

Acquisition of premises by purchase or lease

1. This note outlines the procedures relevant to the purchase or lease of properties by URC Thames North Trust (“TNT” or “the Trust”) as trustee for local churches. The procedures apply to all acquisitions whether freehold or leasehold, residential, or for church use.

Charity law procedure

2. There are no specific provisions to be observed to comply with charity law when acquiring property. The Charity Commission publication CC33 “Acquiring Land” contains some guidance on relevant considerations. This is available from the Commission on 0845 or its website www.charitycommission.gov.uk/publications or ordered from 0845 3000 218.

Approvals

3. When a church wishes to acquire a property, church meeting should give approval in principle. The purpose for which the property is to be used should be decided in order that a suitable property might be found and terms negotiated. It is often advisable to appoint a working group, particularly for residential property, to oversee the process on behalf of the church meeting.

4. The availability and sources of funds should be clarified. Approval of the Synod through its Grants, Loans and Property (GLP) Committee to the purchase should be sought through the Area Committee. The approval may be for a maximum expenditure for a type of property or for a specific purchase depending on circumstances.

5. When a potentially acceptable property has been identified, church meeting approval for the purchase and price should be obtained in support of the intentions of the working group or elders’ meeting. This decision must be made before contracts are exchanged, which commits both parties, but the legal process can be put in hand to avoid delaying the transaction.

Resolution A copy of the resolution of the church meeting should be sent to the Trust, and, if Synod approval is required, to the Synod and the Area Committee. The copy minute, even if incorporated in a letter, should be a direct quotation from the minutes, show the date of the meeting, and certified as a true extract by an officer of the church (ie the minister, secretary or treasurer) or the person chairing the meeting. A photocopy should be certified in a similar way.

Finance

6. Serious searching for a property should not commence until funding is secured and approved. Should the Church not hold sufficient funds to meet the purchase price, associated fees and any follow-on work, arrangements to cover the balance should be established when approval in principle is being sought from the Synod through GLP Committee. It is sometimes possible to obtain assistance from the Synod. Should mortgage finance be required, it will be necessary to comply with procedures prescribed by charity law. Advice should be sought from the Trust at an early stage of planning the purchase.

Residential property

7. When it is proposed to purchase a dwelling, the local church should define the type of property and the desired area. Where the property is to be used as a manse it will be necessary to follow the guidelines approved by the General Assembly in 2003, detailed in Appendix D of the Plan for Partnership in Ministerial Remuneration. This can be found at www.urc.org.uk/our_work/committees/finance/plan_for_partnership.htm. Contact may be made with local estate agents and potentially suitable properties inspected. It may prove useful to obtain a copy of the Home Information Pack for a property for which the church is considering making an offer. Representatives of the local church should carry forward negotiations with the agent/vendor with a view to agreeing the purchase price with the usual caveat: "subject to survey and contract". The offer should take account of initial work likely to be done to the property to put it into good order before occupation.

8. The Trust requires a full survey report on the property by a qualified building surveyor independent of the vendor's agent (not the abbreviated house buyer's report commonly obtained by private purchasers). The merits of the purchase and/or the price to be paid may need reconsideration in the light of the report. The surveyor should be instructed to include advice on the amount for which the building should be insured. If the Church arranges the survey, a copy of the report must be sent to the Trust. If the Church wishes, the Trust will arrange the survey, and will send a copy of the report to the Church.

Non-residential property

9. The terms of any non-residential purchase or lease should normally be negotiated on behalf of the church and the Trust by a surveyor appointed by the Trust. The Trust will require a report from the surveyor confirming

- that the property is suitable for its intended use;
- that the price or rent to be paid is a fair one; and
- where applicable, a description of work needed to put the property in good order or to adapt it to the intended use and provide an assessment of the costs.

The merits of the purchase/lease and/or the price/rent to be paid may be reconsidered in the light of the report.

Legal

10. The Trust will instruct solicitors to deal with the conveyancing process. They will inform the church and the Trust of any planning restrictions, or covenants which might conflict with the intended use, and any unusual conditions in a proposed lease. Before entering into the formal agreement, the Trust and church will need to agree the terms.

Fees and charges

11. The charges for surveyors, solicitors and the Trust's fee are payable by the local church. The basis of charge or specific fee proposal of surveyor and solicitor be obtained in advance for individual transactions. The Trust's charge is determined in accordance with its current list of charges (see Guidance Note 11) and can also be indicated at the outset. Some fees may be payable even if an intended purchase is abandoned.