

Policy A2 - Proceeds from the Sale of Residential Properties

Background

Parish Corporations in the Diocese of Fredericton are responsible for the provision of housing for incumbents (Regulation 7-3; 1 (1)). The Cathedral or the Diocese may also provide similar housing. Traditionally, such housing has been provided as a Rectory, Deanery, Bishop's Court or other. The minimum standard for Rectories specifically is set out in Regulation 7-3. Regulation 7-3 does not technically apply to the Deanery, Bishop's Court or to other residential accommodations provided to incumbents by Corporations in the Diocese of Fredericton.

Some existing residential properties do not meet, and cannot feasibly be brought up to, the standards set out in Regulation 7-3 standard (Rectories only). Therefore, housing may also be provided to rectors/incumbents through the rental of appropriate facilities or through the provision of a housing allowance. This flexibility allows for the selected housing option to better suit the mutual circumstances of the incumbent and the Corporation. These changed options, and the amalgamation of parishes, have created in some instances, a surplus of owned residential properties within the Diocese.

Policy A-2 was developed in 2010 to ensure that the proceeds from sale of residential properties were invested on behalf of the selling Corporation to ensure continued provision of appropriate housing for rectors/incumbents through rentals, living allowances or the procurement of new housing.

Policy A-2 is hereby amended to allow for utilization of the net proceeds of sales as has actually become the norm, and to make it clear that Policy A-2 applies to all residential housing owned by any Corporation in the Diocese. This amended policy revision reflects the experience gained under the 2010 policy and is designed to accommodate further changing circumstances.

PROCEEDS FROM THE SALE OF RESIDENTIAL PROPERTIES

1. Policy Directive

The net proceeds realized by the sale of a residential property are to be remitted by the selling Corporation to the Diocesan Synod of Fredericton and held for said Corporation. This policy is applicable to all Parish Corporations, the Cathedral Corporation, Diocesan Camps, the Synod and any groups, missions or similar entities thereunder.

2. Net Proceeds

Net proceeds are defined, for the purposes of this policy, as the gross proceeds minus the costs associated with the sale of the property, including:

- Legal and appraisal fees;
- Survey and other costs associated with the securing of a deed;
- Property inspection costs and sales commissions;
- Repairs and other expenses mandated by the Agreement of Purchase and Sale;
- Payout of debits or liens directly associated with the property; and
- Other direct costs associated with closing the sale of the property.

3. Investment of Funds

The net proceeds of the sale of a residential property shall be invested in the Diocesan Consolidated Investment Fund (DCIF) and held in a Residential Property Fund specifically for the applicable Corporation.

4. Surplus Residential Properties

The Corporation may apply to the Finance Committee to have a residential property declared as surplus to the needs of the Corporation. If the residential property is deemed surplus, the net proceeds from the sale may, with the approval of the Bishop, be made available to the Corporation to assist it to fulfill its mission.

5. Use of Income Earned by the Residential Property Fund

The income earned by the Residential Property Fund will be paid to the Corporation.

6. Use of Residential Property Fund Capital

The Corporation may be eligible to withdraw up to 75% of the capital in their Residential Property Fund by applying in writing to the Finance Committee and stating:

- The intended use of the funds in relation to the mission of the Corporation;
- The rationale for the withdrawal including the results of other options;
- The effect of the withdrawal on the provision of housing in the current and future circumstances; and
- The plan for repayment of the funds.

Such withdrawal requires the approval of the Bishop.

7. Policy Coming Into Effect

The revisions in this policy will come into effect upon formal approval by the Diocesan Council and will have no effect on existing agreements related to the proceeds from the sale of residential properties.

Adopted

October 5, 2017