

## Chapter Six

# CHURCH PROPERTY

### Section I. All Titles—In Trust

¶ 2501. Requirement of the Trust Clause for All Property—1. All properties of United Methodist local churches and other United Methodist agencies and institutions are held, in trust, for the benefit of the entire denomination, and ownership and usage of church property is subject to the Discipline. This trust requirement is an essential element of the historic polity of The United Methodist Church or its predecessor denominations or communions and has been a part of the Discipline since 1797. It reflects the connectional structure of the Church by ensuring that the property will be used solely for purposes consonant with the mission of the entire denomination as set forth in the Discipline. The trust requirement is thus a fundamental expression of United Methodism whereby local churches and other agencies and institutions within the denomination are both held accountable to and benefit from their connection with the entire worldwide Church.

In consonance with the legal definition and self-understanding of The United Methodist Church (see ¶ 140), and with particular reference to its lack of capacity to hold title to property, The United Methodist Church is organized as a connectional structure, and titles to all real and personal, tangible and intangible property held at jurisdictional, annual, or district conference levels, or by a local church or charge, or by an agency or institution of the Church, shall be held in trust for The United Methodist Church and subject to the provisions of its Discipline. Titles are not held by The United Methodist Church (see ¶ 807.1) or by the General Conference of The United Methodist Church, but instead by the incorporated conferences, agencies, or organizations of the denomination, or in the case of unincorporated bodies of the denomination, by boards of trustees established for the purpose of holding and administering real and personal, tangible and intangible property.

2. The trust is and always has been irrevocable, except as provided in the Discipline. Property 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.

3. Local churches and other United Methodist agencies and institutions may acquire, hold, maintain, improve, and sell property for purposes consistent with the mission of the Church, unless restricted or prevented by the Discipline.

The incorporated annual conferences in Northern Europe and their legal predecessors are:

- a) Metodistkirken i Danmark
- b) Eesti Metodisti Kirik (1940-)
  - (1) Eestimaa Piiskoplik Metodisti kogudus (1919-1935)
  - (2) Eesti Piiskoplik Metodistikirik (1935-1940)
- c) Suomen Metodistikirkko
  - (1) Suomen Piispaallinen Metodistikirkko
- d) Finlands svenska metodistkyrka
  - (1) Metodistkyrkan i Finland, svenska avdelningen
  - (2) Metodist-Episkopalkyrkan i Finland, svenska avdelningen
- e) Latvijas Apvienotā Metodistu Baznīca (1991-)
  - (1) Metodistu Episkopālā Baznīca Latvijā (1921-1939)
- f) Lietuvos Jungtinė Metodistū Bažničia
- g) Metodistkirken i Norge
- h) Metodistkyrkan i Sverige
- i) Религиозная Организация «Российская Объединенная Методистская Церковь» (Russia United Methodist Church)
- j) Релігійне Управління Об'єднаної Методистської Церкви України (The United Methodist Church in Ukraine)

5. A local church or charge may be incorporated separately while retaining its character as an integrated part of the annual conference.<sup>1</sup>

¶ 2502. Registration of the Name United Methodist—The words **United Methodist** are **not** to be used as, or as a part of, a trade name or trademark or as a

<sup>1</sup> Examples from different countries:  
 In Denmark: Jerusalemskirken, Metodistkirken i København  
 In Estonia: Eesti Metodisti Kiriku, Pärnu Agape Kogudus  
 In Finland F: Helsingin Metodistiseurakunta  
 In Finland S: Vasa svenska metodistförsamling  
 In Latvia: Latvijas Apvienotās Metodistu Baznīcas Rīgas 1. draudze  
 In Lithuania: Kauno Jungtinė Metodistū Bažničia  
 In Norway: Metodistkirken i Norge, Sarpsborg menighet  
 In Sweden: St. Jakobs Metodistförsamling  
 In Ukraine: Объединенная методистская церковь "Живая Вера" Луганск  
 In Russia: Местная религиозная организация "Санкт-Петербургская Объединенная Методистская Церковь "Вифания"

part of the name of any business firm or organization, except by corporations or other business units created for the administration of work undertaken directly by The United Methodist Church. The General Council on Finance and Administration is charged with supervision and registration of “United Methodist” and the denomination’s insignia (§ 807.10 and § 807.11).

¶ 2503. Trust Clauses in Deeds—1. Except in conveyances that require that the real property so conveyed shall revert to the grantor if and when its use as a place of divine worship has been terminated, all written instruments of conveyance by which premises are held or hereafter acquired for use as a place of divine worship or other activities for members of The United Methodist Church shall contain the following trust clause:<sup>2</sup>

In trust, that said premises shall be used, kept, and maintained as a place of divine worship of the United Methodist ministry and members of The United Methodist Church; subject to the Discipline, usage, and ministerial appointments of said Church as from time to time authorized and declared by the General Conference and by the annual conference within whose bounds the said premises are situated. This provision is solely for the benefit of the grantee, and the grantor reserves no right or interest in said premises.

2. All written instruments by which premises are held or hereafter acquired as a parsonage for the use and occupancy of the ministers of The United Methodist Church shall contain the following trust clause:

In trust, that such premises shall be held, kept, and maintained as a place of residence for the use and occupancy of the ordained ministers of The United Methodist Church who may from time to time be entitled to occupy the same by appointment; subject to the Discipline and usage of said Church as from time to time authorized and declared by the General Conference and by the annual conference within whose bounds the said premises are situated. This provision is solely for the benefit of the grantee, and the grantor reserves no right or interest in said premises.

3. In case the property so acquired is to be used for both a house of worship and a parsonage, the provisions of both trust clauses specified in §§ 1 and 2 above shall be inserted in the conveyance.

4. In case the property so acquired is not to be used exclusively for a place of worship, or a parsonage, or both, all written instruments by which such premises are held or hereafter acquired shall contain the following trust clause:

In trust, that said premises shall be kept, maintained, and disposed of for the benefit of The United Methodist Church and subject to the usages and the Discipline of The United Methodist Church. This provision is solely for the benefit of the grantee, and the grantor reserves no right or interest in said premises.

<sup>2</sup> See Judicial Council Decision 688.

5. When property is acquired from another United Methodist entity or organization, whether it is to be used as a place of divine worship, parsonage, or other use, all written instruments by which such premises are held or hereafter acquired shall contain the following trust clause:

In trust, that said premises shall be held, kept, maintained, and disposed of for the benefit of The United Methodist Church and subject to the usages and the Discipline of The United Methodist Church.

6. However, the absence of a trust clause stipulated in §§ 1, 2, 3, 4, or 5 above in deeds and conveyances executed previously or in the future shall in no way exclude a local church or church agency, or the board of trustees of either, from or relieve it of its connectional responsibilities to The United Methodist Church. Nor shall it absolve a local church or church agency or the board of trustees of either, of its responsibility and accountability to The United Methodist Church, including the responsibility to hold all of its property in trust for The United Methodist Church; provided that the intent of the founders and/or a later local church or church agency, or the board of trustees of either, is shown by any or all of the following:

- a) the conveyance of the property to a local church or church agency (or the board of trustees of either) of The United Methodist Church or any predecessor to The United Methodist Church;
- b) the use of the name, customs, and polity of The United Methodist Church or any predecessor to The United Methodist Church in such a way as to be thus known to the community as a part of such denomination; or
- c) the acceptance of the pastorate of ordained ministers appointed by a bishop or employed by the superintendent of the district or annual conference of The United Methodist Church or any predecessor to The United Methodist Church.

¶ 2504. *Effect of Union*—Nothing in the Plan of Union at any time after the union is to be construed so as to require any existing local church of any predecessor denomination to The United Methodist Church to alienate or in any way to change the title to property contained in its deed or deeds at the time of union, and lapse of time or usage shall not affect said title or control. Title to all property of a local church, or charge, or agency of the Church shall be held subject to the provisions of the Discipline, whether title to the same is taken in the name of the local church trustees, or charge trustees, or in the name of a corporation organized for the purpose, or otherwise.

¶ 2505. *Oil, Gas, and Mineral Leases*—Subject to and in accordance with the laws of the state, province, or country, the governing body of any church unit or agency owning land in trust for The United Methodist Church as provided in this Discipline may lease said land for the production of oil, gas, coal, and other

minerals, upon such terms as it may deem best; provided, however, that such production shall not interfere with the purpose for which said land is held. The moneys received from such leases as rentals, royalties, or otherwise shall be used so far as practicable for the benefit of the church unit and for the promotion of the interests of The United Methodist Church. The lessee shall have no control over or responsibility for the payments made under such lease.

