

# Document 1

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## Convention of 1964

In Section 3, the exception in the provisions on the encumbrance of property, permitting the refinancing of an existing loan without the permission of the bishop and standing committee or council of advice, was repealed.

## Convention of 1979

Clause (5) of Section 1 was amended to its present wording.

Sections 4 and 5 were added by this Convention. (*Journal*, pp. B-60, D-154. The account of this legislation does not appear under "Concurrent Actions." The reference in the index is to a related action.)

## EXPOSITION OF CANON I.6

Section 1, clause (1), of the present canon requires the deposit of trust and permanent funds and all securities with a federal or state bank or diocesan corporation or with some other agency approved in writing by the finance committee or department of finance of the diocese under a deed of trust or an agency agreement providing for at least two signatures on any order of withdrawal.

An exception is made for funds and securities refused by the depositories named as being too small for acceptance.

Few lay members of the Church are familiar with this canonical provision. Clergy to whom this canonical requirement is known frequently neglect to call the attention of the wardens and vestry to its provisions. Experience has taught that frequent changes in parish treasurers and lay leadership contribute to imperfect record keeping. Records of trusts, permanent funds, and securities are easily misplaced through lack of business-like procedures at the parish and mission level. While the provisions of this canon do protect against wrongdoing, their main purpose is to ensure business-like procedures. They are important for the protection and safeguarding of Church property and their existence should be generally known within the Church. Bishops and rectors should be alerted to instruct treasurers and those charged with Church funds about the obligation the Church has imposed for the special protection of such funds.

Clause (2) prescribes the form of records of trust and permanent funds to be kept.

Clause (3) provides for the bonding of treasurers and custodians, other than banking institutions, of funds in excess of five hundred dollars during the fiscal year.

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Clause (4) provides for book audit.

Clause (5) requires an annual reports with the Ecclesiastical

Clause (6) requires adequate i

Clause (7) authorizes the fina of a diocese to require copies of section to be filed with it and convention upon its administra

Clause (8) prescribes a unifor

Section 2 requires each dioces by this canon by the enactme provide for a finance committe

Section 3, governing the powe authorized by civil or canon law property, requires particular atten by this section applies not only to also to an institution, so that th forbidden by it to encumber o written consent of the bishop a regulations prescribed by dioces

State laws control the conveyin each case which arises must be de of the property. This is recognize section that gives power to dioces local canon for the encumbrance of from that prescribed by this canon

Dr. Dykman commented on reference to the State of New Yo

The power of the General Convention over governed as it is by the law of the state in situation it has been held that the creatio governed by the law of the Church in sp corporation created by the state. (*Fiske v*

However, in spite of the provisions of S of New York, containing the same requir the state up to the time of its enactment. property of an incorporated Protestant Ep a judgment for moneys due on a contract *the Nativity v. Fleming*, 174 Misc. 473, at