

## **Policy for the Sale or Easement of Property in the Episcopal Diocese of Pennsylvania**

If a parish/mission is considering selling any of its real property, or granting easements, it needs to obtain the permission of the Bishop and Standing Committee before the sale, easement, or other encumbrance can be finalized (Canons 13.2 and 17.3). These permissions normally take two months from the finalization of the agreement with the buyer before they receive final approval from the Bishop and Standing Committee.

In order to receive approval for a sale or an easement, a parish/mission should follow these steps:

- 1) Notify the Diocesan Property Manager of its Vestry's reason behind the proposed sale or easement – including a discussion regarding how the sale or encumbrance on the property will further the parish/mission's mission and ministry.
- 2) Have the sale authorized by the Vestry as a formal resolution. The parish/mission should never bring their proposal to the Diocese unless this has already occurred.
- 3) Confirm who holds legal title to the property: the parish/mission or the Church Foundation? If it is the Church Foundation, they must be notified. Moreover, they must be named in the agreement of sale and will be the ones to execute the agreement once it is approved.
- 4) Obtain a written appraisal/opinion letter from a qualified real estate agent/appraiser.
- 5) Have the Agreement of Sale or Easement reviewed by a qualified real estate agent and/or attorney,
- 6) Contact the Diocesan Property Manager no less than one week prior to the monthly Property Subcommittee meeting (usually held on the 1<sup>st</sup> Thursday of the month) to inform him or her of the desire/intent to sell, or grant an easement, and provide:
  - a) A brief statement of how the sale, easement or lease of this property will aid in the parish/mission's strategy for growing its parish and/or mission;
  - b) A copy of the written appraisal or broker opinion letter;
  - c) A copy of the most recent annual budget, current treasurer's report, most recent parochial report, and most recent audit;
  - d) A copy of the Vestry resolution authorizing the sale;
  - e) A thorough description of the property to be sold or eased such as a site plan, tax map, or similar visual document;
  - f) Whether the property has been consecrated;
  - g) The full name, address, and the relationship, if any, of the purchaser;
  - h) The terms and conditions of the sale together with a statement of the intended disposition of the proceeds of the sale;
  - i) A copy of the Agreement of Sale or Easement;

Once all of the above have been received, the Property Subcommittee shall then review the proposed sale/easement and supporting documents and make a determination as to whether or not to recommend to the Finance Committee that the transaction proceed.

The Finance Committee will then review the Property Subcommittee's recommendation and make its own recommendation to the Bishop and the Standing Committee.

The Bishop and the Standing Committee will review the Finance Committee's recommendation and make a determination regarding the request to sell or otherwise encumber the property subject to final review of the Chancellor.

During this process, any of the committees may ask for additional information or clarification.

In addition, the Diocese may consider approving the requested easement or sale with conditions – for example, the approval may include a requirement that some or all of the sales proceeds be placed in trust for the parish in such a way so that the principal proceeds are not spent down but instead generate income for the parish/mission.

After the conclusion of the sale the parish/mission should enter the proceeds when filing their parochial report. Please make sure to note if the money is used for operating expenses, capital improvement, or is invested in an endowment, and enter the income on the appropriate line. If you need assistance in completing your parochial report please contact Canon for Finance at the Offices of the Diocese.

In the case of an easement, please ensure that all payment is received before the easement is recorded.