Borrowing Funds from Diocese

2013

The Canons of the diocese of Alabama require involvement of the diocese whenever a parish contemplates borrowing an amount greater than 10% of the parish net disposable income or when property occupied by the parish must be pledged to secure the loan.

The required approval by the diocese is requested through the office of the Staff Officer, Administration and Finance. Parishes are expected to have a local attorney review all documents on behalf of the parish and should develop a business plan as part of their preparation for the approval process. The legal and financial documents must then be presented for review prior to action by the diocese. Documents should include written authorization of the intended indebtedness from the parish vestry and rector. The closing date for loans should be coordinated closely with the Staff Officer, Administration and Finance. The approval process can take up to 2 to 8 weeks depending on the availability of all parties to schedule meetings. Key leadership from within the parish may be needed to attend one or more meetings to review the request.

In the case of a secured loan involving property occupied by the principle parish buildings, the approval of the Standing Committee is also required. This approval is also requested through the office of the Staff Officer, Administration and Finance.

Note that when the loan is associated with construction or renovation of parish buildings, the Department of Architecture must approve conceptual drawings and the final plans prior to the issuance of final approval from the diocese. This process generally occurs well in advance of seeking final approval for the financial plan.

A careful review of the applicable diocesan canons is important. Canon 6, Section 6; Canon 7; and Canon 9, Section 6 is applicable. Awareness of Article III of the Charter of the Diocese is also recommended. These documents can be found on the diocesan website www.dioala.org
For more information and guidance through the approval process, parishes are encouraged to contact the Staff Officer, Administration and Finance as soon as the intent to borrow funds is identified.