



Catholic Diocese of Columbus

1400.0 - Real Estate

The purchasing, selling and leasing of any property within the Diocese of Columbus are bound by the policies and guidelines set forth in this section. New construction and renovation and repair are also bound by certain processes.

The policies and guidelines are:

1401.0 - Purchase-Sales of Property

1402.0 - Construction Guidelines

1402.1 & 1402.2 - Pre-Construction Process

1402.3 & 1402.4 – Post Construction Approval Process

1403.0 - Leasing of Diocesan Property

1404.0 - Tax Liability

1405.0 - Long Term Reserves for Repair Replacement

1406.0 - Easements & Right of Ways



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1401.0 – Purchase/Sale of Property

The Bishop of the Diocese of Columbus, as ordinary, holds legal title to all real estate within the Diocese of Columbus. The real estate assets of the Diocese of Columbus require all transactions involving real estate (such as purchases, sales, exchanges, gifts and the like) be conducted with the following procedures:

- Before engaging in any real estate transaction, the pastor/principal/director is required to obtain written approval from the Bishop by writing to him with a detailed description of the transaction. This includes:
 - * the location of the real estate
 - * for purchases, what it would be used for
 - * for sales, why the property should be sold
 - * the purchase cost or sale price
 - * how the purchase would be paid for or the sale proceeds used, and
 - * any other relevant facts.
- Bishop will give approval/denial in writing to the pastor/principal/director, which will include the procedures to be followed if the transaction is approved.
- All documents, agreements, contracts, and important information are to be forwarded to the Finance Office for review.
- The Diocesan attorneys are then apprised of an upcoming transaction and requested to prepare all proper legal documents. Matters that need attention will be addressed before completion of any transaction.
- A survey and inspection of the property would be requested by the Diocesan Office of Buildings, if needed.
- The Bishop is the only person permitted to sign legal property documents. If he would not be available, his delegate would be permitted to sign. If a delegate signs, an Affidavit giving authority for signature will be provided.
- The pastor/principal/director is required to notify the Self-Insurance office of any pending transaction so that appropriate coverage changes can be made.
- Diocesan attorneys represent the Bishop in matters of real estate closings.
- The Code of Canon Law and Universal Law requires that certain transactions, because of dollar value, must be presented to the Diocesan Finance Council and College of Consultors, and consent received, before the transaction can be completed. If the dollar value exceeds limits set by the United States Conference of Catholic Bishops, then the transaction must be sent to Rome for approval. Both approval procedures will extend the time necessary to complete the transaction.

Once a purchase transaction is completed, the Diocesan attorneys will forward to the Finance Office:

- 1) The original deed to be kept in the Chancery Archives
- 2) The original title insurance to be kept in the Chancery Archives
- 3) Copies of the documents are sent to the entity for filing.
- 4) A tax exemption application will be filed with the Diocesan attorneys by the Finance Office for the property purchase, if deemed appropriate.



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1402.0 - Construction Guidelines