## **Section II. Compliance with Law**

¶ 2506. *Conformity with Local Law—Church Corporations*—1. All provisions of the Discipline relating to property, both real and personal, and relating to the formation and operation of any corporation, and relating to mergers are conditioned upon their being in conformity with the local laws, and in the event of conflict therewith the local laws shall prevail; provided, however, that this requirement shall not be construed to give the consent of The United Methodist Church to deprivation of its property without due process of law or to the regulation of its affairs by state statute where such regulation violates the constitutional guarantee of freedom of religion and separation of church and state or violates the right of the Church to maintain its connectional structure. Local laws shall be construed to mean the laws of the country, state, or other like political unit within the geographical bounds of which the church property is located.<sup>3</sup>

2. Any corporation which is or has been formed or is controlled by a church agency (¶ 701), acting alone or with another church agency, shall include in its Articles of Incorporation (or Charter) and its Bylaws (“corporate documents”) the following:

- a) identification of the sponsoring church agency or agencies (“sponsor(s)”) to which it relates and the relationship of the corporation to its sponsor(s),
- b) recognition that its corporate powers are subject to the Discipline to the same extent as its sponsor(s), and
- c) recognition that the corporation’s powers cannot exceed those given by the Discipline to its sponsor(s).

3. The corporate documents shall contain language consistent with the Internal Revenue Code to protect its tax-exempt status. Also, the corporate documents shall name the corporation’s sponsor(s) as the recipient(s) of corporate property in the event the corporation is abandoned, discontinued, or ceases to exist as a legal entity. The corporate documents shall also include a reference to the provisions of ¶ 2501.

4. The corporate documents shall contain provisions prohibiting the corporation’s trustees, directors, or officers from changing the corporation’s connectional

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3 See Judicial Council Decisions 11, 315.

relationship to its sponsor(s) without the sponsor(s)' consent, or otherwise acting in a manner contrary to the purpose of its sponsor(s) or the Discipline.

¶ 2507. The Terms Trustee, Trustees, and Board of Trustees—Trustee, trustees, and board of trustees, as used herein or elsewhere in the Discipline, may be construed to be synonymous with director, directors, and board of directors applied to corporations.

¶ 2508. Conformity of Deeds and Conveyances with Local Law—In order to secure the right of property, with the appurtenances thereof, of the churches and parsonages of The United Methodist Church, care shall be taken that all conveyances and deeds be drawn and executed in due conformity to the laws of the respective states, provinces, and countries in which the property is situated and also in due conformity to the laws of The United Methodist Church. Deeds shall be registered or recorded directly upon their execution.

¶ 2509. Instituting and Defending Civil Action—Because of the nature of The United Methodist Church (¶ 140), no individual or affiliated church body or unit, nor any official thereof, may commence or participate in any suit or proceeding in the name of or on behalf of The United Methodist Church, excepting, however, the following:

1. The General Council on Finance and Administration or any person or church unit served with legal process in the name of The United Methodist Church may appear for the purpose of presenting to the court the nonjural nature of The United Methodist Church and to raise issues of lack of jurisdiction of the court, lack of capacity of such individual or unit to be served with process, and related constitutional issues in defense of denominational interests.

2. Any denominational unit authorized to hold title to property and to enforce trusts for the benefit of the denomination may bring suit in its own name to protect denominational interests.

¶ 2510. Limitation of Financial Obligations—No conference, council, board, agency, local church, or other unit can financially obligate the denomination or, without prior specific consent, any other organizational unit thereof.

### **Section III. Audits and Bonding of Church Officers**

¶ 2511. All persons holding trust funds, securities, or moneys of any kind belonging to the general, jurisdictional, annual, or provisional annual conferences or to organizations under the control of the general, jurisdictional, annual, or provisional annual conferences shall be bonded by a reliable company in such good and sufficient sum as the conference may direct. The accounts of such persons shall be audited at least annually by a recognized public or certified public accountant. A report to an annual conference containing a financial statement

that the Discipline requires to be audited shall not be approved until the audit is made and the financial statement is shown to be correct. Other parts of the report may be approved pending such audit.

#### **Section IV. Annual Conference Property<sup>4</sup>**

¶ 2512. 1. Conference Trustees—Each annual conference may be incorporated in its own name if permitted by local law. It shall have a board of trustees, which shall be incorporated if the conference itself is not incorporated. In either case, the board shall consist of twelve persons, and it is recommended that one-third be clergy, one third laywomen, and one-third laymen, in accordance with the provisions of ¶ 610.5. Said persons must be of legal age as determined by law, and lay members shall be members in good standing of local churches within the bounds of the conference. Such persons shall be the directors of the corporation. They shall be elected by the conference for staggered terms of four years, except for the first board, one-fourth of whom shall be elected for a term of one year, one-fourth for a term of two years, one-fourth for a term of three years, and one-fourth for a term of four years, and shall serve until their successors have been elected; provided, however, that existing incorporated trustees of any annual conference may continue unaffected while the charter or articles of incorporation are amended to bring them into conformity with this paragraph.

2. The board of trustees shall meet at least annually and organize by electing a president, vice president, secretary, and treasurer, whose duties shall be those usually pertaining to such offices. They shall be amenable to the annual conference. Vacancies occurring between sessions of an annual conference shall be filled as follows: Upon nomination by the conference committee on nominations, the district superintendents shall, by majority vote, elect a trustee to serve until the next annual conference. Vacancies shall be filled by the annual conference for the unexpired term.

3. The board of trustees shall have the following authority with respect to the properties of the annual conference and its agencies:

a) The said corporation shall receive, collect, and hold in trust for the benefit of the annual conference any and all donations, bequests, and devises of any kind or character, real or personal, that may be given, devised, bequeathed, or conveyed to the said board or to the annual conference as such for any benevolent, charitable, or religious purpose, and shall administer the same and the income there from in accordance with the directions of the donor, trustor, or testator and in the interest of the church, society, institution, or agency contemplated by such donor, trustor, or testator, under the direction of the annual conference. When

<sup>4</sup> For authority regarding property held by general agencies of the Church, see ¶ 807.6, .8.

the use to be made of any such donation, bequest, or devise is not otherwise designated, the same shall be used as directed by the annual conference.

b) When so directed by the annual conference, the said corporation may receive and hold in trust for and on behalf of the annual conference, its districts, or any of its agencies any real or personal property previously acquired by the conference, its districts, or its agencies to be used in carrying out their mission, ministry, and program. When such property is in the form of investable funds, the board of trustees may consider placing the funds for investment and administration with the United Methodist conference or area foundation serving that conference or, in the absence of such a foundation, with the United Methodist Church Foundation. A conscious effort shall be made to invest in a manner consistent with the Social Principles and the creation of an investment policy. With respect to such properties, the board shall take no action that would alter or interfere with their missional or programmatic use or function unless such action is specifically directed by the annual conference. The provisions of this subsection shall not apply to educational or health and welfare institutions whose properties are held in their own name or in the name of their own duly elected boards of trustees or directors; nor shall they apply to the property of local churches except as such local church property may have been declared discontinued or abandoned under the provisions of ¶ 2548.

c) Except as restricted in § 3b, the board shall have the power to invest, reinvest, buy, sell, transfer, and convey any and all funds and properties that it may hold in trust, subject always to the terms of the legacy, devise, or donation.

d) Unless the annual conference provides otherwise, any contract, deed, bill of sale, mortgage, or other necessary written instrument needed to implement any resolution authorizing proposed action regarding annual conference property may be executed by and on behalf of the annual conference board of trustees by any two of its officers, who thereupon shall be duly authorized to carry out the direction of the annual conference; and any written instrument so executed shall be binding and effective as the action of the annual conference.

e) The conference board of trustees is encouraged to invest in institutions, companies, corporations, or funds that make a positive contribution toward the realization of the goals of the Social Principles of our Church. The board of trustees shall act as a socially responsible investor and report annually to the annual conference regarding its carrying out of this responsibility. Among the tools the board may use are shareholder advocacy, selective divestment, advocacy of corporate disinvestment from certain countries or fields of business, and affirmative investments (as in affordable housing, care of the environment, minority business and banks, and so forth), as well as other appropriate strategies.

f) Funds committed to this board may be invested by it only in collateral that is amply secured and after such investments have been approved by the said board or its agency or committee charged with such investment, unless otherwise directed by the annual conference.<sup>5</sup>

4. The board may intervene and take all necessary legal steps to safeguard and protect the interests and rights of the annual conference anywhere and in all matters relating to property and rights to property whether arising by gift, devise, or otherwise, or where held in trust or established for the benefit of the annual conference or its membership.

