



**THE EPISCOPAL DIOCESE  
OF MASSACHUSETTS**

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BOSTON, MA 02111

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***GUIDE TO*  
DIOCESAN REVIEW OF  
ACQUISITION, SALE, AND  
ENCUMBRANCE  
OF  
CHURCH REAL ESTATE**

Approved By Standing Committee:  
September 9, 2010

## **INTRODUCTION**

Parishes and missions hold real estate in trust for the bishop, clergy, and people of the Diocese, including particularly for the people of that parish. Given that trust relationship, prior approval of the Diocese -- through the Bishop and Standing Committee -- is required for any transaction involving an acquisition, "alienation" (transfer), or "encumbrance" (burdening) of real estate. The Bishop and Standing Committee have established a Real Estate Advisory Committee (REAC) of professionals with expertise in the legal, architectural, financial, and business aspects of real estate. This Guide -- developed by the REAC and approved by the Bishop and Standing Committee -- sets forth the process through which the review of real estate transactions must occur.

### *COMMON TRANSACTIONS AFFECTED*

Alienation or encumbrances of real estate are frequently proposed as part of the following categories of transactions:

- ❖ Secured Loans
- ❖ Proposed sale or acquisition of a rectory, vicarage, or any property adjacent to the church.
- ❖ Redevelopment of available church-owned land
- ❖ Long-term leases
- ❖ Proposed agreement with a transmission company for a communication antenna
- ❖ Designation of historical status
- ❖ Grants from organizations such as a historical society or commission

### *OVERVIEW OF THE PROCESS*

The Bishop and the Standing Committee, which advises the Bishop, need both *time* and *information* to review a proposal to acquire, alienate, or encumber real estate. The Diocese is concerned both with whether the proposal is appropriate in the context of the parish and with whether the proposal is consistent with the larger mission strategy of the Diocese. The Bishop and Standing Committee will consider the feasibility and prudence of a proposed transaction, as well as the vitality and viability of the parish. Checklists for the more common transactions requiring approval are included in this Guide, and a description of the Standing Committee's concerns with any proposal is included at page 1.

Time. Churches should be in touch with the Diocese as soon as any real estate transaction is seriously contemplated. Advanced notice to the Diocese allows the Standing Committee to schedule an appropriate and robust review of the transaction, including prior review by the Real Estate Advisory Committee. At a minimum, a complete package of materials must be received no less than 30 days in advance of the scheduled Standing Committee meeting. Please contact the REAC staff person, Steve Pierce, [spierce@diomass.org](mailto:spierce@diomass.org), as soon as a transaction becomes reasonably likely.

Information. The level of detail required necessarily will depend on the size and scope of the proposed transaction. At a minimum, the applicant church should be prepared to provide a written narrative (two to three pages) of the proposed transaction and how it fits with the long-term mission of the parish, together with copies of the proposed paperwork for the transaction. The REAC staff person, Steve Pierce, can advise the parish concerning necessary documentation.

**Approved by the Bishop and Standing Committee  
September 9, 2010**

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## A. DIOCESAN REVIEW OF REAL ESTATE TRANSACTIONS

### 1. Canon 18

The Canons of the church, our church law, expressly provide for the advice and consent of the Bishop and the Standing Committee over major transactions involving real estate. In particular, Canon 18 reads as follows:

**Episcopal Diocese of Massachusetts**  
***Canon 18: Alienation or Encumbrance of Real Estate***

**Sec. 1: Restrictions Applicable to Certain Property**

No consecrated church or chapel, nor any church or chapel which has been used solely for divine service, nor property which is being used as a parish house or rectory, nor any land incidental to or regularly used in connection with any of the foregoing, shall be alienated or encumbered without the previous written consent of the Bishop, acting with the advice and consent of the Standing Committee; provided, that this restriction shall not apply to the transfer to or from the Diocese or to the Bishop and Trustees of the Episcopal Church in the Diocese of Massachusetts, or to the Trustees of Donations of the Episcopal Church, of property other than a consecrated church or chapel, or a church or chapel which has been used solely for divine service.

