

DIOCESE OF NORTH CAROLINA

Checklist E

Loans Exceeding 50% of Normal Operating Income or Requiring Repayment Beyond a Term of Twelve (12) Months

(Updated through September 15, 2014)

To obtain the consent of the Standing Committee and the Ecclesiastical Authority for an loan exceeding 50% of normal operating income or the repayment of which may extend beyond a term of twelve (12) months, 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 loan. For sample resolutions, please refer to **Exhibit E-1**. The resolutions shall:

- (a) Identify personal property, if any, 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.

___ Closing Documents. Copies of any contracts or instruments to be signed.

___ 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;

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- (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.

_____ If the loan will be secured by Real Property, the documents set forth in **Checklist D** should be provided in addition to the documents listed in this Checklist E.