5. It shall be the duty of the pastor within the bounds of whose charge any such gift, bequest, or devise is made to give prompt notice thereof to said board, which shall proceed to take such steps as are necessary and proper to conserve, protect, and administer the same; provided, however, that the board may decline to receive or administer any such gift, devise, or bequest for any reason satisfactory to the board. It shall also be the duty of the pastor to report annually to the board of trustees of the annual conference a list of all property, including real, personal, or mixed, within the charge belonging to or which should be under the control or jurisdiction of the said board.

6. The board shall make to each session of the annual conference a full, true, and faithful report of its doings, of all funds, monies, securities, and property held in trust by it, and of its receipts and disbursements during the conference year. The beneficiary of a fund held in trust by the board shall also be entitled to a report at least annually on the condition of such fund and on the transactions affecting it.

7. Establishment of Annual Conference Policy with Regard to Government Efforts to Designate Church-Owned Property as Landmarks—The board, after consultation with the conference commission on archives and history, or alternate structure, shall develop a policy for an annual conference response, on behalf of any local church, church-related agency, or district or annual conference board of trustees located within the bounds of the annual conference, to any governmental effort to designate a property held in trust for the benefit of The United Methodist Church (§ 2501) by any such board of trustees as a cultural, historical, or architectural landmark.

§ 2513. United Methodist Foundations—An annual conference or conferences may establish a United Methodist Foundation. The purposes for establishing such a foundation may include:

1. Providing the services described in § 2512.3 as designated by the donor or upon delegation from the conference board of trustees;

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5 See Judicial Council Decisions 135, 160, 190.

2. The promotion of planned-giving programs on behalf of local churches, conferences, and general Church boards and agencies;

3. Furnishing counsel and guidance to local churches with regard to promotion and management of permanent funds; and

4. Other responsibilities as requested by the annual conference. The United Methodist Foundation shall have an independent governing board as determined by the incorporating documents approved by the annual conference. The governing board will establish all policies and procedures upon which the foundation will operate. Due care will be exercised to maintain prudent organizational separation from beneficiary organizations while striving to maintain missional purpose and connection.

¶ 2514. *Jointly Owned Episcopal Residences*—When authorized by two-thirds of the annual conferences comprising an episcopal area, an episcopal residence for the resident bishop may be acquired, the title to which shall be held in trust by the trustees of the annual conference within which the residence is located. Any such property so acquired and held shall not be sold or disposed of except with the consent of a majority of the conferences that participate in the ownership. Whenever there is a plan to sell an episcopal residence or to transfer an annual conference from one episcopal area to another, that plan shall include provision for safeguarding each conference's equity, if any, in an episcopal residence; except that an annual conference, by its own decision, may relinquish its claims to an equity interest in an episcopal residence.<sup>6</sup>

¶ 2515. *Sale, Transfer, Lease, Mortgage, or Purchase of Annual Conference Property*—No annual conference real property shall be sold, transferred, or leased for a term that exceeds twenty years, or mortgaged or purchased without the consent of the annual conference or, ad interim, (a) the consent of the presiding bishop and of a majority of the district superintendents, and, in the case of discontinued or abandoned local church property or property to be purchased, the consent of a majority of the district board of church location and building (see ¶ 2548), and, in case of a discontinued Wesley Foundation or campus ministry property, the consent of the majority of the conference board of higher education and campus ministry, and the consent of the annual conference (see ¶ 634.4.d); and (b) the bishop's determination that such transfer or encumbrance conforms to the Discipline. The bishop's written statement evidencing the satisfaction of this condition shall be affixed to or included in any instrument of transfer or encumbrance. Any required written instrument necessary to carry out the action so authorized shall be executed in the name of the conference corporation by any two of its officers or, where the conference is unincorporated, by any two officers

6 See Judicial Council Decision 194.

of its board of trustees, and any written instrument so executed shall be binding and effective as the action of the conference.

¶ 2516. Camps, Conference Grounds, and Retreat Centers—Title to annual conference or district camps, conference grounds, and retreat centers held in trust by an incorporated board or agency of an annual conference or district, or by an unincorporated board, commission, society, or similar body of the conference or district, can be mortgaged or sold and conveyed by such corporation or unincorporated body only after authorization by the annual or district conference to which such body is related.

### **Section V. District Property**

¶ 2517. District Parsonages and Boards of Trustees—1. A district parsonage for the district superintendent may be acquired when authorized by the charge conferences of two-thirds of the charges in the district or when authorized by a two-thirds vote of the district conference, subject to the advice and approval of the district board of church location and building as provided in ¶¶ 2518-2523.

2. Any district conference or district union that owns property or has employees may be incorporated in its own name if permitted by local law. Unless the district conference or district union is incorporated in its own name, each district's board of trustees shall be incorporated. The district board shall consist of not fewer than three nor more than nine members in accordance with ¶ 610.5, having the same qualifications provided for trustees of local churches (¶ 2524), who shall be nominated by the district superintendent in consultation with the district nominating committee, if one exists, and elected by the district conference. Where there is no district conference, they may be elected by the district board of stewards or by the annual conference on nomination of the district superintendent. They shall be elected for a term of one year and serve until their successors shall have been elected, and they shall report annually to the district conference or annual conference. Title to district property may be held in trust by the incorporated district conference or union, the incorporated district board of trustees, or the annual conference of which such district is a part, and such trustees shall report annually to the district or annual conference. Except as the laws of the state, territory, or country prescribe otherwise, district property held in trust by a district board of trustees may be mortgaged or sold and conveyed by them only by authority of the district conference or annual conference, or if such property is held in trust by the trustees of the annual conference, it may be mortgaged or sold and conveyed by such trustees only by authority of the annual conference. The district conference, or annual conference in the case of property held in trust by the trustees of the annual conference, may include in the resolution authoriz-

ing such proposed action a direction that any contract, deed, bill of sale, mortgage, or other necessary written instrument may be executed by and on behalf of the respective board of trustees by any two of its officers, who thereupon shall be duly authorized to carry out the direction of the district conference or annual conference; and any written instrument so executed shall be binding and effective as the action of the district conference or annual conference. The purchase price and maintenance cost of a district parsonage may be equitably distributed among the charges of the district by the district board of stewards. Where there is an incorporated district union (§ 658.4), the board of directors of the district union shall have the same duties and responsibilities with respect to district property as are described here for the district board of trustees.

3. When district boundaries are changed by division, rearrangement, or consolidation so that a district parsonage purchased, owned, and maintained by one district is included within the bounds of another district, each such district shall be entitled to receive its just share of the then-reasonable value of the parsonage in which it has invested funds; and the amount of such value and just share shall be determined by a committee of three persons, appointed by the bishop of the area, who shall not be residents of any of the said districts. The committee shall hear claims of each district regarding its interest therein before making a decision. From any such determination, there is reserved unto each of the interested districts the right of appeal to the next succeeding annual conference. The same procedure shall be followed in determining equities of a district in any other property that may be included in another district by changes in district boundaries.

¶ 2518. Authorization and Establishment of District Boards of Church Location and Building—There shall be in each district of an annual conference a district board of church location and building. The board shall consist of the district superintendent and a minimum of six and a maximum of nine additional persons nominated by the district superintendent in consultation with the district nominating committee, if one exists, and elected annually by the annual conference, provided that in a district of great geographical extent an additional board may be so elected. It is recommended that the membership include one-third clergy, one-third laymen, one-third laywomen, and, where possible, should be inclusive of gender, race, age, and people with disabilities. These persons shall be professing members of The United Methodist Church. The members of the board, excluding the district superintendent, shall be divided into three classes. One third shall be elected annually for a three-year term. A chairperson and a secretary shall be elected annually at the first meeting following annual conference. The board shall file a report of any actions taken with the charge conference of each local church involved, and the report so filed shall become a part of the minutes of the

said conference or conferences. The board shall also make a written report to the district conference (or, if there is no district conference, to the district superintendent), and this report shall become a part of the records of that conference.

¶ 2519. Duties and Responsibilities of the District Boards of Church Location and Building—1. Local Church Building Sites and Plans—The board of church location and building shall investigate all proposed local church building sites, ascertaining that such sites are properly located for the community to be served and adequate in size to provide space for future expansion and parking facilities. (See ¶¶ 259.1, 2543.2.)

