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Diocese of Missouri
THE EPISCOPAL CHURCH

To: Diocese of Missouri Vicars, Bishop's Wardens, and Mission Treasurers
From: The Rev. Jerre Birdsong, Standing Committee President
Re: Requirement for Bishop/Standing Committee approval for (1) incurrence of debt and (2) purchase, sale, lease of property

Our mission as the church rightly keeps us primarily focused on ministry and worship. As such, we sometimes have a tendency to let our corporate governance slip. If left unchecked, this can lead to circumstances which detract from our ministry as we have to take the time to deal with the aftermath of ignoring good corporate governance.

Canon IV.9 is fairly clear regarding debt and property issues for missions:

SECTION 1. No indebtedness shall be incurred by a Mission without the prior written approval of the Bishop by and with the advice and consent of the Standing Committee.

SECTION 2. No Mission shall acquire (whether by purchase, lease, gift, or otherwise), encumber or alienate any real property or any part thereof or interest therein without the prior written approval of the Bishop by and with the advice and consent of the Standing Committee.

SECTION 5. No approval of any indebtedness or encumbrance shall be considered until a plan of amortization has been submitted to the Bishop and Standing Committee. The plan of amortization of indebtedness incurred for operational expenses shall include provisions for payment or discharge of such indebtedness within three years.

While the lease of part of a church building would generally fall under Section 2, what is not always clear-cut is whether a property use agreement meets the standard of encumbrance or alienation. In general, an agreement giving someone the right to exclusive use and possession of a particular piece of property or the building would require approval under Section 2. If you have a lawyer in your congregation, I advise that you get them to review your property use agreements to obtain their opinion whether they meet the encumbrance or alienation standard requiring approval.

Also, it is very important to ensure that anyone who signs contracts on behalf of the mission have the legal authority to do so. A mission church is not separately incorporated and as such, contracts will be entered into for the benefit of the mission by the Corporation of the Episcopal Diocese of Missouri. Acting in the name of an unincorporated entity may result in unexpected liability.

With the availability of our Canons on-line, banks and title companies can very easily know these requirements. We have recently had an instance of a borrowing under a line of credit being denied by a bank because the bank found the requirement for approval, which had not been obtained. In another instance, a title company denied the sale of a property at closing, again because they found the requirement for approval, which had not been obtained.

For any questions regarding these requirements, please contact the Canon to the Ordinary.

A handwritten signature in blue ink that reads "Jerry Birkong". The signature is written in a cursive style with a large, looping initial "J".