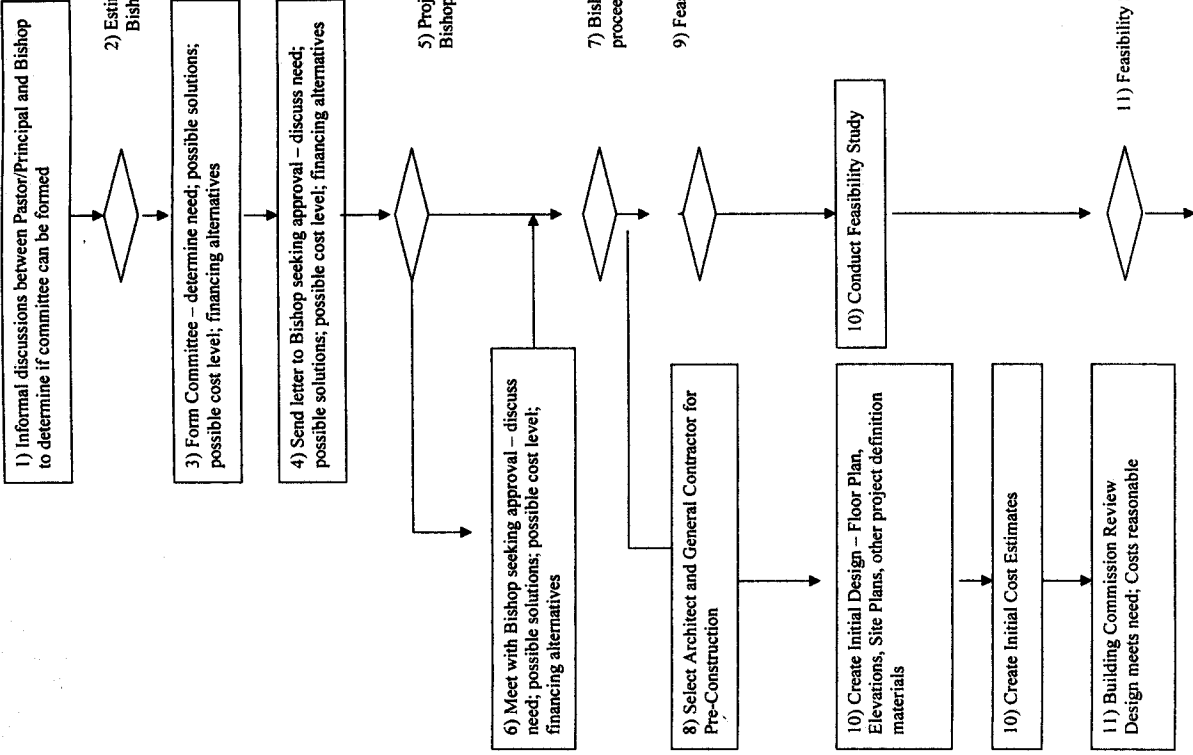
All Diocesan entities are required to seek the approval of the Bishop of Columbus before undertaking any construction project with a **total cost of \$50,000 or more**. A project may involve any number of contracts, some of which may have a value of less than \$50,000, but if in the aggregate, all contracts will total more than \$50,000, the policies in this section apply.

Policy 1402.1 & 1402.2 presents the steps and policies to be followed up to the point that the Bishop of Columbus approves proceeding with construction.

Policy 1402.3 & 1402.4 presents the steps and policies to be followed during construction. Depending on the type and complexity of construction, it is possible that one or more of the steps may not be required.

When contemplating a construction project, the entity should coordinate with the Superintendent of Buildings or Finance Office to verify the required steps.

