
ACQUISITION AND OWNERSHIP OF PROPERTY POLICY

1. INTERPRETATION

Unless inconsistent with the subject matter or context:

- 1.1 'Congregation' shall mean congregation, parish or subsidised field.
- 1.2 'Property' shall mean land, plant/buildings, capital additions or improvements including road making, kerbing, drains, footpaths, capitalised legal expenses and the like.
- 1.3 'Cost' shall mean 'total capital expenditure' incurred by the District on the property as defined in (b) above, less any capital grant made to the congregation by the District.
- 1.4 'Financial responsibility' shall mean 'ownership of and liability for' the property including the loan interest.
- 1.5 'Project' shall mean any or all of the following: land, church, hall or manse or the like.

2. PREAMBLE

Wherever it is necessary for the District to acquire property for use by a congregation and thus become involved in long-term capital and interest commitments for which provision may need to be made in the annual budget of the District, it is a requirement that such property shall become the property of the congregation so assisted, as soon as possible.

- 2.1 As a general rule the District shall not provide property for a congregation indefinitely at District expense.
- 2.2 Full financial responsibility for the property shall, as soon as possible, be assumed by the congregation using the property.
- 2.3 Wherever practicable, the assumption of financial responsibility for property shall be part of the total program of a congregation from its inception.
- 2.4 The District, in convention, shall at all times have the right to establish a new field which may include the provision of the necessary property at District expense, but when financially strong enough the field shall assume responsibility toward the capital cost of the property as determined by mutual discussion between the field and the Council for Ministry Support, subject to approval by the District Church Council.
- 2.5 When considering the establishment of a new congregation, the Council for Ministry Support shall take into account the financial implications, being aware of all aspects in the light of the following rules and being reasonably assured also of the congregation's ability to assume financial responsibility.

2.6 The application of this policy shall be preceded by consultation between the congregation and the Council for Ministry Support.

3. RULES

3.1 A congregation using District-owned property shall be required to assume:

3.2.1 responsibility for maintenance, rates, insurance and the like from the time of its establishment as a congregation;

3.2.2 financial responsibility for such property from:

(i) the date of its establishment as a congregation if the property had been acquired before its establishment as a congregation; or

(i) the date of acquisition of property and/or completion of improvements thereon by the District on its behalf, and with its agreement.

3.2 The District shall transfer a property to a congregation on the following conditions:

3.2.1 Repayment to the District shall cover all costs incurred by the District (less any capital grant made to the congregation by the District).

3.2.2 To ensure that the cost at which the property is transferred bears some relationship to current market value, the original net cost to the District shall be increased as under:

(i) in the case of a manse, by interest, compounded annually at the rate applicable from time to time, in respect of Lutheran Laypeople's League loans;

(ii) in the case of non-residential property, by interest compounded annually at half of the rate applicable from time to time, in respect of Lutheran Laypeople's League loans.

3.3 Where the property to be transferred forms part of a property which may have been acquired or purchased in broad acres, a fair and reasonable value of the property shall be determined by mutual discussion between the congregation and the District Church Council in consultation with the Administrative Support Committee, having regard to appropriate current market values.

3.4 Where property purchased by the District for its own use is transferred to a congregation, the sale value shall be determined by mutual discussion between the congregation and the District Church Council in consultation with the Administrative Support Committee, having regard to appropriate current market values.

3.5 A congregation shall make repayment over a period of years mutually agreed upon by the Congregation and the Council for Ministry Support, subject to District Church Council approval, for a period

generally up to ten (10) years but not exceeding twenty (20) years from the date of assuming financial responsibility. Interest shall be charged half yearly on the outstanding balance at the rate applicable from time to time in respect of Lutheran Laypeople's League loans. However at the discretion of the District Church Council, interest on the outstanding balance may be waived in appropriate circumstances, for a period of up to three (3) years from the date on which the congregation assumes financial responsibility for the property.

3.6 The District may provide assistance in one or more of the following ways to help a congregation to assume financial responsibility for the District-owned property provided for its use:

3.6.1 Endorsement and guarantee of a loan from the Lutheran Laypeople's League. Under no circumstances shall the District undertake the guarantee of a loan from any other source.

3.6.2 A capital grant may be made available by the District to a congregation for any project approved by the Council for Ministry Support and the District Church Council, the amount being determined after careful examination of the particular circumstances of the applicant.

3.6.3 The District Church Council, on the recommendation of the Administrative Support Committee, may grant assistance, on an annual reducing scale, generally for three (3) years, to a congregation to assist in the payment of interest charges associated with the acquisition or taking over of a property.

3.7 When a congregation has completed repayment to the District, the District shall acknowledge the congregation's ownership by the execution of an appropriate Declaration of Trust in accordance with the provisions of the District's Act of Incorporation.

3.8 As a general rule a congregation shall not advance the financial obligations arising from the assumption of financial responsibility for its property as a reason for a reduction in its planned support for the District or for an increase in District subsidy.

3.9 These rules have been effective since 1 April 1990.

06/12/05