

# 201 Sale of Property

## 201 SALE OF PROPERTY

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### **201.1 Phase I – Identification of Property and Permission to Evaluate Sale:**

#### **201.1.1 Identification of Property for Sale:**

The pastor will identify certain surplus property that may be considered for sale or lease.

#### **201.1.2 Permission to Evaluate Sale:**

After initial discussions with the Office of the Vicar Bishop and Director of DFREM regarding sale of the property, the pastor should make a written request to the Vicar Bishop for permission from the Archbishop to evaluate potential disposition of the property, including the reason for requesting alienation.

##### **Procedure:**

A) Departments affected by the purchase or lease will be asked to submit recommendations to DMS regarding the sale.

B) The parish should not take any further steps nor hire any consultant until the pastor has received written permission from the Archbishop to proceed.

#### **201.1.3 Considerations in Determining whether to Sell Property:**

The following questions should be considered in determining whether to

sell Archdiocesan property:

**Archdiocesan property:**

1. Why is the property no longer needed?
  - a. From a parish perspective?
  - b. From an Archdiocesan perspective?
2. Have all options been explored to insure the best use (including lease of the property) and/or highest purchase price?
3. If an unsolicited offer is received (e.g., to purchase vacant land), why should the offer be considered?
4. Have uses by Catholic Charities or other Catholic institutions or joint ventures with other Catholic institutions been considered?
5. What are the alternate uses for the property?
6. Do demographic/development trends indicate that the property may be needed in the future?
7. Has retention of the property to satisfy future needs of the Archdiocese been considered?
8. Will there be a Request for Proposal or other process to maximize price?
9. How will the proceeds from sale be used?
10. What is the expected use post-sale and is it consistent with the mission of the Church?

**201.2 Phase II - Feasibility Study:**

**201.2.1 Determining Required Feasibility Studies:**

Once the Archbishop's permission is given, DMS, with input from FREAC,

will determine whether and which feasibility studies will be required (e.g., a Needs Analysis Report showing verifiable need and sound reasoning to sell the particular property).

### **201.2.2 Development of Feasibility Study:**

Development of the Feasibility Study may require the creation or compilation of the following supporting documentation:

- Abstract of property, including physical details
- Parish financials for past 5 years
- Recent appraisal of the property
- Market study and demographic analysis of surrounding area
- Current Master Plan
- Proposed use of funds received and
- Operating expenses for property to be alienated.

### **201.2.3 Use of Third-Party Consultant:**

Where appropriate, DMS will recommend a consultant to work with the parish to develop the required Feasibility Study and any other necessary supporting documentation. The cost of the consultant's services will be borne by the parish. A DFREM project manager (PM) may be assigned to oversee the third-party consultant's services.

## **201.3 Phase III - Presentation and Approval of Sale:**

### **201.3.1 Presentation to FREAC:**

The pastor and Director of DFREM will present the plan to FREAC.

### **201.3.2 Presentation to Priest Consultors and BOFA:**

If FREAC recommends the sale of the property, the proposed transaction is added to the Alienation of Property Report presented to the Priest Consultors and BOFA.

### **201.3.3 Decision of the Archbishop:**

After receiving the evaluation of the Priest Consultors and BOFA regarding the sale of the property, the Archbishop will issue his written decision to the parish.

## **201.4 Phase IV - Request for Proposal and Selection of Offer:**

### **201.4.1 Request for Proposal:**

If approval to sell the property is given by the Archbishop, the PM and parish will prepare a Request for Proposal (RFP) to be sent out to the list of interested parties maintained by the DFREM. DFREM will assist in the creation of the RFP.

### **201.4.2 Selection of Offers:**

The pastor and DFREM will review all offers in response to the RFP and select the best ones to proceed to final analysis. DFREM will ensure that all offers are complete and responsive to all bid items in the RFP. If certain proposals are non-conforming or need further clarification, the pastor and DFREM may re-poll all of the RFP participants for a Best and Final Offer.

## **201.5 Phase V - Negotiation, Due Diligence, and Closing:**

The pastor will work closely with DFREM and the Archdiocesan Legal Counsel (ALC) to negotiate any and all necessary transactional documents, to assist the buyer with obtaining all necessary information required under the contract to complete the transaction in a timely manner, and otherwise to close the transaction successfully.

## **201.6 Archdiocesan Property Sales:**

Archdiocesan-owned property sales generally follow the procedures in this Policy, except that a parish and/or pastor may not be involved.

## **201.7 Unsolicited Offers:**

Review of unsolicited offers for the purchase of Archdiocesan real estate

generally follows the procedures in this Policy.

## **201.8 Fee for Services:**

When a parish or school is authorized to buy, sell, lease, or license real estate, the following policy approved by the Archbishop applies:

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### **Real Estate Sales**

- A 5% fee is due to the Archdiocese at closing or settlement, even if a third-party broker is involved.
  - This fee, along with any other financial obligations (e.g., pensions, loans, school fees, or debts), will be deducted from sale proceeds by Management Services.
  - Remaining funds will be deposited into the parish or school's IPLF account.
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### **Real Estate Purchases**

- A 5% fee will be paid to the Archdiocese at settlement when a parish or school purchases real estate.
  - This amount will be deducted from the parish or schools IPLF account or a check made payable to the Archdiocese is due at settlement.
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### **Leases & Licenses**

- The Archdiocese will collect a 5% fee based on the monthly rent value, even if a third-party broker is involved.
- Rents will be assigned to the Archdiocese of Baltimore Division of Risk Management, who will:
  - Deduct the 5% fee and any other financial obligations

(e.g., pensions, loans, school fees, or debts).