PRE-CONSTRUCTION PROCESS

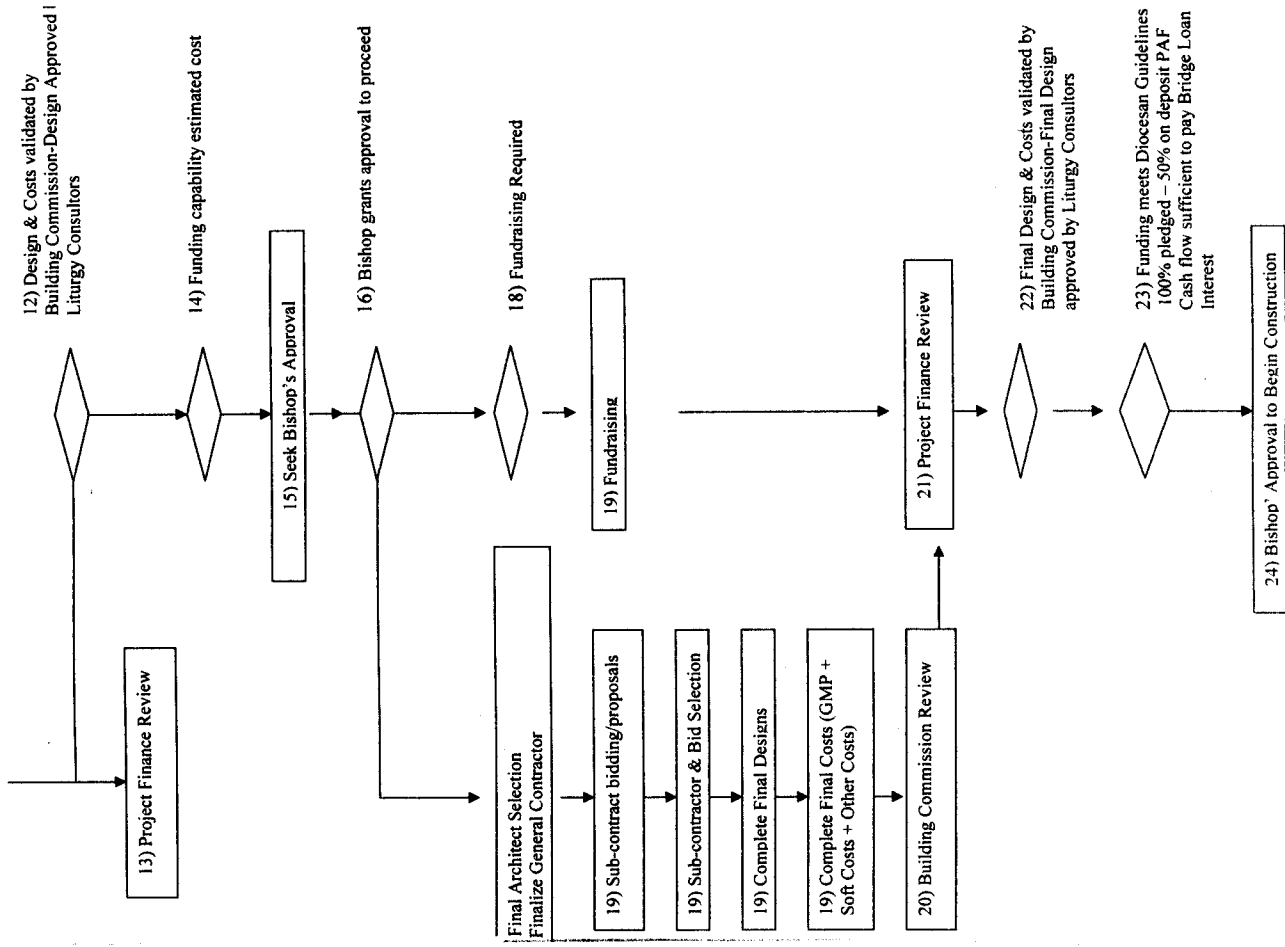


**Catholic Diocese of Columbus
Pre-Construction Process**

1402.1

STEP	PRE-REQUISITE	GROUPS INVOLVED
1) Informal discussions between Pastor/Principal and Bishop to determine if committee can be formed	Need for project identified	Bishop, Pastor/Principal, Supt of Bldgs
2) If estimated project costs > \$50,000	Bishop gives approval to proceed	Pastor/Principal, Supt of Bldgs Finance Office
3) Form Committee - determine need; possible solutions; possible cost level; financing alternatives	Bishop's approval to form committee	Pastor/Principal, Proj Committee, Bldg Supt, Liturgy Consultant-included Development Office
4) Send letter to Bishop seeking approval - present need; possible solutions; possible cost level; financing alternatives	If project > \$50,000;	Bishop, Pastor/Principal Project Committee
5) If project requires meeting with Bishop		
6) Meet with Bishop seeking approval - discuss need; possible solutions; possible cost level; financing alternatives	Requires Fundraising if project involves new build, scope is complex or parish finances not adequate.	Bishop, Pastor/Principal, Supt of Bldgs, Project Committee, Finance & Development Office
7) Bishop grants approval to proceed		
8) Select Architect and General Contractor for Pre-Construction Funds moved to PAF to pay construction costs & Invoices	Primarily when project is new build or major renovation	Pastor/Principal, Proj Committee Supt of Bldgs
9) Feasibility Study Required		
10) Create Initial Design-Floor Plan, Elevations, Site Plans, other project definition materials	Initial Designs Completed	Pastor/Principal, Proj Committee Architect & GC, Supt of Bldgs
10) Create Initial Cost Estimates	Feasibility Study Required Initial Design Complete Initial Cost Estimate Complete	Pastor/Principal, Proj Committee Development Office
10) Create Initial Cost Estimates	Initial Designs Complete	Pastor/Principal, Proj Committee Architect & GC, Supt of Bldgs
11) Building Commission Review Design meets need; costs reasonable	Initial Design & Cost Estimate Complete	Pastor/Principal, Proj Committee Architect, Supt of Bldgs.
11) Feasibility Study Complete		

