county may require a percentage of tax payment.

The general rule to abide by when understanding which properties are eligible for exemption is as follows:

- A property or parcel of land eligible for exemption must be able to show proof that the property is used for religious purposes only and does not generate income (i.e. rental properties) for the local church.

The Real Estate Department is equipped to assist local churches, in each state, with their property tax needs and to communicate on behalf of the church with county and state officials. To request assistance, contact a member of our team, or visit our website at [www.aarealestate.org](http://www.aarealestate.org) for more resources.



# WHAT'S HAPPENING IN THE NATIONAL ECONOMY?



As we move into the new year, we often hear, “Can I obtain a loan?”

While the answer to this question will be unique to each local church, overall, it is important to understand what is happening in the national economy of the United States and how this affects our ability to borrow money as an organization.

The Federal Reserve raised the target range for the federal funds rate by 75bps to 3.75%-4% during its November 2022 meeting, marking a sixth consecutive rate hike and the fourth straight three-quarter point increase, pushing borrowing costs to a new high since 2008. According to Fed Chair Jerome Powell, the Feds are projected to slow the increase of interest rates. However, they are still projecting to raise the terminal rate by another 50bps to 4.6% or higher.

The Fed’s goal is by increasing the cost of borrowing, the amount of consumer spending will reduce, which ultimately will help reduce inflation.

## WHAT DOES THIS MEAN FOR THE APOSTOLIC ASSEMBLY?

These rapid interest rate increases are going to negatively affect churches that need a new loan or require a refinance over the next year. As the Feds increase their rates (the floor), lenders must increase their rates in order to remain profitable. This reality has several implications:

- Existing loans which do not have a fixed rate will experience adjusted rates to match the inflated market;
- Churches that are required to refinance most likely will refinance at a higher rate than their previous loan;
- New loans for purchasing, or repairs, will be more difficult to acquire and will cost the churches more in the long run.

## WHERE DO WE STAND?

Thankfully, we have worked very hard to build several Strategic Partnerships with our lending partners who specialize in commercial loans designed for churches. Our Strategic Partners are dedicated to assisting the Apostolic Assembly to maintain fair but lower rates during

this time of inflation. Additionally, they provide unique loan products which cost our churches much less than standard commercial loans. Below is a snapshot of where we stand and what we can expect:

### Commercial Interest Rates:

- A typical commercial loan is usually no longer than 5 years and has a variable rate of 8%+
- Our preferred Strategic Lending Partners are offering 10-to-15-year, fixed loans, between 5.8% to 7.5%

### Strategic Partners & Rates:

- Apostolic Mutual: 4.5% (Current) – subject to increase after January; maximum loan of \$200K
- ACCU: 5.8% - 7% (Current) – depending on financial analysis of the church; \$150K to \$500K
- Pacific Premier: 6.5% - 7.2% (Current) – depending on financial analysis of church; \$200K minimum

Economists predict that by the summer of 2023, we will be in a recession. Due to the higher interest rates and unstable market, we recommend that churches borrow only for essential and urgent needs until June 2023, when we can reassess the market.

Taking on additional and unnecessary debt during this time will negatively affect the ability to borrow in the future and will cost the church more money in the long run. For the churches whose loans mature in 2023 and are required to refinance, we will work with our lenders to provide the best possible terms at the time of the refinance. If the new terms are unfavorable, there is always the option to refinance again at a later time when the market is more favorable.

Our team is always closely monitoring the national economy for updates and meets with our Strategic Partners regularly to discuss strategies to help our churches with their financing needs. If you have questions about borrowing money, you may contact our team and request a consultation specific to your local church!

