

## GENERAL GUIDELINES AND SUGGESTIONS FOR QUICK APPROVAL OF LODGE SERVICE COMMISSION APPLICATIONS

### All Applications - General Considerations

1. **Be certain to enclose all attachments called for in the application.**
2. The function of the Lodge Service Commission is to **help** you complete your project in compliance with The Code.
3. Make sure that the application is both **clear** and **complete**. Incomplete applications cause frustration and delay.
4. Some items requested on the application can be deferred, others can not.
5. An application must be approved **before** the lodge can legally act in any matter covered by Regulation 43-05.
6. If you are in doubt, call and ask.

### All Applications - Finances

7. The dues of the Lodge must be adequate to meet its current and projected operating expenses, **including debt service**. REG. 85-01. Years of experience have shown that, contrary to popular belief, raising dues **WILL NOT** result in a significant loss in membership.
8. The lodge must have a budget and audit Reg. 61-03.
9. If the Lodge has failed to adopt a budget or have its finance committee perform an audit, it should have its finance committee perform an audit and adopt a budget for the current year before filing the application. The lodge should also indicate its intention to observe the Regulation 61-03 in the future. If the application is to sell property the suggestion may be impractical in terms of bringing the Lodge into compliance before submitting the application.
10. When evaluating Lodge finances for approval of borrowing or a building project, the Lodge Service Commission **can not** consider pledges or anticipated gifts in evaluating an application. REGS. 76-12, 77-09, & 85-01.
11. Make sure that the financial information that accompanies your application is both **clear** and **complete**.

### Corporations and Joint Ventures

12. A Lodge may not incorporate without the approval of the Grand Lodge, see Section 4-06 and Regulation 43-08(1)(D & E) of THE CODE.
13. If the lodge is incorporated or a previously organized building corporation will conduct the project, forward with the application a copy of the charter and by-laws.
14. If the building program calls for a corporation to be organized, request a copy of the standard form articles of incorporation and by-laws from the Lodge Service Commission. After adapting the standard forms to your situation forward an exact copy of the proposed charter and by-laws to the Lodge Service Commission with the application **before** the charter is applied for.
15. The Lodge Service Commission will not permit subordinate lodges to participate in any joint enterprise or corporation which is not subject to Grand Lodge and Lodge Service Commission jurisdiction. The majority of the directors should be appointed by subordinate lodges.

16. Except in cities with populations in excess of 100,000, the Lodge Service Commission will not allow the formation of more than one multiple component corporation in a jurisdiction.

17. The Lodge Service Commission will require existing building corporations to conform to its standard form articles of incorporation and by-laws.

### **Real Estate - Sales**

18. A proposal to sell real estate belonging to a Lodge should be proposed in writing at a Stated Communication, published to the members, and then be voted on at a subsequent Stated Communication at least 28 days after the Stated Communication at which the proposal is introduced.

19. Chapter 44-7 Uniform By-Laws does not include mandatory or suggested language concerning the sale of real property by a Lodge. The appropriate place to include language would be Article 18. The Lodge Service Commission suggest the following language:

#### Article 18

A proposal to sell real property belonging to the Lodge shall be proposed in writing at a Stated Communication, published to the members, and then be voted on at a subsequent Stated Communication at least 28 days after the Stated Communication at which the proposal is introduced.

20. After a Lodge, at a Stated Communication, votes to sell real property it owns, Officers, the Master and Secretary, or other members authorized by the resolution adopted by the Lodge, may enter into an arms length business like contract to sell the real property identified in the proposal without prior approval from the Lodge Service Commission, Grand Master, or Grand Lodge, **PROVIDED** that the contract explicitly states that it will not be binding on the Lodge until it is approved by the Lodge Service Commission, Grand Master, or Grand Lodge.

21. All contracts to sell real property should be signed in the Name of the Lodge and **not** in the Name of the Trustee.

22. The following language should be included in **any and every** contract a signed in the Name of the Lodge:

Neither this contract nor any portion there of will be binding on \_\_\_\_\_ Lodge # \_\_\_\_\_ A. F. & A. M. unless and until it is approved in writing by Lodge Service Commission, Grand Master, or Grand Lodge of Ancient Free and Accepted Masons of North Carolina.

