

Anglican Church Property Trust Diocese of Sydney (“ACPT”) Loan and Mortgage Policy

Name of Policy

1. This policy is the, “ACPT Loan and Mortgage Policy”.

Commencement of Policy

2. Subject to ACPT Board approval, this policy is effective 25 October 2013.

Delegation

3. SDS management is authorised to execute loan and mortgage documentation under power of attorney pursuant to the terms of this policy.

Scope of Policy

4. A proposed loan and mortgage will fall within the scope of the ACPT Loan and Mortgage Policy if certain subject land has been authorised to be mortgaged as security for a loan. Unsecured loans also fall within the scope of this policy, excluding mortgage requirement conditions precedent.

Conditions Precedent

5. The following documents / requirements are Conditions Precedent for execution of Loan and Mortgage documentation –
 - a) *Current trust instrument* authorising the proposed sale, ie. an ordinance or Will with mortgaging powers and, where applicable, loan authority;
 - b) *Appropriate trustee’s limitation of liability clause* to be included in loan facility documentation – whereby recourse to the ACPT is restricted to assets held on trust for the specific beneficiary parish/diocesan organisation;
 - c) a *resolution* of the majority of parish council is held acknowledging that the parish council considers that the loan can be serviced, and requests the ACPT to accept the loan, while noting that neither ACPT nor SDS will undertake a credit risk due diligence on the loan offer, and that the ACPT will accept the loan, expressly on this basis;
 - d) *Parish Council Consent* signed by a majority of the Parish Council that, inter alia, includes details of the: lending institution; amount to be borrowed; land to be mortgaged (where applicable); and a statement of the purpose for which the loan funds are to be used;
 - e) *Australian Lawyer’s Certificate* supplied by the Australian Lawyer acting for the Parish / ACPT (not required for Glebe Administration Board or Finance & Loans Board loans); and
 - f) *Summary* of key loan terms and statement from SDS Lending Manager about adequacy of servicing capacity to be held (in relation to F&L Board and/or GAB loans only).

Loans and Mortgages for Diocesan Organisations

6. This ACPT Loan and Mortgage Policy continues to apply where the ACPT is the owner of land to be mortgaged on behalf of a diocesan organisation, except in lieu of Parish Council Consent, the Chief Executive Officer (or equivalent position) of the diocesan organisation is to provide reasonable written evidence that the proposed loan and mortgage has been approved by the governing board or committee of that organisation.

Review of Policy

7. Communication to Standing Committee explaining the ACPT's "Bare trustee" position in relation to accepting loan offers on behalf of parishes / diocesan organisations.

The Standing Committee has been informed at its meeting of 9 December 2013 that from the date of this Policy when a mortgaging ordinance is approved by the Standing Committee, the Standing Committee does so in the knowledge that should ACPT subsequently accept a loan offer from GAB, F&LB and/or a third party lender as debtor/mortgagor on behalf of a parish / diocesan organisation, neither SDS nor ACPT will undertake any credit risk due diligence to demonstrate that the loan is able to be serviced. Rather, should ACPT resolve to accept a loan offer from a financier, ACPT will do so relying on the originating financier's internal credit risk analysis.

8. Unless reviewed earlier, this policy is to be reviewed by the ACPT Board during 2018.

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Head of ACPT

James Cartwright,
Manager, ACPT

17 October 2013