1402.2 PRE-CONSTRUCTION PROCESS



1402.1

Catholic Diocese of Columbus
Pre-Construction Process

12) Den & Costs validated by Building Commission and approved by Liturgy Consultants	Initial Cost Estimates complete & validated by Building Commission Feasibility Study complete or Parish Financial Capabilities Summarized	Project Finance Review Committee
13) Project Finance Review	Building Commission Approval Project Committee Approval Liturgy Consultants Approval	Bishop, Finance Director, Development Director, **Liturgy Consultants/ Supt of Bldgs.
14) Funding capability-estimated cost Seek Bishop's Approval	Approval from Bishop to enter final design phase	Pastor/Principal, Proj Committee, Supt of Bldgs
15) Seek Bishop's Approval		Pastor/Principal, Proj Committee, Architect, GC, Supt of Bldgs.
16) Bishop grants approval to proceed		Pastor/Principal, Proj Committee, Architect, GC, Supt of Bldgs.
17) Final Architect Selection, Finalize General Contractor		Pastor/Principal, Proj Committee, Architect & G& Sub Contractors, Supt of Bldgs, Liturgy Consultants-included
18) Fundraising Require		Pastor and Committee Architect, Supt of Bldgs. General Contractor
19) Sub-contract bidding/proposals	Bids/proposals received from sub-contractors	Pastor/Principal, Proj Committee, Architect, GC, Supt of Bldgs.
19) Sub-contractor & Bid Selection	Architect, GC and Sub-contractors Selected	Pastor/Principal, Proj Committee, Architect & G& Sub Contractors, Supt of Bldgs, Liturgy Consultants-included
19) Complete Final Designs	Contractors and Bids selected	Pastor and Committee Architect, Supt of Bldgs. General Contractor
19) Complete Final Costs (GMP + Soft Costs + Other Costs)	Approval from Bishop to proceed with fundraising	Pastor and Committee Office of Development and Planning
19) Fundraising	Designs and costs substantially (i.e. 95%) finalized	Pastor and Committee Architect Building Commission
20) Building Commission Review	Final Costs determined-Funding in place (reserves plus fundraising)	Project Finance Review committee
21) Project Finance Review		
22) Final Design & Costs validated by Building Commission Final Design approved by Liturgy Consultants		
23) Funding meets Diocesan Guidelines-100% pledged, 50% on deposit in PAF, Cash flow sufficient to pay bridge loan		
24) Bishop Approval to Begin Construction	Building Commission Approval Project Finance Committee & Liturgy Consultants Approval	Bishop, Finance, Supt of Bldgs, Development Director, Liturgy Consultants - included