2. If there is a district strategy committee for parish development or a metropolitan commission (¶ 633.5j) in the district, the board shall consider its recommendations in planning a strategy for continuing the service of The United Methodist Church in changing neighborhoods. If no parish development committee or commission is operative, the board shall study the duties assigned to each and seek ways to provide continuity of service in parishes where there is a change in the racial, ethnic, or cultural character of the residents, to the end that the resolutions of the General Conference involving such neighborhoods be given careful consideration. One member of the board shall also have membership on the strategy committee or on the commission.

3. The board of church location and building shall investigate all proposed local church or parsonage buildings to determine the best method to make the structure energy-efficient.

¶ 2520. Standards for the Approval of Building Proposals—1. The board shall review the plans of any church in the district which proposes to construct or purchase a new church or educational building or a parsonage, or remodeling of such a building if the cost will exceed 25 percent of the value of the building. Such proposal shall include a statement of the need for the proposed facilities, preliminary architectural plans, cost estimate of the project, and a financial plan for defraying such costs. Before finally approving the building project, the board shall determine that the preliminary architectural design and financial plans have been evaluated and approved by proper authorities. Where readily achievable and financially feasible, renovation plans shall provide for equal access to persons with disabilities.

2. When the local church has secured final architectural plans and specifications and a reliable and detailed estimate of the cost of the proposed undertaking as provided in ¶ 2543.7, the board shall require their submission for consideration and approval. The board shall study carefully the feasibility and financial soundness of the undertaking and ascertain whether the financial plan will provide funds necessary to ensure prompt payment of all proposed contractual

obligations and provide for the full financial support of the program ministries, including annual conference and general Church benevolences. It shall report its conclusions to the church and to the cabinet in writing.

3. A final decision of the board approving purchase, building, or remodeling shall automatically terminate after a period of one year where no action has been taken by the local church to carry out such decision.

¶ 2521. Appeals of District Boards of Church Location and Building Decisions—A decision of the board disapproving such purchase, building, or remodeling shall be final unless overruled by the annual conference, to which there is reserved unto the local church the right of appeal.

¶ 2522. Application of Standards to the Acquisition of a District Parsonage—The above provisions shall apply to the acquisition of a district parsonage.

¶ 2523. Sale, Transfer, Lease, or Mortgage of District Property—No district property shall be sold, transferred, or leased for a term that exceeds twenty years, or mortgaged, without: (a) the consent of the presiding district superintendent; and (b) the district superintendent's determination that such transfer or encumbrance conforms to the Discipline. The district superintendent's written statement evidencing the satisfaction of this condition shall be affixed to any instrument or transfer or encumbrance. Any required written instrument necessary to carry out the action so authorized shall be executed in the name of the corporation by any two of its officers, or any two officers of its board of trustees, and any written instrument so executed shall be binding and effective as the action of the corporation.

## **Section VI. Local Church Property**

¶ 2524. Local Church Board of Trustees' Qualifications—In each pastoral charge consisting of one local church, there shall be a board of trustees, consisting of not fewer than three nor more than nine persons, and it is recommended that at least one-third be laywomen and that at least one-third be laymen. The trustees shall be of legal age as determined by law, and at least two-thirds shall be professing members of The United Methodist Church (see ¶¶ 258.1, .3; 2529). No pastor is a voting member of the board of trustees unless elected as a member.

¶ 2525. Local Church Board of Trustees' Election—The members of the board of trustees shall be divided into three classes, and each class shall as nearly as possible consist of an equal number of members. At the charge conference, on recommendation by the committee on nominations and leadership development or from the floor, it shall elect, to take office at the beginning of the ensuing calendar year or at such other times as the charge or church conference may set, to serve for a term of three years or until their successors have been duly elected

and qualified, the required number of trustees to succeed those of the class whose terms then expire; provided, however, that nothing herein shall be construed to prevent the election of a trustee to self-succession.<sup>7</sup> The charge conference may assign the responsibility for electing trustees to a church conference.

¶ 2526. Church Local Conference—Duties, Authority, and Membership—1. In a pastoral charge consisting of two or more local churches, a church local conference, constituted and organized under the Discipline of The United Methodist Church in each local church therein, shall be vested with authority and power in matters relating to the real and personal property of the local church concerned. Such church local conference shall elect the board of trustees of such local church in number and manner described in ¶ 2525, and the duties of such trustees, duly elected, shall be the same as and identical with the duties described in ¶ 2527. The duties, authority, and power vested in the church local conference, insofar as they relate to the property, real and personal, of the local church concerned, are the same as and identical with the authority and power vested in the charge conference of a pastoral charge of one local church (¶ 2528); and the authority, power, and limitations therein set forth shall be applicable to the church local conference as fully and to the same extent as if incorporated herein. The effect of the provisions for a church local conference is to give to each local church in a charge of two or more churches, rather than to the pastoral charge conference, supervision over and control of its own property, subject to the limitations prescribed in the Discipline with regard to local church property.

2. Whenever required under The Discipline of The United Methodist Church for matters relating to real or personal property of the local church or to mergers of churches, a local church in a pastoral charge consisting of two or more local churches shall organize a church local conference. The membership of the church local conference shall consist of the persons specified for membership of the charge conference (¶ 246.2) so far as the officers and relationships exist within the local church, except that the pastor shall be a member of each church local conference. The provisions of ¶ 246.2-.10 relating to membership qualification and procedures of a charge conference shall be applicable to membership qualifications and procedures of a church local conference.

¶ 2527. Charge or Cooperative Parish Board of Trustees—1. A pastoral charge composed of two or more churches, each having a local board of trustees, may have, in addition, a board of trustees for the charge as a whole. This board shall hold title to and manage the property belonging to the entire charge, such as parsonage, campground, burial ground, and such other property as may be committed to it. It shall receive and administer funds for the charge in conformity with the laws of the state, province, or country in which the property is located.

This board shall consist of no fewer than three persons, at least two-thirds of whom shall be professing members of The United Methodist Church and of legal age as determined by law. These trustees shall be elected by the charge conference for three years or until their successors are elected.

2. A cooperative parish composed of two or more charges may have, in addition to its charge trustees and local church trustees, a board of trustees for the cooperative parish as a whole. This board shall hold title to and manage the property belonging to the cooperative parish in accordance with ¶¶ 2503, 2526, and 2527. These trustees shall be elected by the charge conference and/or church local conference related to the cooperative parish and shall be representative of each congregation that composes the cooperative parish.

3. The board of trustees of a charge shall provide for the security of its funds, keep an accurate record of its proceedings, and report to the charge conference to which it is amenable.

4. When two or more local churches compose a single pastoral charge having a parsonage and one or more thereof is separated from such charge and established as a pastoral charge or united with another pastoral charge, each such local church shall be entitled to receive its just share of the then reasonable value of the parsonage in which it has invested funds, with the exception that those churches departing from a circuit who had joined the circuit after the parsonage was acquired would have no claim on any value of the parsonage. The amount of such value and just share shall be determined by a committee of three persons, appointed by the district superintendent, who shall be members of The United Methodist Church but not of any of the interested local churches. Such committee shall hear all interested parties and shall take into account the investment of any church in any such property before arriving at a final determination. From any such determination there is reserved to each of the interested churches the right of appeal to the next succeeding annual conference, the decision of which shall be final and binding. Any sum received as or from such share shall not be applied to current expense or current budget.

¶ 2528. Charge Conference Authority—The board of trustees shall be responsible to the charge conference. In a pastoral charge consisting of one local church, the charge conference, constituted as set forth in ¶¶ 246-247, shall be vested with power and authority as hereinafter set forth in connection with the property, both real and personal, of the said local church. In fulfilling that duty, the charge conference may,

1. If it so elects, to direct the board of trustees to incorporate the local church, expressly subject, however, to the Discipline of The United Methodist Church (see ¶ 2506) and in accordance with the pertinent local laws and in such man-

ner as will fully protect and exempt from any and all legal liability the individual officials and members, jointly and severally, of the local church and the charge, annual, jurisdictional, and general conferences of The United Methodist Church, and each of them, for and on account of the debts and other obligations of every kind and description of the local church.

2. Direct the board of trustees with respect to the purchase, sale, mortgage, encumbrance, construction, repairing, remodeling, and maintenance of any and all property of the local church.