**Sec. 2: Alienation or Encumbrance Generally**

Subject to the previous Sec. 1. above and to any other applicable restrictions and conditions, any property held by or for the Diocese or any parish, mission or other organization or institution within the Diocese may be alienated or encumbered for such consideration and on such terms and conditions as the person, body or group holding it may determine, without consent of the Bishop or Standing Committee.

**Sec. 3: Certification of Status**

A certificate to the effect that designated property is not of a kind the alienation or encumbrance of which requires the consent of the Bishop or Standing Committee, executed by the person, or by the Treasurer or Secretary of the body or group, holding such property or for whose benefit it is held shall be conclusive proof that no such consent is required by this canon.

### 2. Standing Committee Review

Each proposed real estate transaction is different. However, the following three principles will guide all reviews by the Standing Committee.

- a. Consistency With Current Mission. The Standing Committee will analyze whether the transaction makes sense in light of the demonstrated mission of the congregation. Thus, a church must understand its current mission and show how the transaction is consistent with that mission.
- b. Effect On Potential Future Mission. The Standing Committee will analyze, as best it can, what the future call may be for the congregation and how the proposed transaction will or will not limit or expand the capabilities of the church to meet that call. The Standing Committee must consider how any proceeds of a sale or lease will be used.
- c. Consistency With Environmental Sustainability. The Standing Committee will analyze how the proposed transaction furthers the Diocesan goal of environmental sustainability.

## B. PROCESS FOR DIOCESAN APPROVAL

### 1. General Description.

Canon 18 of the Episcopal Diocese of Massachusetts governs the “Alienation or Encumbrance of Real Estate.” In summary, any property within the scope of Canon 18 held by or for the Diocese or any parish, mission, or other organization or institution within the Diocese may not be sold, mortgaged, or otherwise encumbered by a lien or claim without the consent of the Bishop and Standing Committee. In some situations, other Diocesan governing bodies also may need to be consulted.

### 2. Documentation Needed.

A warden or other officer of a parish or mission desiring to request consent for alienation or encumbrance of real estate should follow these guidelines. The **letter of request** should clearly state the nature and purpose of the proposed alienation or encumbrance and should enclose further descriptive material or documentation. Guidelines specific to particular categories of transaction have been established and are outlined below. Generally, however, the documentation should establish how the proposal is consistent with the strategy for vitality and viability of the congregation, concepts set forth in Vitality, Viability and Mutuality: A Covenant and Characteristics for Congregations Growing in Mission (2007).

### 3. Process.

The process needed for ultimate approval can take weeks or even a couple of months. Early consultation with the diocese facilitates the approval process, so a congregation is well served to make contact when a proposal is in its formative stages. A short email is enough to begin a conversation. Clergy, wardens, or other officers are urged to be in touch with the **Real Estate Advisory Committee**, c/o Steve Pierce, spierce@diomass.org, 617-482-4826 x 501, as soon as possible after it has been determined that a request for acquisition, alienation, or encumbrance may be forthcoming. Also, once an application is ready, the Advisory Committee will schedule a review of the request *in advance of* Standing Committee consideration. In other situations, it may be necessary for another Diocesan governing body to take action on the request prior to it being considered by the Standing Committee. Thus, early consultation is strongly recommended to avoid delays.

### 4. Timing.

The Standing Committee customarily meets once each month, though not in July and August. It is very important that all required documents be provided in advance. The Standing Committee will not review incomplete or poorly-crafted applications. Materials to be reviewed by the Standing Committee should be submitted first to the Real Estate Advisory Committee at least **30 days before the scheduled Standing Committee meeting.**

### 5. Early Warning of Real Estate Activity.

Any congregation initiating a **planning process that may lead to redevelopment** of a portion of their property shall inform the Standing Committee and Real Estate Advisory Committee of that activity and shall submit periodic reports on the progress of their planning.

## C. PARTICIPANTS IN THE APPROVAL PROCESS

### 1. The Bishop.

The Bishop of the Dioceses retains the authority, ultimately, to provide or withhold assent to any transaction covered by Canon 18, which is described and quoted above.

