

Diocese of Charleston
Overview of Processes for Parish Property, Projects, and Requests

Requesting Permission

Pastor writes letter to Bishop proposing/requesting permission for:

- a capital improvement,
- major repair,
- new construction,
- purchase of property (personal or parish)
- lease or buy real estate.

In this letter, the pastor should provide:

- The need that justifies this request
- The parish's plan to fund the request
- Request for exemption from diocese assessment (three years only) on any capital campaign, if desired.

Bishop's Response to the parish

The Bishop will approve the request, ask for more information, or deny the request. If the Bishop approves the request, he will send a preliminary letter approving the concept of the project. The pastor will be advised to make contact with the Diocesan Finance Office to obtain financial forms or to send supporting documentation for preliminary financial approval of the project.

Financial Considerations

If a loan is requested for the project, the loan process must be followed.

See Diocese of Charleston, Loan Approval Process, Attachment A

Lease/Buy Real Estate or Personal Property

If the proposal receives preliminary approval from the Bishop, and preliminary financial approval, the process for leasing or buying real estate or personal property will be followed.

See Diocese of Charleston, Lease/Buy Real Estate or Personal Property, Attachment B

Diocesan Building and Renovation Commission

If the proposal receives preliminary approval from the from the Bishop, and preliminary financial approval, and if the proposal regards any building or renovation on the parish or school property that exceeds \$10,000, the pastor will receive a letter from Bishop advising that a liaison from the Diocesan Building and Renovation Commission will be assigned to the project and that the parish must adhere to the established process of the Building and Renovation Commission.

See Building and Renovation Commission Process, Attachment C

See Capital Improvements and Major Repairs Process, Attachment D

Diocese of Charleston
Loan Approval Process
As of April 30, 2008

All loans requests are to be approved by the Bishop or Administrator of the Diocese of Charleston.

Recommendations for loan approval may be made to the Bishop or Administrator by the Loan Committee or Finance Office. The Finance Council approved the following:

PHILOSOPHY

The Loan Committee adopted the philosophy that loans should be made to advance the growth of the Diocese and Parishes. Additionally, loan terms should be short so as not to interfere with the financing needs of parishes in the future. Loans should be repaid within 5 years.

LOAN PARAMETERS

Loans backed by pledges

Pledges and cash on hand should equal 100% of the total project cost including furnishings and soft costs with 50% in cash at the time construction begins.

A report detailing the pledges received and their forecasted collection will be required when requesting a loan. To count as “loan support”, pledges less than \$250,000 need to be collected within 3 years; pledges in excess of \$250,000 must be collected over 5 years. The report is to be approved by the fund raising chairperson/Chairman of Finance Council and the Pastor/Administrator prior to submission. During the life of the loan, this schedule would be required to be updated on a quarterly basis.

Loans of \$500,000 or more would require a review by the Loan Committee.

LOAN PARAMETERS (cont'd)

Loans backed by cash flow

Cash on hand should equal 50% of the total project cost including furnishings and soft costs at the time construction begins.

Cash flow coverage based on operating revenues and expenses should be 1.3 to 1.0. Loan requests of \$500,000 or more would require a review by the Loan Committee. Loan requests of \$250,000 or more with cash flow coverage between 1.1 and 1.3 to 1.0 would require a review by the Loan Committee. Loan requests with cash flow coverage of less than 1.1 to 1.0 would not normally be approved.

Example:

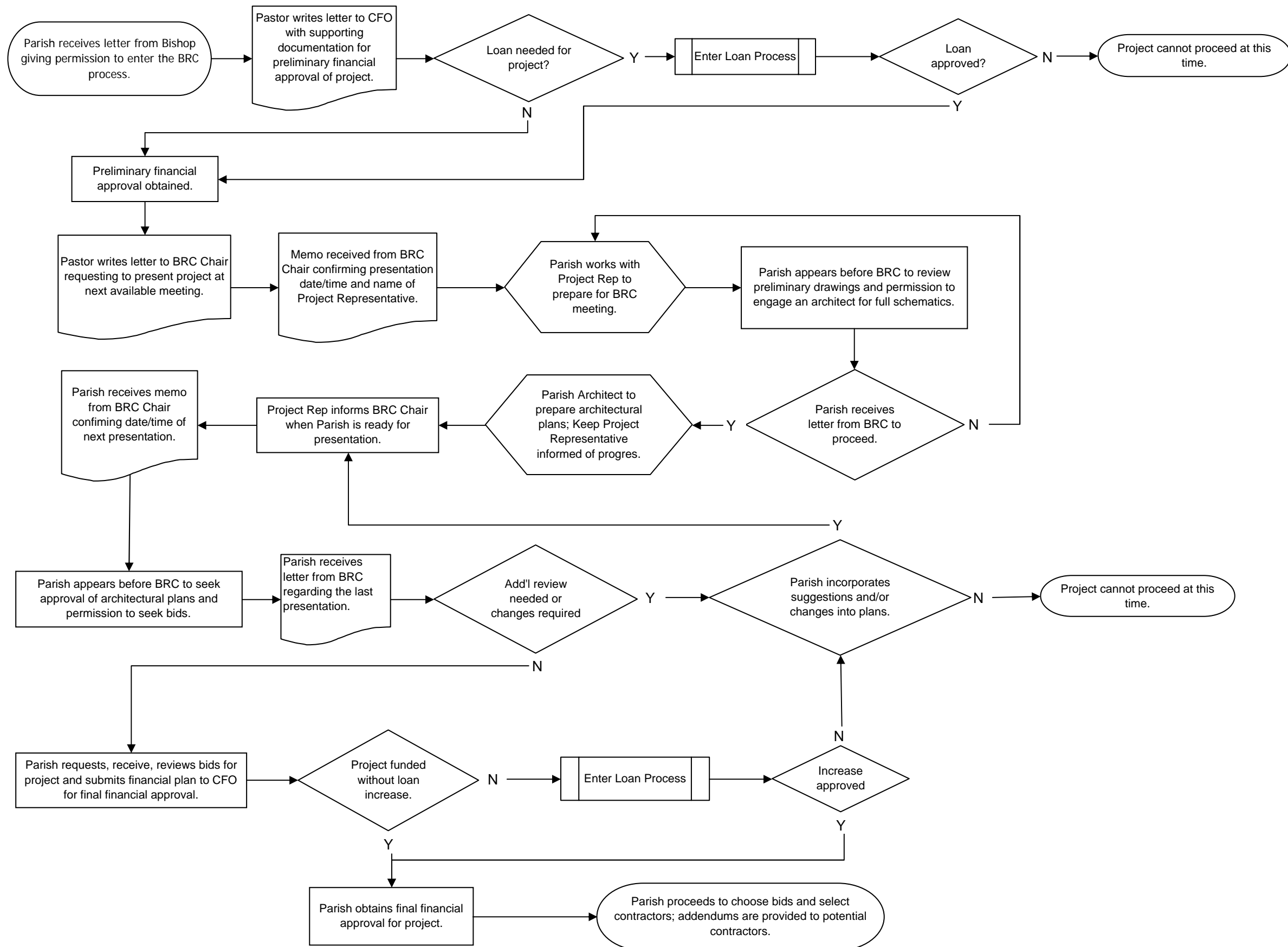
Description			Detail Line
Net Surplus or (Deficiency)		75,000	27
Total Other Non-Operating Expenditures	+	50,000	24
Total Debt Service	+	100,000	22
Total Specific Fund Raising	-	<u>80,000</u>	9
Operating Cash Flow	=	145,000	(A)
Total Debt Service		<u>100,000</u>	(B) 22
Loan Coverage Ratio	A / B	1.45	

Detail Line is that shown on the Summary Statement of Revenue and Expenditures Form Issued 6/28/2004