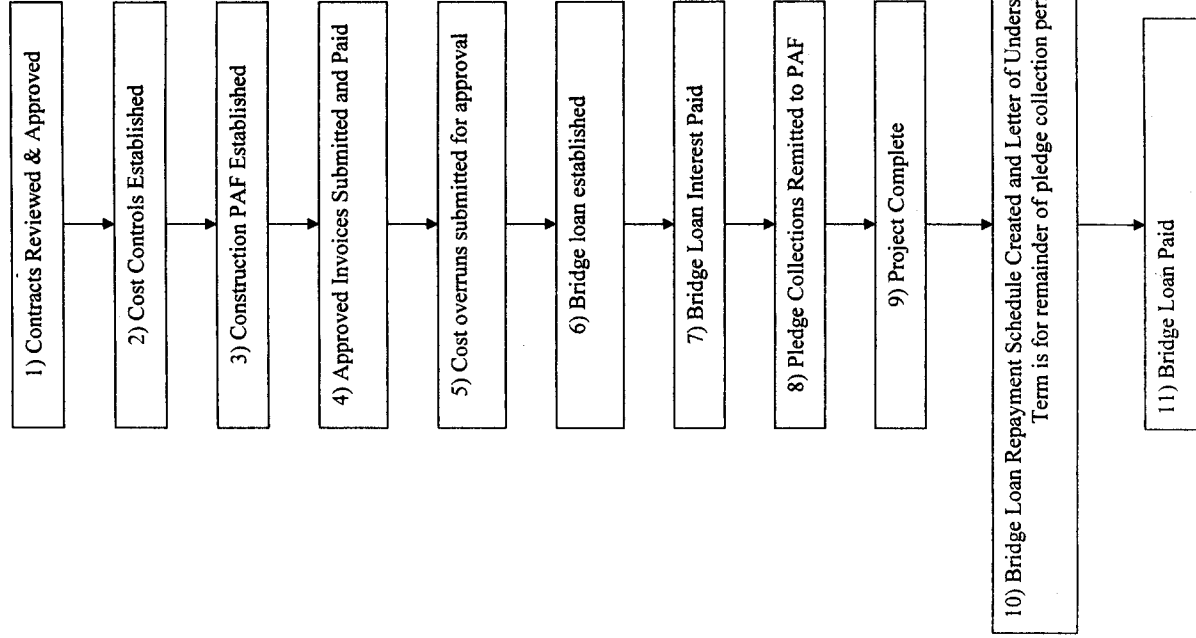
Catholic Diocese of Columbus
Post Approval Building Process

1402.4

POST-APPROVAL CONSTRUCTION PROCESS

1402.3

STEP	PRE-REQUISITE	GROUPS INVOLVED	DECISION
1) Contracts Reviewed & Approved	Contracts received from Contractors & other providers	Superintendent of Buildings Finance Office Bishop Kegler, Brown	
2) Cost Controls Established	Costs Finalized	Finance Office Superintendent of Buildings Finance Office	
3) Construction PAF Established	Letter to move funds to Construction PAF account received from Pastor	Finance Office	Payment of invoice does not cause project to exceed allowable costs
4) Approved Invoices Submitted and Paid	Invoices approved by Superintendent of Buildings received by Finance Office	Finance Office	Approval if funding acceptable
5) Cost overruns submitted for approval – Request for Change Order required for any change that will cause cost for project to exceed approved contracts – must be submitted before additional work is begun	Request for Change Order received along with letter itemizing how overrun will be funded	Bishop Finance Office Superintendent of Buildings	
6) Bridge loan established	Insufficient funds in Construction PAF to pay approved invoice	Finance Office	Payment of an approved invoice would cause balance in Construction PAF to be negative
7) Bridge Loan Interest Paid	Bridge Loan established	Parish	
8) Pledge Collections Remitted	Pledge collections at parish	Parish Finance Office	Add to Construction PAF if no Bridge Loan. Apply to Bridge Loan principal if Bridge Loan exists
9) Project Complete	Certificate of Substantial Completion Received Final invoices paid	Parish Superintendent of Buildings Finance Office	
10) Bridge Loan Repayment Schedule Created and Letter of Understanding Agreed Upon – term is remainder of pledge collection	Project Complete	Parish Finance Office	
11) Bridge Loan Paid	Loan Repayment Schedule in place	Parish Finance Office	





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1403.0 - Leasing of Diocesan Property

