

REQUIREMENTS FOR APPROVAL OF INDEBTEDNESS
STANDING COMMITTEE OF THE DIOCESE OF EAST CAROLINA

When a congregation begins to consider a project that will incur indebtedness, the congregation is expected to contact the President of the Standing Committee. Such projects include: (1) new structures, (2) renovations, (3) purchase of property, (4) second mortgages. As outlined in the Constitution and Canons of the Episcopal Church (2003) Title 1, Canon 7, Section 3 and the Constitution and Canons of the Diocese of East Carolina, the Standing Committee must give its approval to the creation of any indebtedness.

The Standing Committee requires the following as tangible evidence of a congregation's readiness to incur such debt, before its approval can be given:

1. A master plan in place at least six months *before undertaking a project.*
2. A request may be made to the Standing Committee President to appoint a liaison/consultant to the congregation.
3. A concise statement of the purpose of the project for which debt will be incurred (the "mission statement") and the place of this project in the total ministry of the parish, region, and Diocese.
4. A description of the project and how it meets the requirements of the "mission statement".
5. A description of the approval process for this project within the parish.
6. History and projected growth rate of parish membership and area population.
 - a. Also calculate at +/- 10% to show good/normal/bad range of growth.
 - b. What does the range mean to parish's ability to bear debt load?
 - c. Census data obtained from county/city.
 - d. Are any new churches nearby or planned for the area?
 - e. Over the last *three* years, what has been the average attendance?
 - f. Why are the growth numbers justified?
7. A stewardship history, including history and projected growth rate of pledges to operating budget and any prior special appeals. Include the following data for the last three years:
 - a. Number and amount of pledges made.
 - b. Number of pledges honored.
 - c. Amount actually received on pledges.
 - d. Percentage **not** received.
 - e. Average pledge.
 - f. History of pledging to the Diocese for the past *three* years, including percentages and amounts paid.
 - g. Operating budgets for the three-year period immediately preceding application.
8. A report of fund-raising efforts and results.
 - a. When is money coming in?
 - b. Pledge assumptions should be discounted at least 10%
9. A proposed borrowing plan for the project, including a clear statement of the

- total amount of debt to be incurred from all sources and a schedule for repayment of loans.
- a. When is the money coming in?
 - b. Where is loan to come from and what are the terms?
 - c. Interest assumptions should tend higher than at time of application (i.e. 50%). Judgment should be based on current market conditions.
 - d. Obtain the current yield curve (i.e. a flat yield curve means a short-term loan and a long-term loan have nearly equal terms).
 - e. If using a variable rate, look into buying a “cap” as insurance against economic catastrophe.
 - f. If the requesting Church is a Mission and/or Church under supervision of the Bishop, a letter of approval from the Bishop is required
10. A proposed spending plan for the project phases and costs of each phase, including allowance for cost overruns.
11. Architectural plans, if planning to build or renovate.
- a. Consideration and list of governmental approvals necessary for the project.
 - b. If the parish is an historic building, in an historic area, or adjacent to either, an interview with local government and/or historical society is especially necessary to judge extraneous or hidden costs of the project.
12. *The Standing Committee may request a review of architectural and/or financial data by consultants.*
13. *Semiannual status reports are due to the Standing Committee (December 31 and June 30) until debt is retired. Include a balance sheet and additional information to update items #8 and #10 above.*

Formal application to the Standing Committee is to be made in person by a delegation from the congregation, including the Rector or Vicar, the Wardens and Others (the Treasurer, Chair of the Building Committee or Building Finance Committee etc.) The delegation from the congregation is to call the President of the Standing Committee to schedule such a meeting. All written materials for review must be delivered to each member of the Standing Committee not less than two weeks prior to the meeting at which application will be made. If the Standing Committee does not receive the materials two weeks prior to its meeting, the application will not be considered at that time.

The Standing Committee will maintain a record of all applications. This record will include all subsequent related documents such as status reports or addenda to the application.