

FUNDS FROM THE SALE OF RECTORIES

1. Policy Directive

As a condition of rectory sale approval, the net proceeds realized by a parish corporation upon said sale are to be remitted to the Diocesan Synod of Fredericton to be held in trust for the parish corporation subject to the policies and terms which follow.

2. Net Proceeds Defined

The proceeds realized from sale are subject to deduction of costs associated with the sale of the property, including:

- Legal and appraisal fees
- Sales commission
- Inspection
- Repairs and other expenses mandated by the purchase and sale agreement
- Repayment of outstanding debt(s) directly associated with the property
- Other direct costs associated with closing of the sale

3. Investment of Funds

The net funds remitted to the Diocese, will be held as capital in a “Rectory Trust Fund” specifically designated for the applicable beneficiary Parish. All such capital will be invested in the Diocesan Consolidated Investment Fund (DCIF) or in an alternate manner that provides a similar level of income and security.

4. Use of Income Earned by the Trust

Normally income earned by the Trust will be paid to the beneficiary parish. However, in an effort to ensure the Rectory Trust appreciates in value, a portion of income earned by the Trust will be added to the capital as follows:

- In years where the DCIF is unable to provide a bonus addition to capital , 20% of the income earned will be retained and added to the capital of the Trust
- In years where the DCIF is able to provide a bonus addition to capital, the income will be fully distributed to the beneficiary parish.

5. Use of Rectory Trust Fund Capital

The intended purpose of rectory trust funds is normally to ensure there is funding available for the future acquisition of a parish-owned residential facility.

Should the beneficiary parish wish to use the capital of the Fund for some other purpose, a written request to that effect must be directed to the Finance Committee and will require approval from the Bishop. Such requests must detail:

- the intended use of the funds
- the reason why such a withdrawal is necessary
- plan for repayment of the capital funds so withdrawn, if any
- rationale for alternate use of funds in respect of future housing needs

Where applicable, in order to ensure the availability of adequate down payment on future rectory purchase, any permission granted for alternate use of capital of the Fund is subject to the provision that at least 25% of the capital balance is to remain in the Rectory Trust.

6. Policy is Applicable to the Diocesan Synod

The Diocesan Synod is the owner of a residential property normally occupied by the Bishop of Fredericton and from time to time is owner of other residential facilities for occupancy by ordained ministry personnel. Should any of these properties be sold, the same approval process and terms and conditions will apply with respect to the investment, income distribution and future use of the net capital proceeds realized from the sale.

7. Policy Coming Into Effect

This policy will come into effect upon its approval by the Diocesan Council. The policy will not impact on any existing investments of rectory sale proceeds or the use of interest earned thereon. Similarly, existing agreements with respect to the use of Rectory Fund capital through loan or otherwise, will not be impacted by the adoption of this policy.

Adopted
20 March 2010