3. Direct the board of trustees with respect to the acceptance or rejection of any and all conveyances, grants, gifts, donations, legacies, bequests, or devises, absolute or in trust, for the use and benefit of the local church, and to require the administration of any such trust in accordance with the terms and provisions thereof and with the local laws appertaining thereto. (See ¶ 2532.5.)

4. Direct the board of trustees to do any and all things necessary to exercise such other powers and duties relating to the property, real and personal, of the local church concerned as may be committed to it by the Discipline.

5. To recommend that consideration be given to placing such investable property with a United Methodist foundation serving such charge conference, to benefit the local church, charge conference or their successors, or in the absence of such a foundation, with the United Methodist Foundation.

¶ 2529. Local Church Board of Trustees' Organization and Membership—  
The board of trustees shall organize as follows:

1. Within thirty days after the beginning of the ensuing calendar or conference year (whichever applies to the term of office), each board of trustees shall convene at a time and place designated by the chairperson, or by the vice chairperson in the event that the chairperson is not reelected a trustee or because of absence or disability is unable to act, for the purpose of electing officers of the said board for the ensuing year and transacting any other business properly brought before it.

2. The board of trustees shall elect from the membership thereof, to hold office for a term of one year or until their successors shall be elected, a chairperson, vice chairperson, secretary, and, if need requires, a treasurer; provided, however, that the chairperson and vice chairperson shall not be members of the same class; and provided further, that the offices of secretary and treasurer may be held by the same person; and provided further, that the chairperson shall be a professing member of the local church. The duties of each officer shall be the same as those generally connected with the office held and which are usually and commonly discharged by the holder thereof. The church local conference may, if it is neces-

sary to conform to the local laws, substitute the designations president and vice president for and in place of chairperson and vice chairperson.

3. Where necessity requires, as a result of the incorporation of a local church, the corporation directors, in addition to electing officers as provided in § 2 above, shall ratify and confirm by appropriate action and, if necessary, elect as officers of the corporation the treasurer or treasurers, as the case may be, elected by the charge conference in accordance with the provisions of the Discipline, whose duties and responsibilities shall be as therein set forth. If more than one account is maintained in the name of the corporation in any financial institution or institutions, each such account and the treasurer thereof shall be appropriately designated.

¶ 2530. Removal of Local Church Trustees—1. Should a trustee withdraw from the membership of The United Methodist Church or be excluded therefrom, trusteeship therein shall automatically cease from the date of such withdrawal or exclusion.

2. Should a trustee of a local church or a director of an incorporated local church refuse to execute properly a legal instrument relating to any property of the church when directed so to do by the charge conference and when all legal requirements have been satisfied in reference to such execution, the said charge conference may by majority vote declare the trustee's or director's membership on the board of trustees or board of directors vacated.

3. Vacancies occurring in a board of trustees shall be filled by election for the unexpired term. Such election shall be held in the same manner as for trustees.

¶ 2531. Meetings of Local Church Boards of Trustees—The board of trustees shall meet at the call of the pastor or of its chairperson at least annually at such times and places as shall be designated in a notice to each trustee and the pastor(s) at a reasonable time prior to the appointed time of the meeting. Waiver of notice may be used as a means to validate meetings legally where the usual notice is impracticable. A majority of the members of the board of trustees shall constitute a quorum.

¶ 2532. Board of Trustees' Powers and Limitations—1. Subject to the direction of the charge conference, the board of trustees shall have the supervision, oversight, and care of all real property owned by the local church and of all property and equipment acquired directly by the local church or by any society, board, class, commission, or similar organization connected therewith, provided that the board of trustees shall not violate the rights of any local church organization elsewhere granted in the Discipline; provided further, that the board of trustees shall not prevent or interfere with the pastor in the use of any of the said property for religious services or other proper meetings or purposes recognized

by the law, usages, and customs of The United Methodist Church, or permit the use of said property for religious or other meetings without the consent of the pastor or, in the pastor's absence, the consent of the district superintendent; and provided further, that pews in The United Methodist Church shall always be free; and provided further, that the church local conference may assign certain of these duties to a building committee as set forth in ¶ 2543 or the chairperson of the parsonage committee, if one exists.

2. The board of trustees shall review annually the adequacy of the property, liability, and crime insurance coverage on church-owned property, buildings, and equipment. The board of trustees shall also review annually the adequacy of personnel insurance. The purpose of these reviews is to ensure that the church, its properties, and its personnel are properly protected against risks. The board shall include in its report to the charge conference (¶ 2549.7) the results of its review and any recommendations it deems necessary.<sup>8</sup>

3. When a pastor and/or a board of trustees are asked to grant permission to an outside organization to use church facilities, permission can be granted only when such use is consistent with the Social Principles (¶¶ 160-166) and ecumenical objectives.

4. The chairperson of the board of trustees or the chairperson of the parsonage committee, if one exists, the chairperson of the committee on pastor-parish relations, and the pastor shall make an annual review of the church-owned parsonage to ensure proper maintenance.

5. Subject to the direction of the charge conference as hereinbefore provided, the board of trustees shall receive and administer all bequests made to the local church; shall receive and administer all trusts; and shall invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the local church is located. Nevertheless, upon notice to the board of trustees, the charge conference may delegate the power, duty, and authority to receive, administer, and invest bequests, trusts, and trust funds to the permanent endowment committee or to a local church foundation and shall do so in the case of bequests, trusts, or trust funds for which the donor has designated the committee or the local church foundation to receive, administer, or invest the same.

The board of trustees is encouraged to invest in institutions, companies, corporations, or funds that make a positive contribution toward the realization of the goals outlined in the Social Principles of our Church. The board of trustees is to act as a socially responsible investor and to report annually to the charge conference regarding its carrying out of this responsibility. When such property is in the form of investable funds, the board of trustees shall consider placement for investment and administration with the United Methodist foundation serving

that conference or, in the absence of such a foundation, with the United Methodist Church Foundation. A conscious effort shall be made to invest in a manner consistent with the Social Principles and the creation of an investment policy.

6. The board of trustees, in cooperation with the health and welfare ministries representative, shall conduct or cause to be conducted an annual accessibility audit of their buildings, grounds, and facilities to discover and identify what physical, architectural, and communication barriers exist that impede the full participation of people with disabilities and shall make plans and determine priorities for the elimination of all such barriers. The Accessibility Audit for churches shall be used in filling out the annual church and/or charge conference reports.

¶ 2533. Permanent Endowment Fund Committee—A charge conference may establish a local church permanent endowment fund committee. The purposes for establishing such a committee include the responsibilities to:

1. Provide the services described in ¶ 2532.5 as designated by the donor or at the direction of the charge conference upon notice to the board of trustees. When such property is in the form of investable funds, the permanent endowment fund committee may consider placement for investment and administration with the United Methodist foundation serving that conference or, in the absence of such a foundation, with the United Methodist Church Foundation. A conscious effort shall be made to invest in a manner consistent with the Social Principles and the creation of an investment policy.

When the charge conference has designated the committee to provide the services described in ¶ 2532.5, the committee shall have the same investment and reporting duties as are imposed on the board of trustees in that paragraph.

2. The charge conference shall adopt guidelines for action by the committee on planned giving and/or permanent endowment fund. Subject to the direction and supervision of the charge conference, the committee shall fulfill its responsibilities in administering the planned-giving and/or permanent endowment fund.

Following each General Conference, the charge conference shall update any required changes in the planned-giving and/or permanent endowment fund documents.

3. Emphasize the need for adults of all ages to have a will and an estate plan and provide information on the preparation of these to the members of the congregation.

4. Stress the opportunities for church members and constituents to make provisions for giving through United Methodist churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.

5. Arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will, a living trust, and the need for each person to designate someone to serve as a responsible advocate should independent decision-making ability be lost.

6. Permanent Endowment Fund trustees are directed by the charge conference to follow the guidelines and actions initiated by the charge conference, overturn any transaction that the charge conference may deem excessive, and remove any trustee who does not carry out the directions of the charge conference. Careful attention will be given to the election of trustees to ensure that there is no conflict of interest. Following each General Conference, the permanent endowment document shall be brought into line with any changes in the Discipline.

7. Other responsibilities as determined by the charge conference.

8. Resources for these tasks may be secured from conference and/or area United Methodist foundations and development offices, the National Association of United Methodist Foundations, the General Board of Discipleship, the General Council on Finance and Administration, and other appropriate sources for program assistance and direction.

