



Purchases

Information and guidance on purchasing a new property to be placed on the Model Trusts

 Updated 20 Jun 2017

Purchases

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Introduction

Managing Trustees decide to buy property for many reasons including but not limited to the purchase of a new Manse, land on which to build a new church that meets the needs of today's congregation and land to enable re-development of an existing church site. There are also circumstances where property is transferred to the Methodist Church as a gift from a church member or where land is transferred from a neighbouring land owner to rectify a title problem. Managing Trustees, as charity trustees, will need to carefully consider whether the land or building they have identified is suitable for Mission purposes. There may be factors such as whether any repairs or alterations will be required and whether the same have been budgeted for, is the land or building in the right location, can the land or building be used for its intended purpose, if the property is to be used as a Manse does it meet the required standards under Methodist Standing Orders and can the Managing Trustees fund the purchase?

A purchase can be very exciting but it is important not to get carried away and to always heed the advice of the Managing Trustees' surveyor and legal adviser as to whether the deal on the table is a good deal for the charity and whether the Church is acquiring good title. It is important to ensure that any issues such as there being no rights of access or structural problems are identified and addressed before exchange of contracts and decisions taken as to whether it really is in the best interests of the charity to proceed.

The Role of TMCP

All new land and property acquired by the Church must be held on the Model Trusts set out under Part III of Schedule 2 to the Methodist Church Act 1976 (Model Trusts). This is a requirement under Standing Order 901. This means that the legal title will be held by TMCP, in its capacity as Custodian Trustee, on trust for the local Managing Trustees.

The role of TMCP Legal in relation to a purchase is to ensure that the charity law and Methodist law, policy and best practice requirements and procedures relating to the purchase of property which will be held on the Model Trusts have been met. TMCP Legal will also help Managing Trustees' solicitors to ensure that the transaction TMCP is being asked to enter into as Custodian Trustee is otherwise lawful and in the best interests of the charity.

Charity law and Methodist law, policy and best practice requirements on purchases

Although the legal requirements on a purchase can be seen as less onerous than on a sale, there are requirements under the Charities Act 2011 (2011 Act) as well as Methodist law, policy and best practice that will need to be fulfilled before a purchase can proceed.

In summary the Managing Trustees will need to:

- log a project on the [Consents Website](#) so that the three levels of consent can be entered
- obtain a purchase survey (including a valuation) for review and approval by TMCP
- obtain confirmation as to whether the seller is connected to the charity within the meaning of s.118 of the 2011 Act
- watch out for any potential conflicts of interest and take steps to address such conflicts
- ask their legal advisers to ensure that the draft purchase contract, transfer and/or lease include the [Purchase Template Clauses](#) and that the draft documents are sent to TMCP Legal for approval
- ask their legal advisers to investigate title to the property and confirm to TMCP that the Methodist Church is acquiring good title;
- confirm whether the property is suitable for its intended use by the Methodist Church; and
- ensure that funding is in place

Purchase Guidance

The Purchase Guidance Notes produced by TMCP aim to help Managing Trustees navigate their way through the charity law and Methodist law, policy and best practice requirements on purchases.

On any purchase or transfer of land or a building to the Methodist Church please utilise the following resources :

- [Purchase Checklist](#)
- [Purchase Guidance for Managing Trustees](#)
- [Purchase Guidance for Solicitors](#)
- [Purchase Template Clauses](#)
- [Purchase FAQs](#)

If you are considering purchasing a new build property:

- [Purchase of a New Build Focus Note](#)
- Lease to TMCP Template Clauses

If you want the purchase to be considered as a replacement project:

- [Replacement Project Focus Note](#)
- [Methodist Property Consents](#)

If you are using funding held on the Model Trusts:

- [Money out](#)

If the Managing Trustees or their solicitors would like any further guidance please do not hesitate to contact TMCP.

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