

EPISCOPAL DIOCESE OF COLORADO

Application for Consent to Alienate Church Property

Please submit completed application by e-mail to: Scott Asper, Colorado Episcopal Foundation
scott@coef.org, 303-534-6778

Instructions:

Please complete this three page application and submit, with all applicable exhibits, copy to the Diocese Property Committee. Be aware that an incomplete application or failure to include all applicable exhibits may result in the delay or return of your application.

Be aware that you may be required to submit your application first to your Regional Missioner for approval with your final submission.

The Property Committee prefers that documents and accounting materials be provided as e-mail file attachments. Documents may be scanned or submitted as MS Word or MS Excel files or in .pdf format. Please e-mail the application and supporting documents to Scott Asper, scott@coef.org. Please also direct any questions to Mr. Asper at 303-534-6778.

Your Standing Committee views each application for alienation or encumbrance as an opportunity to get to know your organization better and to review its operations for compliance with the canons. Accordingly, in addition to the specifics of your request, the Standing Committee and/or the Property Committee may review your Articles of Incorporation, your Financial Statements and your Parochial Report. Several of the exhibits will facilitate this review.

Your Standing Committee or Property Committee will also want to review the legalities involved in the transaction which is why the application asks for a copy of your deed (to verify the legal description and ownership), a copy of any related documents such as a Listing Agreement and Sales Agreement, and any technical requirements for the property transfer as would be disclosed in the Title Commitment.

Additionally, your Standing Committee wants to know what alternate arrangements you must make to compensate for the loss of the property, if any, that you are receiving a fair price for the property, and how you plan to utilize the proceeds. Please include where provided any and all information that you think might be important to know.

This form is available in hard copy or by e-mail by contacting Scott Asper at 303-534-6778 or scott@coef.org. When you download and save as a file, you may then enter your specific information in the spaces provided and print out the completed copy.

Finally, because of the Property Committee's advance work, it is expected that few actual appearances by congregational delegations will be necessary. A member of the Property Committee will be in touch with questions regarding your submission and will advise you prior to the Standing Committee Meeting of its recommendation. If you wish to make a presentation in person, make your wish known at the time you submit your request.

For your general information, copies of the procedures and guidelines of the Standing Committee are also attached as Appendix A, B and C.

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Application Form (Page 1 of 3)

This package provides for the following items to be submitted (please indicate the status of each):

	<u>Included</u>	<u>Not Included</u>	<u>Not Applicable</u>
Application Form:			
Page 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Page 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Page 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vestry Approval Date: _____			
Exhibits:			
Exhibit A, Executive Summary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit B, Copy of deed(s) on property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit C, Copy of Appraisal or other alternative valuation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit D, Copy of last Parochial Report, pages 2 & 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit E, Copy of last full year Balance Sheet & Income Statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit F, Copy of current year budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit G, Copy of Listing Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit H, Copy of Purchase and Sales Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit I, Copy of Title Commitment in connection with new loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit J, Copy of most recent Canonical Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Documents Provided by Applicant:			
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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1. Name and full mailing and street address of church or diocesan institution submitting this request:

2. Contact name, daytime phone number and preferred e-mail address:

3. Description of property to be sold (vacant lot, church, parish hall, rectory, etc.), approximate size of lot and buildings, current use of property: (You may provide a brief description below or, preferably, provide an Executive Summary, **Exhibit A**, which addresses these and other questions below.)

4. Legal description of property to be sold: (attach copy of current deed, **Exhibit B**)

5. Title to Property is currently in the name of:
 Applicant Bishop and Diocese of Colorado Other: _____

6. Estimated value of property: _____ (attach copy of appraisal or other alternative valuation, **Exhibit C**)

7. Amount of anticipated cash proceeds from sale: _____

8. Reason for sale:

9. How does the applicant intend to replace the property, or how will the applicant accommodate the uses formerly made of the property?

10. What is the intended use of the proceeds?

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11. Does your organization conform to Colorado Law and the Canons in the following respects:

- a. Is it incorporated in Colorado as a non-profit corporation? Yes No
- b. Is the corporation in good standing with the Secretary of State? Yes No
- c. Does it meet current guidelines regarding compensation of clergy? Yes No
- d. Does it meet current requirements regarding support of the diocese? Yes No
(Attach a copy of page 3 from your last Parochial Report, **Exhibit D**, your last full year Income Statement, **Exhibit E**, and a your current year budget, **Exhibit F**)
- e. Has it complied with the requirements for a canonical audit? Yes No

(Note: please attach to this application an explanation for a “no” answer to any of the above 6 questions.)

12. Has the property already been listed for sale with a Realtor? Yes No
(If yes, attach a copy of the Listing Agreement, **Exhibit G**.) Be aware that **any** listing agreement **must** contain the following additional provision: **“The sale of this property is expressly contingent upon the written approval of the Bishop and the Standing Committee of the Bishop and Diocese of Colorado.”**
13. Is the property already under contract for sale? Yes No
(If yes, attach a copy of the Sales Agreement, **Exhibit H**.) Be aware that **any** sale agreement **must** contain the following additional provision: **“The sale of this property is expressly contingent upon the written approval of the Bishop and the Standing Committee of the Bishop and Diocese of Colorado.”**
14. Has a Title Commitment been ordered? Yes No
(If yes, attach a copy of the Title Commitment Requirements and Exceptions, **Exhibit I**.)