¶ 2534. Local Church Foundations—After securing the written consent of the pastor and of the district superintendent, local churches may, by charge conference action, establish local church foundations whose trustees, directors, or governing body shall be elected by the charge conference. Such foundations shall be incorporated, organized, and function in compliance with state law and subject to the provisions of the Discipline. Any such foundation shall not violate the rights of any other local church organization and shall be subject to the direction of the charge conference. The charge conference may delegate to the foundation the power and authority to receive, invest, and administer in trust for the local church bequests, trusts, and trust funds upon notice to the board of trustees as provided in ¶ 2532.5, in which event the foundation shall have the same investment and reporting duties as are imposed on the board of trustees. No such delegation of authority shall be construed to be a violation of the rights of any other local church organization. Consideration shall be given to the placement of funds with the conference or area United Methodist foundation for administration and investment.

¶ 2535. Unincorporated Local Church Property—Title and Purchase—Unless otherwise required by local law (¶ 2506), title to all property now owned or hereafter acquired by an unincorporated local church, and any organization, board, commission, society, or similar body connected therewith, shall be held by and/or conveyed and transferred to its duly elected trustees, their successors and assigns, in trust for the use and benefit of such local church and of The United

Methodist Church. The trustees shall be named as the board of trustees of the local church in the written instrument conveying or transferring title. Every instrument of conveyance of real estate shall contain the appropriate trust clause as set forth in the Discipline (§ 2503).

§ 2536. Unincorporated Local Church Property—Notice and Authorization—Prior to the purchase by an unincorporated local church of any real estate, a resolution authorizing such action shall be passed at a meeting of the charge conference by a majority vote of its members present and voting at a regular meeting or a special meeting of the charge conference called for that purpose; provided, however, that not less than ten days' notice of such meeting and the proposed action shall have been given from the pulpit and in the weekly bulletin, newsletter or electronic notice of the church; and provided further, that written consent to such action shall be given by the pastor and the district superintendent. (See § 2543.)

§ 2537. Incorporated Local Church Property—Title and Purchase—Unless otherwise required by local law (§ 2506), the title to all property now owned or hereafter acquired by an incorporated local church, and any organization, board, commission, society, or similar body connected therewith, shall be held by and/or conveyed to the corporate body in its corporate name, in trust for the use and benefit of such local church and of The United Methodist Church. Every instrument of conveyance of real estate shall contain the appropriate trust clause as set forth in the Discipline (§ 2503).

§ 2538. Incorporated Local Church Property—Notice and Authorization—Prior to the purchase by a local church corporation of any real estate, a resolution authorizing such action shall be passed by the charge conference in corporate session, or such other corporate body as the local laws may require, with the members thereof acting in their capacity as members of the corporate body, by a majority vote of those present and voting at any regular or special meeting called for that purpose, provided that not less than ten days' notice of such meeting and the proposed action shall have been given from the pulpit and in the weekly bulletin, newsletter or electronic notice of the local church or other means if required or permitted by local law, and provided further, that written consent to such action shall be given by the pastor and the district superintendent, and provided further, that all such transactions shall have the approval of the charge conference.

§ 2539. Unincorporated Local Church Property—Sale, Transfer, Lease, or Mortgage—Any real property owned by or in which an unincorporated local church has any interest may be sold, transferred, leased for a term of thirty days or more (which shall include leases for less than thirty days if such a lease is con-

secutive with the same lessee), or mortgaged subject to the following procedure and conditions:

1. Notice of the proposed action and the date and time of the regular or special meeting of the charge conference at which it is to be considered shall be given at least ten days prior thereto from the pulpit of the church and in its weekly bulletin, newsletter or electronic notice, or other means if required or permitted by local law.

2. A resolution authorizing the proposed action shall be passed by a majority vote of the charge conference members (in a pastoral charge consisting of two or more local churches, the church local conference; see ¶ 2526) present and voting at a special meeting called to consider such action.

3. The written consent of the pastor of the local church and the district superintendent to the proposed action shall be necessary and shall be affixed to or included in the instrument of sale, conveyance, transfer, lease, or mortgage. Prior to consenting to any proposed action required under this paragraph involving any United Methodist church property, the pastor, district superintendent, and the district board of church location and building shall ensure that: (a) a full investigation shall be made and an appropriate plan of action shall be developed for the future missional needs of the community; (b) the transfer or encumbrance shall conform to the Discipline; (c) the congregation, if no longer to continue as an organized local United Methodist Church, does not sell but may transfer title of its facilities to another United Methodist church or agency; and (d) the congregation, in case of relocation, first offers its property to a United Methodist congregation or agency at a price not to exceed fair market value. The district strategies or other missional strategies should include the ministries of both United Methodist congregations and the community where the existing facility is located. Certification by the district superintendent shall be conclusive evidence that the transfer or encumbrance conforms to the Discipline. The requirements of investigation and the development of a plan of action, however, shall not affect the merchantability of the title to the real estate or the legal effect of the instruments of sale or transfer.

4. Unless the charge conference directs otherwise, any contract, deed, bill of sale, mortgage, or other necessary written instrument needed to implement any resolution authorizing action regarding local church property may be executed by and on behalf of the local church by any two officers of the board of trustees, who thereupon shall be duly authorized to carry out the direction of the charge conference; and any written instrument so executed shall be binding and effective as the action of the local church.

¶ 2540. Incorporated Local Church Property—Sale, Transfer, Lease, or Mortgage—Any real property owned by or in which an incorporated local church has any interest may be sold, transferred, leased for a term of thirty days or more (which shall include leases for less than thirty days if such a lease is consecutive with the same lessee), or mortgaged subject to the following procedure and conditions:

1. Notice of the proposed action and the date and time of the regular or special meeting of the members of the corporate body—i.e., members of the charge conference at which it is to be considered—shall be given at least ten days prior thereto from the pulpit of the church and in its weekly bulletin, newsletter or electronic notice or other means if required or permitted by local law.

2. A resolution authorizing the proposed action shall be passed by a majority vote of the members of the corporate body present and voting at any regular or special meeting thereof called to consider such action and a majority vote of the members of the charge conference, if the corporate members are different than the charge conference members.

3. The written consent of the pastor of the local church and the district superintendent to the proposed action shall be necessary and shall be affixed to or included in the instrument of sale, conveyance, transfer, lease, or mortgage. Prior to consenting to any proposed action required under this paragraph involving any United Methodist church property, the pastor, the district superintendent, and the district board of church location and building shall ensure that—(a) a full investigation shall be made and an appropriate plan of action shall be developed for the future missional needs of the community; (b) the transfer or encumbrance shall conform to the Discipline; (c) the congregation, if no longer to continue as an organized United Methodist church, does not sell but may transfer title of its facilities to another United Methodist church or agency; and (d) the congregation, in case of relocation, first offers its property to a United Methodist congregation or agency at a price not to exceed fair market value. The district strategies or other missional strategies should include the ministries of both United Methodist congregations and the community where the existing facility is located. Certification by the district superintendent shall be conclusive evidence that the transfer or encumbrance conforms to the Discipline. The requirements of investigation and the development of a plan of action shall not affect the merchantability of the title to the real estate or the legal effect of the instruments of sale or transfer.

4. The resolution authorizing such proposed action shall direct and authorize the corporation's board of directors to take all necessary steps to carry out the ac-

tion and to cause to be executed, as hereinafter provided, any necessary contract, deed, bill of sale, mortgage, or other written instrument.

5. The board of directors at any regular or special meeting shall take such action and adopt such resolutions as may be necessary or required by the local laws.

6. Any required contract, deed, bill of sale, mortgage, or other written instrument necessary to carry out the action so authorized shall be executed in the name of the corporation by any two of its officers, and any written instrument so executed shall be binding and effective as the action of the corporation.

¶ 2541. *Disposition and Mortgage of Church Building or Parsonage*—Real property acquired by a conveyance subject to the trust clause may be sold in conformity with the provisions of the Discipline of The United Methodist Church when its use as a church building or parsonage, as the case may be, has been, or is intended to be, terminated; and when such real estate is sold or mortgaged in accordance with the provisions of the Discipline of The United Methodist Church, the written acknowledged consent of the proper district superintendent representing The United Methodist Church to the action taken shall constitute a release and discharge of the real property so sold and conveyed from the trust clause or clauses; or in the event of the execution of a mortgage, such consent of the district superintendent shall constitute a formal recognition of the priority of such mortgage lien and the subordination of the foregoing trust provisions thereof; and no bona fide purchaser or mortgagee relying upon the foregoing record shall be charged with any responsibility with respect to the disposition by such local church of the proceeds of any such sale or mortgage; but the board of trustees receiving such proceeds shall manage, control, disburse, and expend the same in conformity to the order and direction of the charge conference or church local conference, subject to the provisions of the Discipline of The United Methodist Church with respect thereto.

