

 <p><b>ARCHDIOCESE</b> OF <b>SAINT PAUL &amp; MINNEAPOLIS</b></p>	<b>Effective Date:</b> 8/9/2021	<b>Number:</b> 206
	<b>Subject:</b> Sale, Purchase, and Lease of Parish Property <b>Scope:</b> <input type="checkbox"/> Archdiocese <input checked="" type="checkbox"/> Parishes <input type="checkbox"/> Schools	
	<b>Reference:</b> Required Approvals for Parish Corporate Actions	
	<b>Archbishop Signature:</b> 	

## Purpose

To establish the requirements for the sale, lease, and purchase of [Parish](#) property.

## Policy

### I. SALE OR PURCHASE OF REAL PROPERTY (LAND AND BUILDINGS)

- 1) The sale, donation, or purchase of real property requires a [Proxy](#). When a [Parish](#) is applying for the [Proxy](#), the request should contain the following if applicable and available:
  - a) The street address of the property;
  - b) The name of the other party to the transaction if known. If husband and wife, so state; if it is a corporation, provide the full corporate name;
  - c) The purchase or sale price;
  - d) The purchase or sale agreement if one has already been prepared;
  - e) A full copy of at least one appraisal of the property, or market analysis along with another document attesting to the value;
  - f) In the event of a sale, a statement that the [Parish](#) does not have any use for the property in the foreseeable future; or, in the event of a purchase, a statement of the contemplated use of the property;
  - g) Evidence of review of purchase or sale documents by competent legal counsel including consideration of environmental matters;
  - h) In cases involving purchase of property, evidence of review of subject property by local service office of the general insurance program of the [Archdiocese](#);
  - i) Disclosure of sales or purchases of other real property that are part of the same divisible parcel being considered in the [Proxy](#);
  - j) Explanation of the intended use of the sale proceeds from the proposed sale of the property;

- k) If a [Parish](#) is selling real property, with or without a realtor, the [Parish](#) must place a notice regarding the availability of the property for sale in the [Parish](#) bulletin for three consecutive weeks and indicate they have done so in the [Proxy](#) request or explain why they have not done so;
  - l) Confirmation that the [Parish Pastoral Council](#) has been consulted regarding the substance of the [Proxy](#) request;
  - m) Confirmation that the [Parish Finance Council](#) has approved the substance of the [Proxy](#) request.
- 2) The sale or donation of real property requires [Canonical Approvals](#). See also Section II, VII, VIII, and IX of [Policy N. 216: Required Approvals for Parish Corporate Actions](#), for additional requirements and information.
  - 3) Sale documents involving a church building or other canonically designated sacred space should restrict future use of the property in compliance with the teachings and laws of the Roman Catholic Church.

## II. SALE OR PURCHASE OF PARISH PERSONAL PROPERTY

- 1) A sale, donation, or purchase of personal property valued at \$25,000 or more requires a [Proxy](#).
- 2) See also [Policy N. 216, “Required Approvals for Parish for Corporate Actions](#) for additional requirements and information.
- 3) Personal property as opposed to real property (land and buildings), includes furniture, equipment, machinery, vehicles, personal effects, and other tangible objects owned by the [Parish](#).
- 4) [Parishes](#) are to consult with the Chancellor for Canonical Affairs before selling, donating, or disposing of sacred objects that are dedicated exclusively to divine worship to ensure compliance with requirements of canon law. These items include altars, baptismal fonts, tabernacles, relics, and images which are honored with great reverence by the people. [Parishes](#) are encouraged to seek consultation for the disposal of other sacred items such as chalices, vestments, and ciboria if there is any question as to what constitutes proper disposition for these items. In general, sacred objects that have been dedicated or blessed which are owned by a [Parish](#) may only be transferred to another [Parish](#) for continued use in worship or disposed of reverently and not transferred to private persons.
- 5) For the sale or purchase of personal property owned by the [Parish](#), the [Parish](#) should execute and deliver or receive a bill of sale. The transaction may also involve delivery and receipt of written evidence of ownership, such as a title card or other formal document. If the sale or purchase also involves payments over a period of time, the [Parish](#) may need to execute and file a security instrument for the protection of the party to whom the payments are due.

### III. EASEMENTS

- 1) An easement reflects an interest in land owned by another that entitles its holder to a specific use or enjoyment, e.g., sewer line through property, roadway purposes, utilities, etc., and may be temporary or permanent in nature. Granting an easement involving [Parish](#) property requires a [Proxy](#) and [Canonical Approvals](#).
- 2) When applying for a [Proxy](#) to grant an easement, the request must include the requirements for sale or purchase of real property listed in Section I above.