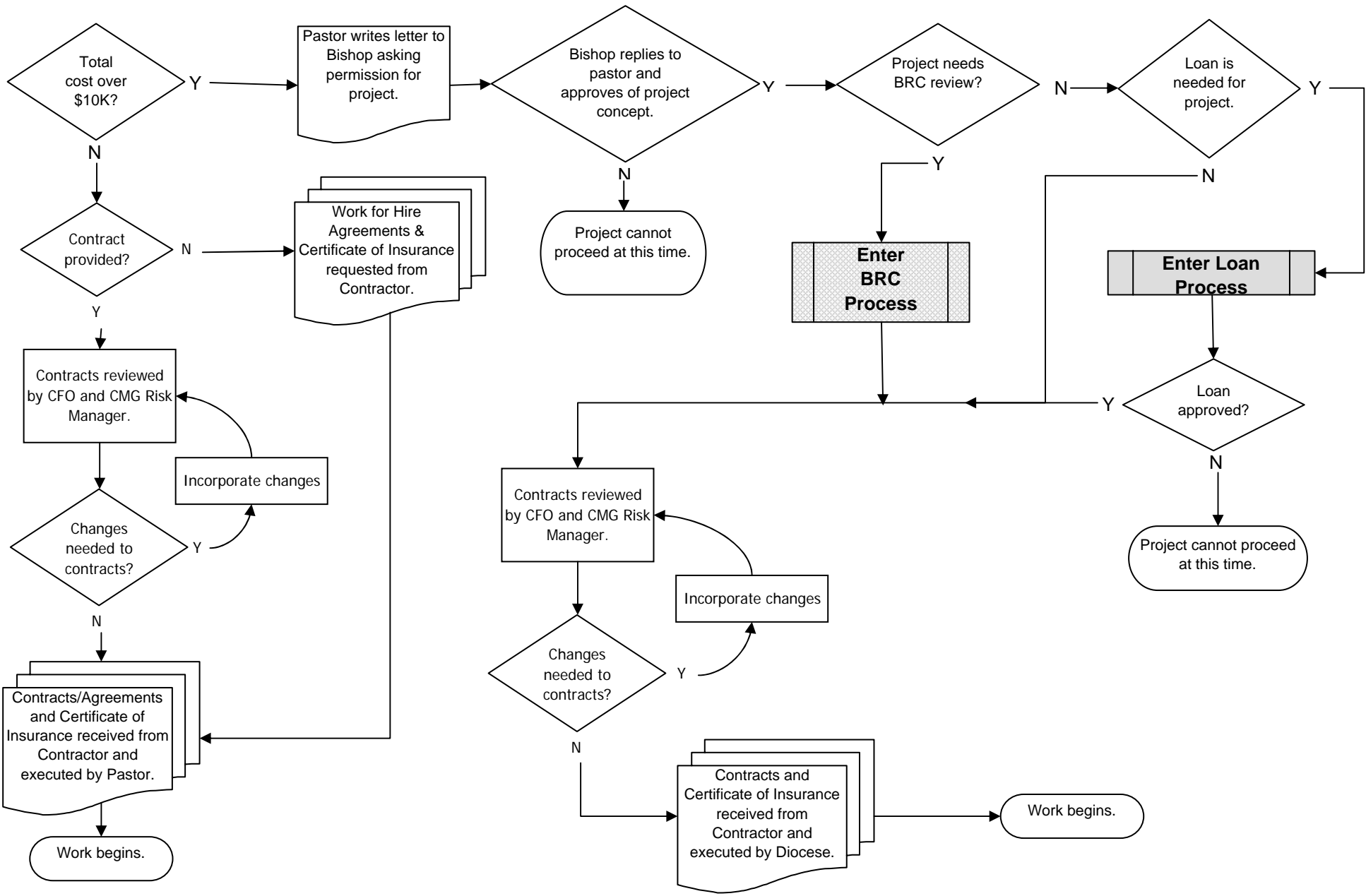
Recommendations

Recommendations for approval and denial will be submitted to the Bishop or Administrator.

Building and Renovation Commission Process



Capital Improvements and Major Repairs Process



Lease/Buy Real Estate or Personal Property