¶ 2542. *Restriction on Proceeds of Mortgage or Sale*<sup>9</sup>—1. No real property on which a church building or parsonage is located shall be mortgaged to provide for the current budget or operating expense of a local church. The principal proceeds of a sale of any such property shall not be used for the current budget or operating expense of a local church. Provided that provisions are made for the current and future missional needs of the congregation and the current and future housing needs of a pastor, the principal may be used for capital improvements beyond the regular operating budget when written approval is granted by the district superintendent and pastor. This provision shall apply alike to unincorporated and incorporated local churches.<sup>10</sup>

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9 See Judicial Council Decision 688.

10 See Judicial Council Decision 399.

2. A local church, whether or not incorporated, on complying with the provisions of the Discipline may mortgage its unencumbered real property as security for a loan to be made to a conference board of global ministries or a city or district missionary society, provided that the proceeds of such loan shall be used only for aiding in the construction of a new church.

3. Exception to this restriction may be granted in specifically designated instances to allow use of equity and/or accumulated assets from the sale of property to provide for congregational redevelopment efforts including program and staff. Such exception may be granted by the annual conference, the bishop, and the cabinet upon request of the local church in consultation with congregation development staff where applicable. A clear and detailed three-to-five-year redevelopment plan that projects a self-supporting ministry must accompany the request.

¶ 2543. Planning and Financing Requirements for Local Church Buildings—  
If any local church desires to:

- a) build a new church, a new educational building, or a new parsonage;
- b) purchase a church, educational building, or parsonage; or
- c) remodel an existing church, an existing educational building, or an existing parsonage where the cost of the remodeling will exceed 25 percent of the value of the existing structure or require mortgage financing, then the local church shall first establish a study committee to:
  - (1) analyze the needs of the church and community;
  - (2) project the potential membership with average attendance;
  - (3) write up the church's program of ministry (¶¶ 201-204); and
  - (4) develop an accessibility plan including chancel areas.

The information and findings obtained by the study committee shall:

- (a) form the basis of a report to be presented to the charge conference (¶ 2543.3);
- (b) be used by the building committee (¶ 2543.4); and
- (c) become a part of the report to the district board of church location and building (¶¶ 2543.5, 2520.1).

1. After the study committee finishes its work, the local church shall secure the written consent of the pastor and the district superintendent to the building project, purchase proposal, or remodeling project.

2. In the case of a building project or purchase proposal, the local church shall secure the approval of the proposed site by the district board of church location and building as provided in the Discipline (¶ 2519.1).

3. The charge conference of the local church shall authorize the building project, purchase proposal, or remodeling project at a regular or called meeting.

Notice of the meeting and the proposed action shall have been given for not less than ten days prior thereto from the pulpit of the church, and in its weekly bulletin, newsletter or electronic notice or other means if required or permitted by local law.

a) After approving a building project or a remodeling project, the charge conference shall elect a building committee of not fewer than three members of the local church to serve in the development of the project as hereinafter set forth; provided that the charge conference may commit to its board of trustees the duties of the building committee.

b) After approving a purchase proposal, the charge conference shall be deemed to have authorized and directed the board of trustees to proceed with the purchase. In the case of the purchase of a parsonage, the board of trustees shall either:

(1) purchase a parsonage that has on the ground-floor level:

- (a) one room that can be used as a bedroom by a person with a disability;
- (b) one fully accessible bathroom; and
- (c) fully accessible laundry facilities; or

(2) purchase a parsonage without the accessible features for persons with disabilities specified above and remodel it within one year's time, so that it does have those features.

4. The building committee shall:

a) use the information and findings of the study committee and any other relevant information to estimate carefully the building facilities needed, as the case may be, to house the church's program of worship, education, and fellowship or to provide for the present and future pastors and their families;

b) ascertain the cost of any property to be purchased; and

c) develop preliminary architectural plans that:

(1) comply with local building, fire, and accessibility codes;

(2) clearly outline the location on the site of all proposed present and future construction; and

(3) provide adequate facilities for parking, entrance, seating, rest rooms, and accessibility for persons with disabilities, but providing for such adequate facilities shall not apply in the case of a minor remodeling project;

d) provide on the ground-floor level of a newly constructed parsonage:

(1) one room that can be used as a bedroom by a person with a disability;

(2) a fully accessible bathroom; and

(3) fully accessible laundry facilities;

e) secure an estimate of the cost of the proposed construction;

f) develop a financial plan for defraying the total cost, including an estimate of the amount the membership can contribute in cash and pledges and the amount the local church can borrow if necessary.

5. The building committee shall submit to the district board of church location and building for its consideration and preliminary approval:

- a) a statement of the need for the proposed facilities;
- b) the preliminary architectural plans, including accessibility plans;
- c) the preliminary cost estimate; and
- d) the preliminary financial plan.

6. After preliminary approval by the district board of church location and building, the pastor, with the written consent of the district superintendent, shall call a church conference, giving not less than ten days' notice (except as local laws may otherwise provide) of the meeting and the proposed action from the pulpit or in the weekly bulletin. At the church conference, the building committee shall present:

- a) the preliminary architectural plans;
- b) the preliminary cost estimate;
- c) the preliminary financial plan; and
- d) the building committee's recommendation.

A majority vote of the membership present and voting at the church conference shall be required to approve the preliminary architectural plans, cost estimate, and financial plan and the building committee's recommendation.

7. After approval by the church conference, the building committee shall develop detailed plans and specifications and secure a reliable and detailed estimate of cost, which shall be presented for approval to the charge conference and to the district board of church location and building.

8. After approval by the charge conference and district board of church location and building, the building committee may begin the building project or remodeling project. Written documentation substantiating the approvals of the charge conference and the district board of church location and building shall be lodged with the district superintendent and the secretary of the charge conference.

9. In metropolitan areas, the building committee shall ensure that adequate steps are taken to obtain the services of minority (nonwhite) and female skilled persons in the construction in proportion to the racial and ethnic balance in the area. In non-metropolitan areas, the building committee shall ensure that racial and ethnic persons are employed in the construction where available and in relation to the available workforce.

10. The local church shall acquire a fee simple title to the lot or lots on which any building is to be erected. The deed or conveyance shall be executed as provided in this chapter. It is recommended that contracts on property purchased by a local church be contingent upon the securing of a guaranteed title, and the property's meeting of basic environmental requirements of lending institutions and of local and state laws.

11. If a loan is needed, the local church shall comply with the provisions of ¶ 2539 or ¶ 2540.

12. The local church shall not enter into a building contract or, if using a plan for volunteer labor, incur obligations for materials until it has cash on hand, pledges payable during the construction period, and (if needed) a loan or written commitment therefor that will assure prompt payment of all contractual obligations and other accounts when due.

13. Neither the trustees nor any other members of a local church shall be required to guarantee personally any loan made to the church by any board created by or under the authority of the General Conference.

14. It is recommended that a local church not enter into a binding building contract without the contractor being properly bonded or furnishing other forms of security, such as an irrevocable letter of credit approved by the conference, district, or local church attorney.

¶ 2544. Consecration and Dedication of Local Church Buildings—On acquisition or completion of any church-owned building, a service of consecration may be held. Before any church-owned building is formally dedicated, all indebtedness against the same shall be discharged.

¶ 2545. Merger of Local United Methodist Churches—Two or more local churches, in order to more effectively fulfill their ministry (¶¶ 201-204), may merge and become a single church by pursuing the following procedure:

1. The merger must be proposed to the charge conference of each of the merging churches by a resolution stating the terms and conditions of the proposed merger.

2. The plan of the merger as proposed to the charge conference of each of the merging churches shall be approved by each of the charge conferences in order for the merger to be effected, except that for a charge conference that includes two or more local churches, the required approval shall be by the church local conference of each local church in accordance with the requirements of ¶ 2526.

3. The merger must be approved by the superintendent or superintendents of the district or districts in which the merging churches are located.

4. The requirements of any and all laws of the state or states in which the merging churches are located affecting or relating to the merger of such churches must be complied with, and in any case where there is a conflict between such laws and the procedure outlined in the Discipline, said laws shall prevail and the procedure outlined in the Discipline shall be modified to the extent necessary to eliminate such conflict.

