

THE EPISCOPAL DIOCESE OF OKLAHOMA
POLICIES REGARDING CHURCH DEBT

The following diocesan canons outlines diocesan policies regarding church debt.

6.3. *Encumbering or Alienating Property Prohibited.* No Parish, Mission, Affiliated Episcopal Congregation, Affiliated Community or Institution may encumber or alienate its real property without the written consent of the Bishop, the Standing Committee and the Diocesan Council.

6.7. *Church Debt.*

6.7.1. No Parish, Mission, Affiliated Episcopal Congregation or Affiliated Community may incur indebtedness without the approval of the Bishop, the Standing Committee and the Diocesan Council, except:

(a) Indebtedness for permanent improvement, replacements or additions to real estate or equipment for the amount of such indebtedness, plus indebtedness and liabilities of every kind already existing, that does not exceed 150% of the average annual receipts of such Parish or Mission for the past three years;

(b) Indebtedness for current expenses where the amount of such indebtedness and other current liabilities that does not exceed 20% of the total current receipts of such Parish or Mission for the preceding year; and the payment of all such indebtedness shall be provided for in the budget of the next ensuing year with reasonable expectation of its payment out of the receipts of the next two years.

(c) In computing receipts under subsections (a) and (b), the Parish or Mission excludes endowments, bequests and receipts whose use is restricted. The Parish or Mission may include income from endowments and bequests if not specifically designated.

These exceptions do not permit a Parish, Mission or Institution to encumber property without compliance with Canon 6.3.

VESTRY/BOARD RESOLUTION TO ACCOMPANY "FORM FOR
PARISHES, MISSIONS, AND INSTITUTIONS TO USE WHEN
MORTGAGING PROPERTY"

"Be it RESOLVED by the Vestry/Board of _____
that a sum not exceeding \$_____ be borrowed for no more than _____ years
at a rate of interest of _____% per annum for the purpose of _____
_____ and that a mortgage be given on the _____
_____ as security
for said debt, and

"Be it FURTHER RESOLVED that the Senior Warden and Rector (or
Vicar)/President are authorized to make application to the Episcopal Diocese of Oklahoma
for the approval of said mortgage loan and to do any and all things and execute any and all
papers incidental to obtaining permission and securing said loan.

"I, _____, Clerk of the Vestry/Secretary
of _____ hereby certify that the foregoing
Resolution was passed by a majority vote of the Vestry/Board at a meeting duly held
at _____, Oklahoma on the _____ day of _____ 20____.

Clerk of the Vestry/Secretary

"I, _____, Rector (or Vicar)/President
of _____ hereby consent to this
action in authorizing the foregoing mortgage loan dated at
_____, Oklahoma on the _____ day of _____ 20____.

Rector (or Vicar)/President

ADMINISTRATIVE PROCEDURES TO BE FOLLOWED BY VESTRY/BOARD

1. Engineering, construction and other necessary contracts should be with the
Diocesan Corporation and local church/institution corporation, as owners. In
similar fashion, bonds, insurance and other underwritings should run in favor of
both corporations.
2. All such contracts, bonds, insurance and the like should be negotiated and/or
procured by the Vestry/Board undertaking such construction. Contracts should
be forwarded to the Finance Committee after execution by the officers of the local
corporation for approval of the Diocesan Corporation.
3. Mortgages and notes to finance any such construction must be executed by the
local church/institution corporation, whether it be temporary financing for
construction or permanent financing.

FORM FOR USE OF PARISH, MISSION, OR INSTITUTION
WHEN MORTGAGING PROPERTY

(Application to the Finance Committee regarding the mortgaging of real estate held or to be held by the Episcopal Diocese of Oklahoma)

1. Name and location of church/institution proposing mortgage: _____

2. Terms of note relating to mortgage for which consent is sought:
 - A. Amount proposed to be borrowed: \$ _____
 - B. Interest rate: % _____
 - C. Period of years: _____
 - D. Manner of payment of loan: _____

3. Name and address of lender and mortgagee: _____

4. If mortgage proceeds are to be used to purchase property:
 - A. Purchase price of property \$ _____
 - B. Amount of down payment _____
 - C. Proposed use of Property: _____

5. If mortgage proceeds are not to be used to purchase property, what is the proposed use: _____

6. If there is any other present or proposed indebtedness of the applying congregation/institution, set forth such indebtedness with schedule of payments: _____

7. Any other information which may be of interest to the Diocese in considering this application should be set forth; i.e., does the application comply with guidelines: _____

8. Attach a copy of the legal description of property to be mortgaged.
Who holds title to the property? _____
9. Number of communicants in good standing: _____
Number of financially contributing families: _____
10. Current annual operating budget: \$ _____

11. Current annual debt service: \$_____
12. What is the average annual receipts for the past three years as defined by Canon 6.7.1.(c)? \$_____
13. What is the amount of current indebtedness and liabilities of every kind? \$_____
14. Present fair market value of all buildings and improvements: \$_____
15. Amount of diocesan assessment and amount paid thereon for each of the past two years:
Assessed: \$_____ Paid: \$_____
Assessed: \$_____ Paid: \$_____
16. It is generally required that you furnish quarterly reports in writing to the diocese until the project is completed. Are you willing to comply with this requirement?
Yes _____ No _____
 - A. If answer is "Yes", please cover in narrative form the total contract price, contract completion date, amount paid on contract to date, percentage of time used to date, and indicate if the project appears to be within the budget.