

**Diocesan Checklist for Approval of Leases of Property**<sup>1</sup>  
(6 pages)

| Necessary Action/Documentation Provided  | Date to Property Manager or Committee |
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| <p><b>1. Contact the Diocesan Property Manager and Provide him/her with documents identified in this checklist</b></p> <p>No less than two weeks prior to the monthly Property Subcommittee meeting (usually held on the 4th Thursday of the month) to inform him of the proposed transaction and the parish's need for Diocesan approval.</p> |                                       |
| <p><b>2. Get in touch with the Chair of the Diocesan Property Subcommittee</b></p> <p>Tell him or her that the Congregation intends to seek Diocesan approvals of a real estate lease and provide any documents identified in this check list or arrange to have them delivered to him/her by the Property manager.</p>                        |                                       |
| <p><b>3. Provide him/her with a written Resolution by the Vestry</b></p> <p>This Resolution must authorize the property transaction and include the reasons why the transaction is in the best interests of the Congregation's mission and ministry.</p>   |                                       |
| <p><b>4. Intended use of the rental proceeds</b></p> <p>If not included in the vestry resolution, a Parish's written statement regarding the intended use of the proceeds. This statement must be approved by its vestry.</p>  |                                       |

<sup>1</sup> Each parish must obtain Diocesan consent to lease its property, or any portion therefor, for 12 months or longer, and any lease agreements that automatically renew such that they could exceed 12 months are subject to this requirement.

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| <p><b>5. Rental Price is Fair</b></p> <p>Written materials to show that that the rental price to be paid by tenant is fair (such as competing rents in the area, parish's inability to obtain tenants at a higher rental rate, information from a broker working for the Congregation or from another real estate specialist etc.). These materials must be endorsed by the Vestry. <b>See Question 6 (b) on page 4 for other information required under certain circumstances.</b></p> |  |
| <p><b>6. Less than fair value</b></p> <p>If the property is being leased at less than its fair rental value, a statement approved by the vestry as to why the transaction serves the best interests of the Congregation, and its mission.</p>   |  |
| <p><b>7. Proposed Lease Agreement</b></p> <p>Provide a copy of the lease agreement and, unless the lease contains this information, the property's address and the name and address of the tenant.</p>  |  |
| <p><b>8. Any brokerage or listing contract used by the Parish.</b></p>  |  |
| <p><b>9. Parish Financial Information</b></p> <p>Most recent annual budget, parochial report and audit, and treasurer's report.</p>   |  |

**Questions to be submitted on this checklist to the Property Subcommittee (some questions will be answered on the face of any lease agreement and if so, you may so indicate) <sup>1</sup>**

|   | <b>Yes (add details)</b> | <b>No</b> |
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| <p><b>1. Deconsecration</b></p> <p>Does the property need to be deconsecrated?</p>  |                          |           |
| <p><b>2. Title and Deed Restrictions</b></p> <p>Is the title to the leased property held in the name of the congregation? If not, identify name on the deed. Has the deed been reviewed for use restrictions?</p>             |                          |           |
| <p><b>3. Rent</b></p> <p>If the lease automatically renews, are there provisions regarding future increases in rent? If not, why not? If so, how were the economic terms regarding increased future rent determined?</p>      |                          |           |
| <p><b>4. Maintenance</b></p> <p>Does the lease allocate responsibility for maintenance of the property and if certain maintenance obligations belong to the congregation, are they specifically spelled out in the lease?</p> |                          |           |
| <p><b>5. Access</b></p> <p>Does the lease provide landlord with reasonable access to the leased property for inspection or other purposes?</p>  |                          |           |

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| <p><b>6. Security Deposit</b></p> <p>(a) Does the lease include a requirement for a security deposit?</p>   |  |  |
| <p>(b) If the security deposit amount is less than two month's rent, provide the basis for the decision to use a smaller deposit amount as part of the statement described Rental Price statement.</p>  |  |  |
| <p>(c) Have arrangements been made to hold the deposit in the appropriate, segregated interest bearing account during the period of the leasehold?</p>  |  |  |
| <p>(d) Does the lease permit landlord to use the deposit upon notice to tenant if and when tenant fails to pay either rent or other financial obligations?</p>  |  |  |
| <p>(e) Does the lease require tenant to replenish the security deposit or face eviction in the event it is depleted in whole or in part by landlord's withdrawals?</p>  |  |  |
| <p>(f) In the event that the tenant does not make payments required under the lease other than rent (such as payments for insurance, any and all taxes or licensing payments), can the parish use the lease deposit to make said payments and require tenant to replenish the security deposit?</p> |  |  |
| <p><b>7. Confession of Judgment</b></p> <p>Is the lease appropriate for the use of a Confession of Judgment provision?</p>  |  |  |
| <p><b>8. Review by Counsel/Broker</b></p> <p>(a) Was the Lease reviewed by an attorney or a broker working for you?</p>   |  |  |
| <p>(b) If yes, the name of the individual who reviewed the lease.</p>   |  |  |
| <p>(c) State whether that person recommended changes to the lease which were not accepted by the tenant and the changes proposed.</p>   |  |  |

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| <p><b>9. Inspections and Licensing</b></p> <p>(a) Have you determined whether your township or county requires any particular inspections or licenses prior to entering into a residential or commercial lease?</p> |  |  |
| <p>(b) If licensing or inspections are required, specify the nature thereof, whether they have been obtained or occurred and attach copies of licenses or inspection documents generated by that process.</p>       |  |  |
| <p><b>10. Added Rent-Taxes or other fees (all leases)</b></p> <p>(a) Does the lease require the tenant to assume the burden of any real estate taxes or other taxes which may arise by reason of the leasehold?</p> |  |  |
| <p>(b) If no, explain why not.</p>  |  |  |
| <p><b>11. Insurance (all leases)</b></p> <p>(a) Does the lease require the tenant to insure the property during the tenancy?</p>  |  |  |
| <p>(b) How much insurance is the tenant required to have and how was that amount determined?</p>  |  |  |
| <p>(c) Has proof of insurance been obtained from tenant?</p>  |  |  |
| <p>(d) If the lease automatically renews, is there a process in place which insures that that the tenant has annually satisfied the insurance requirements?</p>   |  |  |
| <p>(e) Does the lease require the insurance to name as additional insureds the Parish, those listed on the deed, and the Diocese of Pennsylvania, and is this shown on tenant's proof of insurance?</p>             |  |  |
| <p>(f) Have you spoken to your broker to see if your parish insurance is adequate in light of the tenant's presence on the property?</p>  |  |  |

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| <b>12. Non-Residential Leases (include all information above, plus the following)</b>  |  |  |
| (a) Has an insurance broker been consulted to determine the types and amounts of insurance that the tenant should be required to have in place in light of the non-residential use of the property?  |  |  |
| (b) If yes, what did the broker advise?  |  |  |
| (c) Were the broker's recommendations followed and if not, why not?  |  |  |
| (d) Have you determined what licenses, if any, are required by tenant to use the leasehold for his business or other operation?  |  |  |
| <b>13. Non-Exclusive Leases or similar agreements (e.g., use of a parking lot three days a week, use of school buildings on particular days)</b>   |  |  |
| (a) Has an insurance broker been consulted to determine whether the tenant requires its own insurance, and the amounts thereof, for its non-exclusive use of the property, or whether the parish's insurance needs change by reason of tenant's limited use of the property? |  |  |
| (b) Does the lease require the tenant to assume the obligation to pay any taxes imposed on the parish by reason of the non-exclusive lease of its property (e.g., the parish may be required to pay a pro-rata real estate tax)  |  |  |