Appendix A

Alienation and Encumbrance Requests to Standing Committee Standard Operating Procedures

1. Application forms shall be prepared so as to meet the requirements contained herein and in the attached “General Guidelines and Expectations”. Said application forms may be obtained from the Chairman of the Alienation & Encumbrance Committee or from the Canon Missioner.
2. Individual copies of the completed Application and all Exhibits shall be forwarded to the Diocese, to the and to the Chairman of the Diocesan Alienation and Encumbrance Sub-Committee members.
3. The Diocese will maintain one complete copy in the congregation’s file. The Sub-Committee shall review and investigate the application as necessary in order to satisfy itself that the proposed financing meets the guidelines and policies of the Standing Committee, shall schedule such items on the Standing Committee Agenda for discussion and approval, shall report its findings and make recommendations to the Standing Committee, and shall communicate its recommendation and Standing Committee decisions to the congregation.
4. The parish representatives may request the opportunity to make a presentation to the Standing Committee in person. The advance review by the Sub-Committee, however, is intended to limit the allotted time on an already compressed agenda. Accordingly, the Sub-Committee is asked to control and minimize the number of such appearances.
5. For all approved projects, the parish will receive a letter that it may use to evidence Diocesan approval to lenders, title companies and others who have an interest in the project. This approval will expire in one year. If the congregation has not closed on the approved loan within a year after approval, the application must be updated and resubmitted.
6. For refinancing involving an increase in borrowing and/or debt service, the formal application procedures outlined above shall be followed. For refinancing involving outstanding debt and/or debt service that is less than the amount originally approved by Standing Committee, the Finance Department is instructed to minimize the documentation required and streamline the procedures.
7. The attached guidelines are not intended to be hard and fast rules. The Sub-Committee may, when appropriate, take compensating factors into consideration in its review. Substantial reserves or excess cash flow, for example, might offset the greater risk of borrowings which exceed guidelines or the increased risk of a variable rate. Likewise, even when the guidelines are met, there might be other, adverse factors. Good judgment should always take precedence over arbitrary guidelines.

Appendix B

General Guidelines and Expectations of the Standing Committee Encumbrance Requests:

1. The parish should provide evidence that it is meeting current guidelines or requirements regarding organization, clergy compensation, support of the diocese and canonical audit.
2. The maximum encumbrance should not be more than 2.5 times annual pledge, plate, and other reoccurring, unrestricted income, with credit being given for building fund pledges (net of a reasonable estimate for uncollectable pledges).
3. The maximum debt service payment should not be more than 25% of annual pledge, plate, and other reoccurring, unrestricted income, and the amortization period shall be not more than 20 years.
4. The parish should provide realistic future operating income and expense projections for five years that demonstrates the parish's ability to meet expected guidelines or requirements for the payment of clergy compensation, support of the diocese, and scheduled debt service payments. Projected revenue growth should be supported by existing trends or evidence of demand to demonstrate that it is a reasonable expectation.
5. If the encumbrance is to support a building project, provide a separate cash flow projection for the project (not intermingled in the operating projections) which shows by year from commencement of the project until completion the proceeds from borrowing, the proceeds from building fund pledges, and project expenditures. Expenditures should include all "soft" costs in addition to the construction contract. This projection should highlight the high point of the borrowing and the maximum encumbrance upon completion for which debt service is provided in the operating projections. A supporting schedule should detail the status of the pledges from the building/capital drive including total pledges, collection schedule, amount collected to date and a reserve for uncollectable pledges.
6. The Encumbrance Application shall have been completed in good form and submitted timely in accordance with the Committee's Standard Operating Procedures.
7. Every application shall be accompanied by a copy of the deed for the property to be encumbered.
8. Every application shall be accompanied by a Loan Commitment or a Preliminary Letter of Intent from one or more lenders outlining terms of the loan to include the interest rate, the amortization period, the balloon date and amount, if any, and the debt service which is to be provided for in the operating projections.
9. If the property is owned by a parish but still titled in the name of the diocese, the application should also request transfer of title so that the parish may complete the transaction without further involvement of the diocese, once approved.

Appendix C

General Guidelines and Expectations of the Standing Committee

Alienation Requests:

1. The parish should provide evidence that it is meeting current guidelines or requirements regarding organization, clergy compensation, support of the diocese, and canonical audit or that the proceeds of this sale will assist it in doing so.
2. The parish should provide information regarding the use of the property and what alternative arrangements have been made or are necessary to be made upon the disposition of the property.
3. The parish should provide information regarding the use of the proceeds. Proceeds from the sale of church property used for worship or fellowship will normally be expected to be reserved or dedicated for a similar future facility. The proceeds from the sale of a rectory will normally be expected to be reserved or dedicated to the future housing needs of clergy. The proceeds from the sale of property that is donated to the church will be expected to be used for the purposes specified by the donor, if any.
4. The application must be accompanied by a copy of the deed to the subject property.
5. The application must be accompanied by an appraisal to demonstrate the fair value of the property. (If the property value does not warrant the expense of an appraisal, then a competitive market analysis by a Realtor or other evidence of worth should be provided.
6. If the property is owned by a parish but still titled in the name of the diocese, the application should also request transfer of title so that the parish may complete the transaction without further involvement of the diocese, once approved.