

Diocesan Policy for Requesting Consent to Alienate or Encumber Church Property

The following policy and guidelines are intended to assist parishes in satisfying the canonical requirement that the Standing Committee of the Diocese and the Bishop provide their advice and consent before certain transactions involving church property can take place.

The Constitution and Canons of The Episcopal Church provide that all property held by a parish is held in trust for the use of the parish and for the benefit of the Diocese and the wider church (Title I.7.4). This includes real property (i.e., land and buildings) and personal property, such as endowments.

In accordance with Title I.7.3 of the General Canons of The Episcopal Church and Title II.1.10 of the Canons of the Episcopal Diocese of Ohio, parishes must request the Bishop's and Standing Committee's consent to "alienate or encumber" property.

An "alienation" of property is essentially a sale or transfer. An "encumbrance" includes liens, deed restrictions, easements, and encroachments, all of which potentially reduce the value of property.

Transactions Requiring the Advice and Consent of the Standing Committee:

- Sales and Gifts. Consent is required for transactions as follows:
 - Real property valued at over \$5,000; and
 - Tangible personal property valued at over \$25,000 (such as automobiles).
- Leases of Real Property.
 - Ground Leases (defined as a lease of vacant land or land and improvement where the Tenant is fully responsible for costs, and the term is greater than 30 years).
 - Leases of real property in excess of 35 years, such as a cell tower lease.
- Mortgages

Transactions NOT requiring the Advice and Consent of the Standing Committee:

- Transactions involving tangible personal property valued at less than \$25,000.
- Transactions involving real property valued at less than \$5,000.
- Leases (by the parish as lessor/landlord) that can be canceled without penalty upon notice of thirty (30) days or less to the lessee
- Leases (by the parish as lessee/tenant). No consent is required for leases entered into by Vestries as lessees.
- Easements:
 - Utility Easements donated along boundary lines
 - Temporary easements (i.e., for construction) of less than twelve (12) months duration.

When requesting consent, please submit a letter that includes the following information:

1. Resolution passed by the majority of the Vestry
2. Reasons for the sale or encumbrance, and the purposes to which the proceeds therefrom are to be devoted
3. Estimated value of the property and basis for that estimation. For sale of property valued at more than \$50,000 value must be determined by a certified appraiser.
4. Price of proposed sale or amount of encumbrance desired
5. If the request is for encumbrance, state the rate of interest and intended period of repayment
6. A statement as to the project's necessity and any other information pertinent to this request
7. All relevant financial information, including pledges and cash received for this project and any other indebtedness
8. A letter of proposal from the bank regarding the loan and a copy of the parish's operating budget for the current year

The letter should be signed by the Sr. Warden, Clerk, Treasurer, and the Building Committee Chair.

Prior to taking action, the Standing Committee may refer the matter to the Diocesan Chancellor and/or Staff for review and comment.

Approved by Standing Committee 2/17/20