### IV. LEASE OR RENTAL AGREEMENT

- 1) A lease or rental agreement is a contract that grants the right to use real or personal property for a period of time, i.e., months or years, for a specific purpose and a specific financial consideration or rent.
- 2) [Parishes](#) must be careful in the rental of property so as to avoid an obligation to pay Unrelated Business Income Tax (UBIT) to the federal government. Typically, rental income for [Parishes](#) is exempt from income taxes. However, under certain circumstances, a [Parish](#) may not be exempt from income taxes. A [Parish](#) must be knowledgeable about its potential liability for UBIT in the rental of its property. A [Parish](#) must also be aware that the rental of property can expose the [Parish](#) to real estate taxes for that property.
- 3) Because of complexities involved in these items, a [Parish](#) should retain a competent attorney to review and approve all rental agreements before they are executed.
- 4) The leasing of property owned by a [Parish](#) requires a [Proxy](#). [Canonical Approvals](#) are required when the lease period set forth in the lease is for one year or longer. This would include consecutive lease agreements or an option to renew with the same tenant where a subsequent lease extends the cumulative lease term for one year or longer. The consent of the Holy See is required when the value of the property leased exceeds \$5,000,000. A [Parish](#) providing housing to a priest who is not assigned to that [Parish](#) is not required to obtain approval from the [Parish Corporate Board](#) (or a [Proxy](#)) for such an arrangement (see [Policy n. 316: Residence Policy – For Priests and Seminarians](#)).
- 5) When applying for the [Proxy](#) to execute a lease or rental agreement for property owned by a [Parish](#), the request must include:
  - a) The address of the property affected by the lease or agreement;
  - b) The legal name of the lessee;
  - c) The terms, i.e., length of time and financial consideration;
  - d) Proposed usage of the property by lessee, recognition of the restrictions on use or purpose in compliance with the teachings and laws of the Roman Catholic Church;
  - e) Statement of how the lease might affect the use of the remaining [Parish](#) property;
  - f) Intended use of income received by the [Parish](#) as a result of the lease;

- g) A copy of the proposed lease;
- h) The estimated market value of the property to be leased.

## V. MORTGAGE OF REAL PROPERTY

- 1) A mortgage of real property is security for a debt that becomes void upon payment or performance according to stipulated terms. A mortgage entered into by a [Parish](#) requires a [Proxy](#). In addition to [Canonical Approvals](#), a mortgage of real property of \$3.5 million or greater requires the approval of the Holy See before the transaction can be completed. The [Archdiocese](#) will submit the necessary documents to the Holy See for approval on behalf of the [Parish](#). Transactions requiring the approval of the Holy See may take multiple months for approval.
- 2) The request for a [Proxy](#) for executing such a mortgage must include:
  - a) The address of the real property to be mortgaged and the description of the improvements on the property, e.g., the school, church, etc., and a recent appraisal.
  - b) The terms of the mortgage loan (interest rate, duration of loan, etc.).
  - c) The name of the mortgage, i.e., bank, lending institution, etc.
  - d) Evidence that the [Parish](#) has the financial means to satisfy the mortgage terms including debt service.

## VI. PROCESS FOR LISTING PARISH REAL PROPERTY FOR SALE OR LEASE

- 1) A [Proxy](#) and [Canonical Approvals](#) are required prior to listing [Parish](#) property for sale.
- 2) The [Parish](#) must work with a real estate professional when drafting a listing agreement.
- 3) Two reports of value are required before a listing agreement can be approved. For properties valued at over \$3,500,000, at least one report of value must be from a licensed appraiser. The other can be an opinion of value (or market analysis) from a real estate professional familiar with the market and property type. For properties valued at less than \$3.5 million, a statement of the assessed tax value can serve as one report of value.
- 4) Sale documents for a church building or other canonically designated sacred space should restrict future use of the property and buildings in compliance with the teachings and laws of the Roman Catholic Church.
- 5) The two reports of value and the draft listing agreement must be sent to the CFO along with the request for a [Proxy](#) to enter into a listing agreement that includes an explanation of the reason for the sale or lease and the intended use of any funds resulting from the sale or lease. In addition, the [Proxy](#) must include the listing price, and state the lowest price at which the [Parish](#) would be willing to sell the property. It may take up to 120 days to obtain [Canonical Approvals](#) for such transactions, and adequate planning by the [Parish](#) is necessary when submitting these type of requests.

- 6) If the property to be alienated is a church or canonically designated sacred space, consultation is required with the [Presbyteral Council](#) and written approval from the [Archbishop](#) must be received before the property may be listed for sale or lease by the [Parish](#).
- 7) If the property to be sold or leased is a church or another space that has been used for worship, an inventory of liturgical and sacred items formerly in the building, including an account of how they will be distributed must be approved in writing by the Director of the Office of Worship. Donor intentions regarding liturgical and sacred items must be honored whenever possible.
- 8) Once [Proxy](#) approval is received:
  - a) The [Parish](#) may market the property for sale or lease, following any conditions that were set at the time that the [Proxy](#) was granted.
  - b) When an earnest buyer or prospective tenant has been identified, the Chancellor for Civil Affairs and the CFO must be advised so they can identify and address any potential issues.
- 9) When a [Parish](#) has received an offer for purchase or lease:
  - a) If the proposed sale price is less than the amounts previously approved in the [Proxy](#) to list and sell the property, a new [Proxy](#) and [Canonical Approvals](#) are required. See section A above.
  - b) If the value of the property to be sold is over \$3,500,000 (or in the event of a lease, when the property value is over \$5,000,000) the approval of the Holy See is required before the transaction can be completed. The [Archdiocese](#) will submit the necessary documents to the Holy See for approval on behalf of the [Parish](#).
  - c) Execution of a lease or a sale or purchase agreement requires the [Pastor's](#) signature after full [Board](#) approval is received.