### 2. The Standing Committee.

The Standing Committee is an elected body of the Diocese, consisting of equal numbers of ordained and lay members. The Standing Committee is charged with advising the Bishop on specific issues of significant concern to Diocesan affairs. Under Canon 18, the Standing Committee works with the Bishop to review covered real estate transactions.

### 3. Real Estate Advisory Committee.

The Standing Committee has formed a Real Estate Advisory Committee to provide guidance on requests for Canon 18 review and transactions involving church real estate.

#### (a) Purpose

From time to time the Standing Committee, in accordance with Canon 18, reviews requests for consent to the acquisition, alienation, or encumbrance of church property. The Standing Committee has established a Real Estate Advisory Committee to assist in the review of proposals brought to the Standing Committee for consent.

#### (b) Membership

The Real Estate Advisory Committee is comprised of between three and seven members, appointed by the Standing Committee, who are members of the Episcopal Church. Advisory Committee members represent real estate professions, including architect, developer, banker, lawyer, and real estate broker.

#### (c) Conflict of Interest

Members of the Real Estate Advisory Committee who have worked on behalf of an applicant for that specific project under review, either on a paid or volunteer basis, will recuse themselves from Canon 18 review of that project.

### 4. Other Approvers.

Certain transactions that involve also a Canon 18 approval may involve another Diocesan committee. For example, Stokes Loans are reviewed, as to the loan aspect, by the Diocesan Loan Committee, see Section D below. The Standing Committee reserves the right to have other committees or officers of the Diocese review a particular proposal.

## **D. LOANS SECURED BY REAL ESTATE**

Any sizable loan to a church, as with a private borrower, typically will require security to ensure repayment of the loan. Most lenders will seek security in real estate held by the borrowing church, triggering the “encumbrance” language of Canon 18 and, thus, Diocesan review. This is true for loans from the Diocese, church-related lenders, and private bank lenders.

### **1. Stokes Loans.**

The Stokes Fund provides for sums of money (currently up to \$100,000) to be loaned to a congregation for the repair or improvement of existing structures or fixtures, with a strong preference for basic renovations to maintain the habitability of churches and related buildings, to prevent facility degradation, to conserve energy, to facilitate handicapped access, or to modify facilities to meet requirements for weekday community use. Loans will be made to congregations that are both “vital” and “viable,” terms described in the Diocesan document Vitality, Viability and Mutuality: A Covenant and Characteristics for Congregations Growing in Mission (2007). This document is available on [www.diomass.org](http://www.diomass.org) or from [cmeyer@diomass.org](mailto:cmeyer@diomass.org).

The interest rate for this type of loan currently is set at 5% , with a life of the loan not to exceed 15 years. Prior to the execution of contract for construction work at the local level, a congregation must have followed the rules and procedures for the loan application and have received notification of approval.

Loans from the Stokes Fund are secured by a lien on the borrower’s church property. This lien ensures that the Stokes Fund is repaid in the event of a sale of the property or of subsequent liens on the property.

The application must be reviewed and approved by the Diocesan Loan Committee and, as to the lien, must receive the advice and consent of the Bishop and the Standing Committee.

For more information and/or an application, contact Alice Claps at the Treasurer’s Office (617.482.4826 x 307).

### **2. Bank Loans.**

A church may desire to obtain financing from a financial institution. Sometimes, these loans are chosen because the amount needed exceeds the Stokes Loan limit of \$100,000. Such an arrangement will usually result in the financing institution desiring to place a lien on the church property. A church may only enter into this type of transaction and agreement with the advice and consent of the Standing Committee and Diocesan Bishop. All such proposals must first be reviewed and approved by the Diocesan Loan Committee, which then will forward the proposal on to the Standing Committee for its review.

For more information and/or a checklist for a congregation seeking a bank mortgage loan, contact Alice Claps at the Treasurer’s Office (617.482.4826 x 307).

## **E. NEGATIVE RESTRICTIONS AND COVENANTS ON PROPERTY**

A negative restriction (prohibiting or requiring approval of an activity or alterations) or an affirmative covenant (requiring activity or preservation work) often is used in connection with the historic preservation of church buildings. Additionally, a church abutter may seek to limit use of the church's property to benefit the abutter, as with a "view easement" or other restriction. Such restrictions are "encumbrances" requiring Canon 18 review.

