

## Diocese of Covington

### Policies & Procedures Manual

Section: Assets

Policy: Sale of Long-term Lease of Property

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Sale or long-term lease of property requires the approval of higher authority in order for the transaction to be in compliance with the Code of Canon Law (see Canons [1281](#), [1292](#)). Church law is very clear and rather strict in order to insure that all necessary consultation and consent is given before such acts can be completed. These consultations and consents generally require an extended timeline. Acts of sale or long-term lease should be considered, and work should begin, well in advance of the expected sale/lease date. The Bishop of the Diocese must be informed well in advance of a parish or other institution's desire and intent to dispose of property in all cases.

The sale or long-term lease of church property is considered an act of extraordinary administration if the value of the transaction exceeds certain limits. If the act exceeds the limits, the permission of the Diocesan Bishop (and in some cases the Holy See) is required in order for the act to be valid.

#### REQUIRED APPROVALS

If the value of property to be sold or the value of the lease agreement is over the maximum canonical value (currently set at \$3,500,000), the permission of the Bishop and the Holy See is required.

If the value of the property to be sold or the lease agreement is less than the canonical maximum amount (currently set at \$3,500,000), but more than the canonical minimum amount (currently set at \$250,000), the permission of the Bishop is required **along with** the **consent** of the Diocesan Finance Council, the Diocesan Consulters and the parties concerned.

If the value of property to be sold or the value of the lease agreement is less than the canonical minimum value (currently set at \$250,000), the approval of the Bishop is required.

Permission of the bishop is required before entering into any agreement or transition for sale/ lease of property. This includes entering into a real estate contract for marketing and sale of property.

Before contemplating a sale, the parish should obtain an appraisal of the value of the property from a competent appraiser. For leases, a qualified lease appraiser should be used to establish the lease rate for property. These appraisals must be presented to the bishop prior to his acting on approval of the sale or lease.

All legal documents must be reviewed and approved by diocesan legal counsel prior to the initiation of the agreement. These include, but are not limited to, sales agreements, realtor contracts, lease agreements and sales contracts.

Parishes, schools and institutions must also conform to all requirements in the "Property Acquisition, Alienation and Leasing" section of the [Project Planning Procedures Manual](#).