

EPISCOPAL DIOCESE OF NORTH DAKOTA REAL ESTATE POLICIES FOR SALES, ENCUMBRANCES LOANS AND GRANTS

(Approved by Diocesan Council on September 21, 2024)

The Bishop and Diocesan Council of the Episcopal Diocese of North Dakota are resolved to ensure that the Diocese and its congregations are good stewards of the real property that has been entrusted to them and to provide for the disposition of that property in a timely, orderly and canonical manner.

A. Introduction

The Canons of the Episcopal Church and the Diocese of North Dakota are clear as to title to real and personal property held by congregations:

Episcopal Church Title I, Canon 7, Section 4:

All real and personal property held by or for the benefit of any Parish, Mission or Congregation is held in trust for this Church [The Episcopal Church] and the Diocese thereof in which such Parish, Mission or Congregation is located."

Episcopal Diocese of North Dakota — Canon 10, Section 2:

No Vestry, trustee, or other body, authorized by civil or canon law to hold, manage, or administer real property for any Congregation shall sell or encumber the real property, or any part thereof, without the written consent of the Bishop and the Standing Committee.

B. Sale, Disposition or Encumbrance of Property

To assist congregations and Diocesan institutions that plan to sell, transfer or encumber real estate, the Bishop and the Diocesan Council have adopted the following guidelines and conditions for such activity. They have been designed to make the consent process work as smoothly as possible.

i. Sale of Property

A. By a Dissolved Congregation

Proceeds from the sale of real estate of a congregation which is dissolved or is in the process of being dissolved shall be forwarded immediately to the Diocese.

B. By an Active Congregation

Proceeds from the sale of real estate of a congregation which is still active shall be apportioned between Diocese and the congregation as determined by the Bishop and Standing Committee, with input from the congregation.

ii. Encumbrance of Property

As provided in the Canons, the consent of the Bishop and the Standing Committee is to be obtained for all sales, dispositions or encumbrances of real property. (An "encumbrance" includes a mortgage, a lease with a term greater than one year, a lien, easement, right of way, encroachment, or other restriction on the property or on its use, including such things as cell phone tower licenses or leases.) Therefore, congregations should include this consent in their planning for any sale or encumbrance.

- a. Short-term leases of non-consecrated space. Consent of the Bishop and the Standing Committee shall not be required for leases, easements, and other use agreements so long as the lease, easement, or use agreement does not involve granting use of space that is consecrated for worship; or exceed a term of twelve (12) months in duration or obligate the congregation to extend or renew the lease, easement, or use agreement beyond such 12- month period.

- A. Any lease, easement, or other use Agreement executed under this exception must be sent to the Bishop and the Standing Committee within thirty (30) days of execution.

- B. Either the Bishop or the Standing Committee may require that the Bishop and the Standing Committee consent prior to any renewal or extension of any agreement executed under this exception.

- b. Construction and Alteration. Except for minor or urgent repairs or replacements to the fabric and furniture of a Parish Congregation or the Cathedral desiring to enter into a construction contract for the building, improvement, or significant alteration to the fabric of real property must obtain the written consent of the Bishop and the Standing Committee. Significant alteration of the fabric of the building includes but is not limited to the building's structure, roof, floor slabs, walls, windows, window openings, and exterior doors and door openings.

- c. Lines of Credit, Unsecured Loans and Financial Undertakings. The Cathedral or Parish Congregation desiring to obtain a line of credit, unsecured loan, or to engage in a borrowing or similar financing transaction or financial undertaking, the aggregate amount of which exceeds 0 of the normal operating income of

the Congregation for the previous calendar year or the repayment of which may extend beyond a term of twelve (12) months, must obtain the advice of the Chancellor, and the written consent of the Bishop and the Standing Committee.

C. Loans and Grants for Capital Improvements or Repair and Maintenance Of Property of the Diocese

Loans from the Real Estate Fund

- 1 . It is Diocesan policy that each congregation or other entity using property owned by the Diocese has the primary responsibility for the repair and maintenance of the buildings and grounds which they are utilizing. This shall include mowing of the grounds and cemeteries, routine maintenance and upkeep of the buildings - painting, repair of broken glass and windows, upkeep of signs, etc.
2. The Diocese may be willing to assist in major repairs or improvements by sharing in the cost of labor and materials through a loan from the Real Estate Fund.
3. The congregation utilizing Diocesan property is expected to keep the property fully insured. If no property insurance is in effect, the Diocese will not contribute to the cost of any repairs. If a congregation reinstates property insurance, this insurance must be in effect for one year before any assistance will be considered.
4. Congregations which utilize Diocesan property shall follow certain procedures to apply for financial assistance for major repairs and improvements. This process shall be as follows:
 - a. The congregation shall have 50% or more of the project cost in the bank prior to start of the project.
 - b. The Rector, Priest-in-Charge or Dean shall submit a written request to the Bishop and Standing Committee {Or financial assistance. Included in this request shall be copies of bids for labor and material.
 - c. The Diocese may fund up to 50% of the project. This percentage will vary based upon Diocesan budget funds

available, congregation funds available, and total cost of the project.

Grants from the Real Estate Fund

1. Proceeds from the sale of real estate forwarded to the Diocese shall be held by the Diocese in a restricted fund for the benefit of the Diocese.
2. A congregation may apply to the Diocese for a grant from the principal of the fund to 1) enhance its program of mission and ministry; 2) fund a capital improvement if there is a definite need, other local resources are lacking, and a loan from the Real Estate Fund is not a viable alternative.
3. The Finance Committee shall develop application guidelines for grants based on the Diocesan Mission, Goals and Strategy and the goals of Partners in Ministry. The Committee shall review all applications and make a recommendation to Diocesan Council for final approval.