## **MASSACHUSETTS HISTORICAL COMMISSION (MHC) MATCHING GRANTS**

Before providing a grant, the MHC typically requires a "preservation restriction" on the involved property of the church. Such a restriction falls under Canon 18, requiring that the Bishop, acting with the advice and the consent of the Standing Committee, must first consent to the placing of this restriction on the property.

As funding permits, the Massachusetts Historical Commission (MHC) issues requests for proposals for matching funding for restoration projects of historic properties, including churches, from the Massachusetts Preservation Projects Fund (MPPF). A "preservation restriction", prohibiting the alteration of the exterior of the property without MHC permission, must be recorded in the Registry of Deeds before grant funds are released. In the application itself, the applicant must demonstrate that they have permission to place such a preservation restriction on their property. Under Canon 18, any congregation seeking MPPF funding must request permission to file the anticipated restriction from the Standing Committee and the Bishop. That written permission must be part of the application to MHC, and therefore should be sought well in advance of the application deadline.

## F. SIGNIFICANT LEASES OF REAL ESTATE

### 1. Principles.

Certain long-term leases may be considered “encumbrances” that require Canon 18 review. Parishes and Missions have not historically been required by the Standing Committee to obtain approval of leases for periods of less than five years, unless the lease involves a capital commitment of the congregation, such as a physical improvement to the property.

All leases should be forwarded to the Real Estate Advisory Committee for *screening* where:

- (a) They involve a significant (\$5000 or more) commitment to capital improvement to accommodate the lessee;
- (b) The term of the Lease is more than 12 months and involves the exclusive use of more than 400 square feet of space; or
- (c) The term of the Lease is more than 36 months.

Even if leases do not require Standing Committee approval -- and they might -- the Advisory Committee can provide guidance on how to handle these transactions.

### 2. Validity Issues.

There may be occasions when a lessee will request that a lessor congregation obtain the Standing Committee’s approval to ensure that a lease is valid. Alternatively, where a lease is the subject of controversy, the parish may wish to obtain the Standing Committee’s approval for the parish’s own protection. Because the validity of leases made by parishes may come into question if there is not authorization by the Bishop, with the advice and consent of Standing Committee, the Bishop and Standing Committee will, upon request from a congregation, review leases with duration of three years or more for properties that are:

- ❖ Consecrated
- ❖ A church
- ❖ A chapel
- ❖ A parish house
- ❖ A rectory
- ❖ On land contiguous to the Church

### 3. Exempt Leases.

In most circumstances, parishes and missions and their lessees will not need to protect the validity of their leases by obtaining approval from the Bishop and Standing Committee. In particular: (a) Leases that contain a provision that the lessor can cancel the lease without cause upon less than 12 months notice or leases that provide for termination should the parish sell the property being leased (tenancy at will) would be unlikely to be interpreted as encumbrances. (b) The same is true for leases where use of space is nominal (e.g., a single meeting room for a single night a week for groups such as AA or other community service groups) or leases where no rent is paid. (c) A lease to an organization of the congregation (e.g., ECW, a parish thrift shop, or a congregation-run nursery school or day care center) would also not need the protection

of approval. (d) A lease involving space that is not contiguous to the church and is not the rectory or parish house.

Communication regarding either screening of potential long-term lease transactions or a formal and complete request to obtain authorization for long-term leases should be made to:

Steve Pierce  
Episcopal Diocese of Massachusetts  
138 Tremont Street  
Boston, MA 02111

He may be reached at [spierce@diomass.org](mailto:spierce@diomass.org) or 617-482-4826 x 501.

A checklist for seeking formal authorization of long-term leases is found on the next page.

**CHECKLIST**  
**FOR APPROVAL OF LONG-TERM LEASES**

1. A description of the proposed transaction, including background rationale.

This should include (a) a description of the implications of the transaction for the mission strategy of the congregation over the term of the lease, (b) the manner in which the full parish community has been involved in discussions regarding the transaction and the response of the parish community to the decision, and (c) an analysis of the income anticipated from the lease, and of the costs to the parish of the tenancy (to include, but not be limited to, the cost of utilities that will be used by the tenant, additional insurance that will be required, any resulting real estate taxes, and the cost of wear and tear on the space to be used by the tenant).

