

DIOCESE OF NORTH CAROLINA

Checklist D

Loans Secured by Real Property or Tangible Personal Property

To obtain the consent of the Standing Committee and the Ecclesiastical Authority for an encumbrance on title to Real Property pursuant to a mortgage or deed of trust, or a security interest in Tangible Personal Property pursuant to a security agreement, either of which are entered into as security for the repayment of a loan, a Governing Body should provide the following documents to the President of the Standing Committee at least fourteen (14) days prior to the next regularly scheduled Standing Committee meeting:

- ___ Resolutions. A copy of resolutions of the Governing Body authorizing the encumbrance. For sample resolutions, please refer to **Exhibit D-1**. The resolutions shall:
- (a) Identify the property to be encumbered;
 - (b) Set forth the reasons for the proposed loan;
 - (c) Set forth the amount, rate of interest and repayment period of the loan; and
 - (d) Set forth the anticipated schedule and source of repayment, and the terms of any repayment privileges or penalties.
- ___ Appraisal. A copy of a recent appraisal of the Real Property to be encumbered, conducted by a real estate appraiser licensed by the State of North Carolina who is not connected to any party involved in the transaction. (The Standing Committee may grant waivers of the appraisal requirement in its discretion.)
- ___ Purchase Money Financing. If the loan involves purchase money financing, a written explanation thereof with copies of any proposed legal documents (e.g., the sale agreement, promissory note and mortgage or deed of trust securing repayment of such note).
- ___ Closing Documents. Copies of any contracts or instruments to be signed.

GUIDELINES FOR REAL ESTATE TRANSACTIONS

___ Financial Reports. A copy of:

- (a) The audit report and parochial report for the previous year (the parochial report need not be submitted if information as to communicant strength is readily available in the *Journal of Convention* for the previous year);
- (b) The current year's budget;
- (c) The most recent balance sheet and year-to-date statement of revenues and expenditures (if a current balance sheet is not available, a comprehensive statement of (1) ALL capital assets, including real estate, endowment funds, funds held in reserve, special funds, investments, bank accounts, and other assets of any kind, and (2) ALL liabilities, including notes payable, federal and state withholding taxes payable, unpaid ad valorem taxes constituting a lien on Real Property, arrears in Church Pension Fund assessments, arrears in accepted Diocesan Askings, arrears in health insurance premiums, other accounts payable, and other liabilities of any kind); and
- (d) Next year's budget (if available).

___ Required Statement in Transaction Documents. If the Standing Committee consents to the transaction, every transaction document that is executed shall contain a recital that it is executed with the consent of the Bishop of North Carolina who has obtained the advice and consent of the Standing Committee of the Diocese. [Ref: Canons 23, § 2 (parishes); 10, § 2 (missions/Diocesan institutions).]

___ Final Documents. Within thirty (30) days after a transaction has been completed, copies of all final executed legal documents shall be forwarded to the Diocesan House, office of the Bishop.