All property and facilities within the Diocese of Columbus are held in the name of the Bishop of Columbus in trust for each parish/school/agency or institution. The Bishop, by right of ownership, is the only person who can enter into a lease agreement for real property. Leases of Diocesan property or facilities to others will therefore be handled as follows:

- Leases of diocesan property or facilities are to be reported to the Diocesan Finance Office prior to any commencement of negotiations.
- The Bishop of Columbus will determine whether negotiations should proceed after discussing the transaction with the Diocesan Finance Office.
- Negotiations will be conducted by the Diocesan Finance Office, in conjunction with the pastor/principal/director or moderator and with the advice of diocesan legal counsel.
- All leases of Diocesan property or facilities must be signed by the Bishop of Columbus.

This policy also applies to leases of real property for use by a Diocesan entity. These leases are to be handled as follows:

- Leases of real property for use by a Diocesan entity are to be reported to the Diocesan Finance Office prior to any commencement of negotiations.
- The Bishop of Columbus will determine whether negotiations should proceed after discussing the transaction with the Diocesan Finance Office.
- Negotiations will be conducted by the Diocesan Finance Office, in conjunction with the pastor/principal/director or moderator and with the advice of diocesan legal counsel.
- All leases of real property or facilities for use by a Diocesan entity must be signed by the Bishop of Columbus.



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1404.0 - Tax Liability

The majority of church property is exempt from property taxes. The parish rectory is classified by each county as a residence, and is therefore taxable. For those situations where the rectory also serves as parish offices, only that portion used as a residence will be taxable.

Although all Diocesan property is held in the name of the Bishop of Columbus, it is the responsibility of the individual Diocesan entity, for whom it is held in trust, to manage property tax issues for the property.

The following procedures are to be followed:

1. When a building permit is processed, there are instances where this will cause property previously classified as tax exempt to become reclassified as taxable. The Diocesan entity is to contact the Finance Office, who will engage the Diocesan real estate attorneys to file a tax exemption request.
2. When new property is purchased, the Finance Office will engage the Diocesan real estate attorneys to file a tax exemption request, if appropriate. Please note that tax exempt status will not be granted in the year of purchase. Those taxes will be payable by the Diocesan entity for which the property was purchased.
3. When property is sold, the entity is responsible for assuring that all property tax records have been appropriately updated to reflect the sale and new responsibility for future property taxes.
4. Payment of property taxes is the responsibility of the Diocesan entity for whom the property is held in trust.
5. All property taxes, without exception, are to be paid when billed. If a tax exemption request has been filed and is pending, the property taxes are still to be paid. Once the tax exemption is granted, the taxing authority will refund the paid taxes.
6. When taxes are paid on a property that is in process of establishing tax exempt status, these taxes can be recouped after the status has been determined by filing a Remission of Taxes form. This is done through the Diocesan attorneys.



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1405.0 - Long Term Reserves for Repair & Replacement

It is recommended that each Diocesan entity establish a separate reserve for use in financing major repairs and replacement of facilities and equipment. Funding of the reserve should occur on a consistent (i.e. yearly) basis from excess funds generated from operations. Funding the reserve over time allows major capital projects to be funded in small increments instead of significant funds needing to be raised at one time. It will also increase the likelihood that funds will be available for major capital projects when they are needed. If the entity undertakes a Reserve Study (**Policy 1302.0**), the study will outline the level of annual investment that should be made to accomplish the replacement/repair schedule outlined in the study.



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1406.0 - Property Easements & Right of Ways

Easements and Right of Ways are common on most properties. Generally, they do not change often but when an event calls for a change, they are to be forwarded to the Superintendent of Buildings, who will forward them to the Finance Office.

The Finance Office will send the documents to the Diocesan attorneys for review and completeness. They will advise whether to proceed or make changes in these documents.

The Bishop will execute all approved easements and right of way documents in the same manner as any real estate transaction. He is listed as owner on all Diocesan property and only he can sign them.