Helpful commentary on the effects of lease transactions can be found in the Real Estate Utilization Guide, available from Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org).

2. A brief description of the property to be leased in such detail and form as to enable the Bishop and Standing Committee to determine if it is of such a nature and location to require Canon 18 approval.
3. A copy of the draft lease document.
4. Clerk's certificate of the minutes of the meeting or vote of the vestry authorizing the transaction.
5. Applicants should be prepared to demonstrate conformity with the following diocesan financial requirements:
  - ☐ Submission of a complete and current parochial report
  - ☐ A statement addressing all financial obligations, including Stokes Fund loans, bank loans, diocesan assessment, audits, pension payments, health insurance payments, FICA withholdings, and liability insurance
  - ☐ A copy of the most recently completed fiscal year financial statements (Balance Sheet and Income & Expense) and financial statements and budget covering the current fiscal year.

**Notification of Action Taken**

Upon action taken by the Bishop and Standing Committee, the Bishop or his designee will send a letter advising the applicant of the decision. Reference will be made to the minutes in which the particular action is recorded.

## **G. SALE OF RECTORIES AND OTHER PROPERTY**

The Standing Committee draws its beliefs regarding the proposed sale of rectories from the Canons of the Episcopal Church, specifically Title 1, Canon 7, Section 4.

“All...property held by or for the benefit of any Parish, Mission, or Congregation is held in trust for this Church and the Diocese thereof in which (it) is located.”

The national canons are augmented by the Canons of the Episcopal Diocese of Massachusetts, Canon 18, which states in part:

“No ... property which is being used as a parish house or rectory, ... shall be alienated or encumbered without the previous written consent of the Bishop, acting with the advice and consent of the Standing Committee ...”

In carrying out the Canons, the Standing Committee believes:

- ❖ Congregations should have the means to provide good housing for a rector in an appropriate neighborhood in the community where he or she serves.
- ❖ The pool of potential candidates for a rectorship should not be limited only to those who can afford to buy a house in the community where he or she may be called.
- ❖ Home prices in Massachusetts are some of the highest in the country, both as an absolute figure and as a percentage of income. The result is the shrinking pool of potential candidates for rectorships who can afford to buy a home in the communities where they may be called.

Accordingly, the Standing Committee will approve the sale of rectories only under *extraordinary circumstances*, believing that to do otherwise could impair the health of congregations. A congregation proposing to sell its rectory must demonstrate that it will be able, in the near and distant future, to provide suitable housing for any rector they may call.

Policy First Adopted by  
Standing Committee, 14 April 2005

## **CHECKLIST** **FOR SALE OF PROPERTY**

The advice and consent of the Bishop, with the review by the Standing Committee, is needed prior to selling church-related property. As described in Section B above, the formal request described below should be proceeded with advanced, informal consultation with the Real Estate Advisory Committee.

**Please provide the material requested below:**

1. A narrative outlining the request, including:
  - ☐ Description of the proposed transaction, including reasons for the transaction
  - ☐ Adequate description of the property, including location, relation to other church property, and improvements/buildings on the property
  - ☐ Date of vestry decision approving sale and copy of vestry minutes
  - ☐ Description of implications over the next 10 years of the transaction on the church's mission strategy, including how the proceeds of the sale will be held and used
  - ☐ Proposed selling price or range of selling prices
2. The following documents related to the transaction:
  - ☐ Copy of deed
  - ☐ One independent, contemporaneous (not more than 6 months old) opinion of market value from a qualified (e.g., MAI certified) real estate appraiser, on its letterhead.
  - ☐ Plot plan, showing the involved land in a separate parcel, and an area plan, e.g., Assessor's Map
  - ☐ Title run-down for fifty years or to the deed to the church, whichever is longer, and a copy of the deed(s) of the property into the church.
3. A copy of the most recently completed fiscal year financial statements (Balance Sheet and Income & Expense) and financial statements and budget covering the current fiscal year.
4. Confirmation that you have met the following canonical requirements and that such documentation is on file at the appropriate diocesan offices:
  - ☐ A certificate of insurance (if not with Church Insurance Company)
  - ☐ A copy of a recently completed annual audit per the Diocese of Massachusetts guidelines
  - ☐ A copy of your most recently completed Parochial Report
  - ☐ Assessment payment current
  - ☐ Any other financial obligations which you have should be up-to-date, including Stokes Loan, Episcopal Church Building Fund Loan, property insurance, liability insurance, health insurance, pension fund, and audits
  - ☐ A copy of the most recently completed property audit (if one has been done)