See LSC Form 3, Offer to Purchase and Contract Grand Lodge of North Carolina Addendum.

23. After a contract is signed by the Lodge and the Buyer it should be immediately forwarded to the Grand Secretary and the Chairman of the Lodge Service Commission.

24. Experience shows that the manner in which Lodges hold real property may be unfamiliar to the closing attorney the Buyer will choose. The Lodge Service Commission will be happy to assist the closing attorney in addressing the concerns he or she may have.

### **Real Estate - Purchases**

25. If you are purchasing a piece of real estate you **may** contract for the purchase prior to getting Lodge Service Commission approval **IF AND ONLY IF** your obligation under the contract is expressly conditioned on its approval by the Lodge Service Commission. If you are in doubt, hire a lawyer, you'll need one to complete the deal anyway.

26. The title must be carefully examined by a competent attorney-at-law. A copy of the Attorney's Preliminary Opinion of Title must be received before final approval will be given.

27. Be sure to request the attorney to check zoning and other local land use regulations to verify that the property can be used for a lodge and include the results of this check on his opinion of title.

28. The title opinion and similar requirements of the application can be deferred, however, these requirements must be met and if they are deferred your obligation to complete the transaction must be subject to the requirements being met to the satisfaction of your attorney and the Lodge Service Commission.

### **Real Estate - Title**

29. If the Lodge is not incorporated, it **must** have **trustees** to hold title to real estate. REG. 60-09. The Trustees must be provided for in the **by-laws** of the lodge, not merely by a resolution. REG. 60-05.

30. The title to real estate must be in fee simple, absolute and unqualified, without reversion of any kind, and without encumbrance, except a deed of trust to secure the payment of money for the purchase. Section 4-07 and REGS. 25-01 & 02.

31. The title must be in the lodge trustees, or in the building corporation, if there is a corporation organized to promote the project, or name of the lodge corporation if the lodge itself is incorporated. REG. 60-09 and REG. 43-08(1)(D & E).

32. The deed shall show the trustees of the lodge by their respective names, as grantees, REG. 68-09. For example:

"AB", "CD" & "EF", trustees of \_\_\_\_\_ Lodge No. \_\_\_\_, A.F. & A.M. their successors and assigns.

### **Real Estate - Leases**

33. The Commission will deny any request from a subordinate lodge to borrow money to finance a building project if any portion of the building is leased to non-exempt organizations. REG. 43-07(2).

### **Construction Projects - Gifts**

34. If the lodge anticipates that gifts from its members will play a significant role in its building project, it should raise enough money in advance of its application to demonstrate that it can get the building "dried in" even if it fails to raise additional monies.

35. Gifts in kind can be considered but **only** after the lodge has actually received the gift. For example a gift of 1,000 concrete blocks that have been delivered to the building site counts but the promise of a brother to wire the building does not count until the work is complete.

36. If the lodge does not have enough cash in hand to complete the project and is not seeking approval to borrow the money needed to complete the project it will need to convince the Lodge Service Commission that it can raise or borrow the additional funds need to complete the project in a reasonable period of time.

### **Construction Projects - Phasing**

37. Building projects can be phased. For example complete the lodge room and necessary ante rooms and either rough in the dining room or leave it off to be added later.

38. At an absolute **minimum** the Lodge must demonstrate that it has enough money and resources in hand to get the building "dried in" and convince the Lodge Service Commission that it can complete the project in a reasonable period of time.

39. The lodge will not be authorized to permit any work that will cause the total it is obligated to pay for work done on the project to exceed the amount it has on hand when it gets Lodge Service Commission approval plus any amount it is authorized to borrow plus any cash or contributions in kind actually received by the lodge after the date of the approval.

40. The lodge will not be authorized to permit any work which will require it, either under the rules and regulations of the civil government or to preserve the work it starts, to permit further work beyond the limitations set forth in paragraph 39.

Send to:

LODGE SERVICE COMMISSION  
Grand Lodge of NC  
PO Box 6506  
Raleigh, NC 27628  
919-787-2021