

## DISAFFILIATION AGREEMENT PURSUANT TO ¶ 2548.2

This Disaffiliation Agreement Pursuant to ¶ 2548.2 of the 2016 *Book of Discipline* (“Disaffiliation Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Local Church”) and The Texas Annual Conference (“Annual Conference”).

WHEREAS, Local Church is a United Methodist church within the boundaries of Annual Conference;

WHEREAS, Local Church has expressed a desire to disaffiliate from the United Methodist Church and deed its church property to one of the other denominations represented by the Pan-Methodist Commission or to another evangelical denomination;

WHEREAS, members of the Local Church have completed a process of discernment which was determined by Local Church’s District Superintendent to be appropriate;

WHEREAS, Local Church has held a church conference, in compliance with ¶¶ 246.8, 248, and 2548.2 of The Book of Discipline of The United Methodist Church (“Discipline”), at which a simple majority of the professing members present at the church conference of Local Church voted to disaffiliate from The United Methodist Church and deed its property to another evangelical denomination;

WHEREAS, Local Church has received the consent of the Presiding Bishop, a majority of the District Superintendents of Annual Conference and of the District Board of Church location and building;

WHEREAS, pursuant to ¶ 2501.1 of the Discipline, Local Church holds its real and personal, tangible and intangible property in trust for The United Methodist Church and subject to the provisions of its *Discipline*.

WHEREAS, property subject to ¶ 2501.1 “can be released from the trust, transferred free of trust or subordinated to the interests of creditors and other third parties only to the extent authority is given by the *Discipline*.” (¶ 2501.2)

WHEREAS, ¶ 2548.2 provides a specific circumstance in which property subject to ¶ 2501.1 can be released from the trust imposed by that paragraph and deeded to another evangelical denomination;

WHEREAS, ¶ 2548.2 requires an agreement to deed church property to another evangelical denomination be committed to writing and signed and approved by the duly qualified and authorized representatives of both parties;

WHEREAS, Local Church and Annual Conference wish to resolve all matters between them and Local Church wishes to comply with the requirements of ¶ 2548.2.

NOW, THEREFORE, in consideration of the foregoing and all the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Local Church and Annual Conference agree as follows:

1. Conditions Precedent. Local Church and Annual Conference acknowledge and agree to the following as specifically detailed in **Exhibit A** attached hereto and incorporated by reference:

a. Church Conference Vote. A simple majority of the professing members present at the church conference of Local Church voted to disaffiliate from The United Methodist Church and deed its property to another evangelical denomination. Local Church must provide documentation, to the satisfaction of Annual Conference, which evidences the result of the disaffiliation vote taken at the church conference. Such documentation must be certified by an authorized officer of Local Church and shall be included as an exhibit to this Disaffiliation Agreement.

b. Annual Conference Vote. This Disaffiliation Agreement must be “ratified by a simple majority of the members present and voting at a duly-called session of Annual Conference.

Should either of the above not occur, this Disaffiliation Agreement shall immediately become null and void.

2. Applicability of ¶ 2501. Local Church acknowledges and agrees that pursuant to ¶ 2501 of the *Discipline*, Local Church holds all property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church.

3. Date of Disaffiliation. Should Local Church timely comply with all of its obligations as set forth herein, Local Church’s disaffiliation from The United Methodist Church will be effective on \_\_\_\_\_, 20\_\_ (“Disaffiliation Date”).

4. Local Church’s Obligations. Unless a different date is specified, Local Church shall, by no later than the Disaffiliation Date, do the following:

a. Payments. Prior to the Disaffiliation Date, Local Church shall pay to Annual Conference, in a manner specified by Annual Conference, the following:

- Local Church shall pay in full the previous year’s apportionments in the amount of \_\_\_\_\_ dollars and the current year’s apportionments, in the amount of \_\_\_\_\_ dollars.
- Local Church must pay in full the unfunded pension liability, as calculated by Annual Conference’s Board of Pensions in accordance with Wespath’s guidance, in the amount of \_\_\_\_\_ dollars.

- i. The valuation is based on a market valuation of unfunded liability
    - ii. The valuation takes into account Local Church's share of liability
    - iii. The valuation gives Local Church credit for its contribution to Annual Conference's pension reserves with credit for earning over time.
  - b. *Other Liabilities.* Local Church shall either satisfy all of its debts, loans, and liabilities, as detailed in **Exhibit B** attached hereto and incorporated by reference, or assign or transfer such obligations to its new entity. Local Church must provide sufficient documentation of same to Annual Conference.
  - c. *Intellectual Property.* Local Church shall cease all use of "United Methodist," the Cross & Flame insignia, and any other intellectual property of the denomination and Annual Conference, including the removal of all signage containing the same.
  - d. *Group Tax Exemption Ruling.* As of the Disaffiliation Date, Local Church shall cease to use, and also shall ensure that any affiliates of Local Church which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating that Local Church is included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. Local Church and any of its affiliates which have been included in the group tax exemption ruling will be removed as of the Disaffiliation Date.
5. **Organizational Transition.** Local Church shall take all steps necessary to close and/or dissolve any legal entities and to settle, liquidate, or transfer all assets and obligations of such entities, or to establish any new legal entities, or to modify its current organizing documents, as needed to effectuate its disaffiliation from The United Methodist Church, to the satisfaction of Annual Conference. Local Church shall indemnify, defend, and hold harmless Annual Conference and its officers, directors, agents, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action for damages to persons or property resulting from Local Church's failure to take all necessary steps as required by this Section 5.
6. **Release of Claims.** Upon the completion of all of their respective obligations herein, Annual Conference and Local Church, for themselves and their agents, representatives, members, trustees, employees, successors, attorneys, and assigns, hereby fully and forever covenant not to sue each other, and release and discharge each other, and their current and former trustees, officers, representatives, employees, and assigns, in both their official and individual capacities, from any liability for any and all causes of action and claims, including any statutory or common law cause of action, tort or contractual claims, any claims for attorneys' fees, expenses and all other damages, whether known or unknown, foreseen or unforeseen, which Annual Conference or Local Church ever had, now has, hereafter may have or claim to

have against any of the above-named entities or persons in any way arising out of their relationship with each other. The parties further represent they have no pending lawsuit, charge, complaint, or other action against each other. Notwithstanding the foregoing releases and covenants not to sue, the parties may take action to enforce this Disaffiliation Agreement in any court where jurisdiction and venue are proper.

7. Property. On the Disaffiliation Date, the Board of Trustees of Local Church is instructed to deed its church property in **Exhibit C** to: \_\_\_\_\_

8. Non-Severability. Each of the terms of this Disaffiliation Agreement is a material and integral part hereof. Should any provision of this Disaffiliation Agreement be held unenforceable or contrary to law, the entire Disaffiliation Agreement shall be deemed null and void.

Representatives of Local Church:

\_\_\_\_\_ Chair, Church Council Date \_\_\_\_\_

\_\_\_\_\_ Chair, Board of Trustees Date \_\_\_\_\_

Representatives of The Texas Annual Conference:

\_\_\_\_\_ District Superintendent Date \_\_\_\_\_

\_\_\_\_\_ Chair, Board of Trustees Date \_\_\_\_\_

**EXHIBIT A**

Documentation of Church Conference Vote

**EXHIBIT B**

List of all Local Church Debts, Loans, and Liabilities

**EXHIBIT C**

List of all Local Church Property  
including Legal Description for each Property