**Any exceptions to these requirements must be reviewed with the Treasurer's Office.**

This material should be forwarded to:

Steve Pierce  
Episcopal Diocese of Massachusetts  
138 Tremont Street  
Boston, MA 02111  
spierce@diomass.org

## **H. REDEVELOPMENT OF REAL ESTATE**

Congregations sometimes see unused or underutilized property as a source of potential income or endowment capital. Vacant land, unused buildings, or underutilized development capacity are assets that, in the right circumstances, can be beneficially utilized in redevelopment. These are, however, significant transactions that require a commitment of time, risk, and financial resources. At a minimum, such transactions require approval by the Bishop and Standing Committee under Canon 18. See page 1 above.

### **1. Nature of Assets Being Redeveloped.**

The development of real estate, especially if it is proximate or contiguous to a church use, requires careful evaluation. Thus, the Diocese needs to understand what assets are being diverted from current and potential ministries to the development project and if the project is compatible with the church use. The potential impact is not just the actual square footage being contributed to the project, but also the effect on the work of the church of the proposed nearby use and structures.

### **2. Capacity and Skills of the Congregation.**

Real estate development is a very tricky business, particularly in the current climate. Not all churches have the resources, even with skilled partners, to evaluate and pursue a redevelopment effort. The Diocese needs to understand what development skills the church brings to the project.

### **3. Development Models.**

Church real estate development usually follows one of three models. First, the congregation sometimes sells property to a developer. While this is very often the simplest path, such sales are often subjected to significant contingencies, such as zoning approvals, due diligence studies, and receipt of financing. In addition to the time needed for these contingencies to be realized, the congregation may be asked to become involved in one or more of these processes. The church must understand that proposed sales sometimes simply fall through. Second, the congregation could enter into a partnership with a developer. This format usually involves shared risks and financial rewards and substantial development expertise on the part of the congregation to create a truly equal partnership with an experienced developer. Lastly and least likely, a congregation could become the developer of its property. Substantial expertise within the congregation would be needed in order to prepare a credible financial package, negotiate with builders, and oversee the project. This model places all of the risk of delays or failure on the church. On the other hand, this model could potentially allow the congregation to maintain ownership, if not control, of the property and its new use.

### **4. Potential Risks and Rewards.**

Property development is a business. Like all businesses, there are risks and potential rewards. Churches are not usually in the habit of making and evaluating business risks, preferring instead to take “conservative” approaches to business risk and to focus “aggressive” approaches to

mission and ministry. Therefore, the Diocese needs to know how the church has evaluated the risks and rewards of any redevelopment proposal.

Property development can be controversial. Substantial projects -- and even smaller ones -- can result in political, neighborhood, and community disputes. These potential disputes need to be recognized and addressed in a careful strategy. The reputation of the congregation may be at risk.

5. Effect on Mission and Ministry of Congregation.

The core mission of the church is not the development of real estate. That is not to say, however, that real estate cannot support the core mission. Rather, the Diocese needs to know how the development would support the ministry of God's church.

6. Consistency With Mission and Ministry of Diocese.

The Diocese is responsible for approximately 180 congregations. Each congregation is responsible for its own set of missions and ministries. However, before the Diocese commits real estate -- which is held in trust by the congregation for the entire Diocese -- the Diocese must understand how the project would be consistent with the mission of the Diocese as a whole.