- Deposit the remaining funds into the parish or school's IPLF account.

### **New Leases or Licenses (as a Tenant):**

- A 5% fee will be paid to the Archdiocese at the start of the lease or license.
- This fee will be deducted monthly from the parish or schools IPLF account, or a check will be made monthly to the Archdiocese

### **For Existing Leases (in place before 7/1/2024):**

- This policy will apply when a tenant exercises an option to extend or renew the lease.

### **Exemption for Small Agreements:**

- Lease or license agreements with total rents of \$5,000 or less over a 12-month period are exempt from the 5% fee.
- Rents from these agreements will still be assigned to the Archdiocese of Baltimore Division of Risk Management and deposited into the IPLF account.

### **Real Estate Services for the fees above include:**

- Consultation services to identify the highest and best use of property (excludes cost of appraisal).
- Assisting parish or school with the contracting of third-party brokerage (excludes cost of third-party brokerage fees)
- Assisting parish or school with negotiations of business terms for sale or lease and preparation of legal documents.
- Title searches and coordination of civil and canonically required documents.

- Representation at public presentations and forums
- Research of credit worthiness of tenants and purchasers.

## **201.9 Approval Required for Third-Party Brokers:**

Third-party brokers will be pre-qualified by DFREM for real estate transactions and will need to use AOB listing agreements. Third party brokers that are not pre-qualified will be screened by the DFREM and are required to use the AOB listing agreement and meet professional licensing and insurances standards.

## **201.10 Repayment of Debts:**

When a parish/school building is sold, net proceeds shall first be used to repay any debts owed by the parish or school to the Archdiocese, including but not limited to debts owed for:

- Insurance
- Cathedraticum taxes
- Previous unpaid Special Assessment of Parishes for the Support of Catholic Schools
- Unfunded pension obligations
- Outstanding loans from the parish or school from the Inter-Parish Loan Fund (IPLF) or other loans from the Archdiocese
- Any other unpaid obligations of the parish or school.

## **201.11 Temporary Limitations on the Use of Proceeds from the Sale of Property of Certain Parishes in the Urban Vicariate and Others:**

The “Seek the City to Come” is a multi-year re-visioning and evangelization process beginning in FY2023 and not expected to end until approximately FY2025. The results of this process are expected to produce significant changes for the Roman Catholic parishes in Baltimore City and surrounding areas.

Parishes effected by this temporary policy include: (from the Baltimore City) Our Lady of Pompeii, Sacred Heart of Jesus, St. Athanasius, St. Rose of Lima, Catholic Community of South Baltimore, St. Vincent de Paul, St. Leo, St Patrick (Broadway), Holy Rosary, St. Casimir, St. Wenceslaus, St. Francis Xavier, St. Ignatius, St. Ann, Basilica of the Assumption, St. Alphonsus Shrine, Corpus Christi, Immaculate Conception, St. Peter Claver, St. Gregory the Great, St. Pius V, St. Veronica, Transfiguration, St. Benedict, St. Joseph Monastery, St. William of York, St. Bernardine, St. Edward, St. Cecilia, New All Saints, St. Ambrose, St. Thomas Aquinas, Shrine of Sacred Hearth, Cathedral of Mary Our Queen, SS. Philip and James, Blessed Sacrament, St. Mary of the Assumption (Govans), St. Matthew, St. Rita/Sacred Heart of Mary, St. Dominic, St. Francis of Assisi, Shrine of the Little Flower, St. Anthony of Padua, Most Precious Blood (from West Baltimore County) Our Lady of Victory; St. Agnes; and Our Lady of the Angels (from North Baltimore County) St. Pius X, Immaculate Heart of Mary/St. Thomas More,(From East Baltimore County) St. Michael the Archangel /Church of the Annunciation /St. Clement Mary Hofbauer, Our Lady of Mount Carmel/ St. Clare, Our Lady of Hope, Dundalk /St. Luke, Edgemere.

The implementation of the visions that results from these meetings will no doubt take several years and possibly decades to accomplish. This policy attempts to clarify best use of cash proceeds that are received during the course of this re-visioning process from the sale (canonical alienation) of parish property that in accordance with Canon 1291 is considered part of the “stable patrimony” of the parish.

**Policy:** During the time this policy is in force the proceeds from the sale of parish property for the locations listed above will be held in a standard interest bearing IPLF deposit account for the parish. The IPLF records will establish a “Deposit in Trust” sub-account. Interest income shall be added to the stable patrimony. These proceeds will remain the property of the parish but will be available to the parish for the following purposes:

1. To pay the fee for services per policy 201.8. A decision on the

timing of when the payment is required will be made by the Archbishop of Baltimore when a full “vision” of the neighborhood for the parish is known.

2. To pay the debts per policy 201.10 for insurance, cathedraticum and special assessments for the support of Catholic Schools. A decision on the timing of when payment is required will be made by the Archbishop of Baltimore when a full “vision” of the neighborhood for the parish is known. Unfunded pension obligation and IPLF loans will be paid when due.
3. If the parish property that is sold provided rental income for parish operations, a portion of the proceeds as allowed by the Archbishop may be used for general parish operations. The amount may not exceed the annual rental income.
4. If life safety issues exist within other operating structures owned by the parish, the sale proceeds may be used to cure the issues with the approval of the Archbishop.

Final resolution of the “Deposit in Trust” subaccount will be made by the Archbishop when a full “vision” of the neighborhood for the parish is known.

**Effective Date of 201.11:** The policy is effective fiscal year 2023 for a period of five years. The Archbishop must specifically renew this policy if it is to continue beyond fiscal year 2028.