7. Use of Proceeds

Property is a long-term, illiquid capital asset. It contributes to a congregation when it maintains and grows in value over time. The sale proceeds of such property should also be put to work for a congregation by being invested in another use that also is expected to provide long-term income and value. Therefore, the Diocese must understand how the proceeds of a redevelopment will be used. In particular, the Standing Committee will be concerned about a transaction that utilizes capital resources -- i.e., land or development potential -- for current operations rather than capital purposes.

## **I. ACQUISITION OF REAL PROPERTY BY CONGREGATIONS**

The Diocesan Council has established as Diocesan policy that:

**A congregation shall obtain the prior approval of the Bishop, through the Standing Committee, of any acquisition of real property.**

### **CHECKLIST**

Any church seeking approval to acquire real estate should submit the following information, at least 30 days before the scheduled Standing Committee meeting.

1. A description of the proposed transaction, including background rationale.

This should include (a) a description of the implications of the transaction for the mission strategy of the congregation, (b) the manner in which the full parish community has been involved in discussions regarding the transaction and the response of the parish community to the decision, (c) an analysis of the operational costs and capital costs of the new acquisition (to include, but not be limited to, the cost of utilities, additional insurance, any resulting real estate taxes, and the source of revenue to fund maintenance and capital repairs), and (d) the source of revenue to fund the acquisition.

2. A brief description of the property to be acquired.
3. An area plan (such as a town Assessors' Map) showing the location, dimensions, and configuration of the property and its abutting properties.
4. Any marketing materials on the property, including Multiple Listing Service sheet and other listing sheets.
5. Clerk's certificate of the minutes of the meeting or vote of the vestry authorizing the transaction.
6. Applicants should be prepared to demonstrate conformity with the following canonical financial requirements:
  - ☐ Submission of a complete and current parochial report
  - ☐ A statement addressing all financial obligations, including Stokes Fund loans, bank loans, diocesan assessment, audits, pension payments, health insurance payments, FICA withholdings, and liability insurance
  - ☐ A copy of the most recently completed fiscal year financial statements (Balance Sheet and Income & Expense) and financial statements and budget covering the current fiscal year.

Packages of information should be submitted to:

Steve Pierce  
Episcopal Diocese of Massachusetts  
138 Tremont Street  
Boston, MA 02111  
spierce@diomass.org

## **J. COMMUNICATIONS EQUIPMENT**

Some churches have earned income by offering available space to telecommunications companies as locations for equipment, especially antenna and related gear. These agreements are significant undertakings, and they usually will require approval by the Diocese. The best practice is to consult with the Diocese when such transactions are first contemplated.

### **1. Background on Exemptions.**

Some, but not all, transactions involving the placement in churches of telecommunications equipment require Canon 18 approval by the Diocese. Occupancy agreements that, at the election of the church or with the sale of the property, would require the renting telecommunications company to remove its equipment would not be “encumbrances” requiring approval. To be exempt from Canon 18 review, the occupancy agreement must state that the agreement *does not create an encumbrance and that the only remedy available to the telecommunications company in the event of a breach of the agreement is money damages*. However, most agreements in this industry are “leases,” usually long-term leases, requiring Canon 18 review.

### **2. Procedure.**

Any parish or mission preparing to enter into a telecommunications contract with the above-described stipulation is advised to provide notification of its intent to the Standing Committee, through the Real Estate Advisory Committee.

### **3. Recommendations.**

(a) The Standing Committee strongly recommends that any telecommunications occupancy agreement -- whether or not constituting an encumbrance or alienation -- contain appropriate terms defining the telecommunications company’s right to access to the antenna for repairs or maintenance at times and under circumstances that would *not interfere with worship or other services* or use of the property by the parish or mission. (b) The parish or mission is responsible to ensure that the erection of any such antenna installation is done in conformity with local zoning by-laws and does not compromise the tax-exempt status of the church property on which the antenna is erected.

### **4. Non-Exempt Transactions.**

If a parish or mission desires to enter into an occupancy agreement that may be considered an encumbrance on or alienation of its property, the Bishop and Standing Committee’s advice and consent would be required prior to the execution of such an agreement. You should contact Steve Pierce at 617-482-4826 x 501, for further information.