5. All archives and records of churches involved in a merger shall become the responsibility of the successor church.

¶ 2546. *Interdenominational Local Church Mergers*—One or more local United Methodist churches may merge with one or more churches of other denominations and become a single church by pursuing the following procedure:

1. Following appropriate dialogue, which shall include discussions with the United Methodist district superintendent of the district in which the merging churches are located and the corresponding officials of the other judicatories involved, a plan of merger reflecting the nature and ministry of the local church (¶¶ 201-204) shall be submitted to the charge conference of the local United Methodist church and must be approved by a resolution stating the terms and conditions and missional plans of the proposed merger, including the denominational connection of the merger church.

2. The plan of merger, as approved by the charge conference of the United Methodist church, in a charge conference including two or more local churches must be approved by the church local conference of each local church in accordance with the requirements of ¶ 2526.

3. The merger must be approved in writing by the superintendent of the district, a majority of the district superintendents, and the bishop of the area in which the merging churches are located.

4. The provisions of ¶ 2503 shall be included in the plan of merger where applicable.

5. The requirements of any and all laws of the state or states in which the merging churches are located affecting or relating to the merger of such churches must be complied with, and in any case where there is a conflict between such laws and the procedure outlined in the Discipline, said laws shall prevail and the procedure outlined in the Discipline shall be modified to the extent necessary to eliminate such conflict.

6. Where property is involved, the provisions of ¶ 2547 obtain.

¶ 2547. *Deeding Church Property to Federated Churches or Other Evangelical Denominations*—1. With the consent of the presiding bishop and of a majority of the district superintendents and of the district board of church location and building and at the request of the charge conference or of a meeting of the

membership of the church, where required by local law, and in accordance with the said law, the annual conference may instruct and direct the board of trustees of a local church to deed church property to a federated church.

2. With the consent of the presiding bishop and of a majority of the district superintendents and of the district board of church location and building and at the request of the charge conference or of a meeting of the membership of the local church, where required by local law, and in accordance with said law, the annual conference may instruct and direct the board of trustees of a local church to deed church property to one of the other denominations represented in the Commission on Pan-Methodist Cooperation and Union or to another evangelical denomination under an allocation, exchange of property, or comity agreement, provided that such agreement shall have been committed to writing and signed and approved by the duly qualified and authorized representatives of both parties concerned.

¶ 2548. Discontinuation or Abandonment of Local Church Property—1.

Prior to a recommendation by a district superintendent to discontinue the use of church property as a local church pursuant to ¶ 2548.2 hereof, or before any action by the annual conference trustees with regard to the assumption of any local church property considered to be abandoned pursuant to ¶ 2548.3, the district superintendent should obtain and consider an opinion of legal counsel as to the existence of any reversion, possibility of reverter, right of reacquisition, or similar restrictions to the benefit of any party.

2. Discontinuation—*a)* Prior to a recommendation of the district superintendent, in consultation with the appropriate agency assigned the responsibility of the conference parish and community development strategy, that a local church be discontinued, the district superintendent shall guide the congregation in an assessment of its potential as outlined in ¶ 213. A recommendation of discontinuance shall include recommendations as to the future use of the property and where the membership (¶ 229) and the title to all the real and personal, tangible and intangible property of the local church shall be transferred. On such recommendation that a local church no longer serves the purpose for which it was organized and incorporated (¶¶ 201-204), with the consent of the presiding bishop and of a majority of the district superintendents and the district board of church location and building of the district in which the action is contemplated, the annual conference may declare any local church within its bounds discontinued.

*b)* If a church has been discontinued by the annual conference without direction concerning the disposition of property, the real and personal, tangible and intangible property shall be disposed of as if it were abandoned local church property (¶ 2548.3).

c) If the annual conference declares any local church discontinued, the failure to complete any of the prior steps will not invalidate such discontinuance.

3. Abandonment—When a local church property is no longer used, kept, or maintained by its membership as a place of divine worship, the property shall be considered abandoned, and when a local church no longer serves the purpose for which it was organized and incorporated (§§ 201-204), with the consent of the presiding bishop, a majority of the district superintendents, and of the district board of church location and building, the annual conference trustees may assume control of the real and personal, tangible and intangible property. If circumstances make immediate action necessary, the conference trustees, should give first option to the other denominations represented in the Commission on Pan-Methodist Cooperation and Union. The conference trustees may proceed to sell or lease said property, retain the proceeds in an interest-bearing account, and recommend the disposition of the proceeds in keeping with annual conference policy. It shall be the duty of the annual conference trustees to remove, insofar as reasonably possible, all Christian and church insignia and symbols from such property. In the event of loss, damage to, or destruction of such local church property, the trustees of the annual conference are authorized to collect and receipt for any insurance payable on account thereof as the duly and legally authorized representative of such local church.<sup>11</sup>

4. All the deeds, records, and other official and legal papers, including the contents of the cornerstone, of a church that is so declared to be abandoned or otherwise discontinued shall be collected by the district superintendent in whose district said church was located and shall be deposited for permanent safekeeping with the commission on archives and history of the annual conference.

5. All gifts held in trust, assets of any endowment funds, and assets of any foundation of the church, shall be reviewed as part of the discontinuance or abandonment. All such assets shall pass as directed by the annual conference, or, if there is no such direction, to the trustees of the annual conference, unless otherwise directed by operation of law.

6. Any gift, legacy, devise, annuity, or other benefit to a pastoral charge or local church that accrues or becomes available after said charge or church has been discontinued or abandoned shall become the property of the trustees of the annual conference within whose jurisdiction the said discontinued or abandoned church was located or shall pass as directed by vote of the annual conference.

7. When properties from the discontinuation of a congregation or abandonment are sold in urban centers with more than 50,000 population, the proceeds of sale must be used for new and/or existing ministries within urban transitional

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11 See Judicial Council Decisions 119, 138, 143.

communities, as described in ¶ 212, and consistent with the Annual Conference's urban ministry strategic plan.

¶ 2549. Board of Trustees Report to the Charge Conference—The board of trustees shall annually make a written report to the charge conference, in which shall be included the following:

1. The legal description and the reasonable valuation of each parcel of real estate owned by the church;
2. The specific name of the grantee in each deed of conveyance of real estate to the local church;
3. An inventory and the reasonable valuation of all personal property owned by the local church;
4. The amount of income received from any income-producing property and a detailed list of expenditures in connection therewith;
5. The amount received during the year for building, rebuilding, remodeling, and improving real estate, and an itemized statement of expenditures;
6. Outstanding capital debts and how contracted;
7. A detailed statement of the insurance carried on each parcel of real estate, indicating whether restricted by co-insurance or other limiting conditions and whether adequate insurance is carried;
8. The name of the custodian of all legal papers of the local church, and where they are kept;
9. A detailed list of all trusts in which the local church is the beneficiary, specifying where and how the funds are invested, clarifying the manner in which these investments made a positive contribution toward the realization of the goals outlined in the Social Principles of the Church, and in what manner the income therefrom is expended or applied.<sup>12</sup>
10. An evaluation of all church properties, including the chancel areas, to ensure accessibility to persons with disabilities; and when applicable, a plan and timeline for the development of accessible church properties.

¶ 2550. Covenant Relationships in Multi-Ethnic and Multi-Language Settings—In situations where a local church or churches share a building with a congregation or with another group performing ministries in different languages and/or with different racial and ethnic groups, it shall be in accordance with §§ 202, 206, and 212. The district superintendent must consent to any such action before implementation. The district board of church location and building must be informed of such action.

1. If the congregations are United Methodist, the following shall apply:

a) By action of the charge conference(s) involved, a covenant relationship shall be mutually agreed upon in written form and shall include a statement of

<sup>12</sup> See Judicial Council Decision 420.

purpose for sharing the facility and shall state whether the agreement is seen as temporary, long-term, or permanent. The covenant of relationship may provide for mutual representation on such bodies as church council and other committees and work groups. The board of trustees of the church that holds title to the property may form a property committee composed of representatives of each congregation. The purpose of this arrangement is to enhance communication between the two or more congregations, to coordinate schedules and building usage, to involve the congregations in building maintenance and care under supervision of the board of trustees, and to coordinate cooperative programs.

b) The covenant relationship shall not require that a United Methodist congregation pay rent to another United Methodist church. However, each congregation should be expected to pay a mutually agreed share of building expenses.

c) Congregations that share the same facility and other properties are encouraged to organize and share intentionally in some mutual ministries to strengthen their relationships and their effectiveness when focusing on the same objectives. Cooperative programs may be developed that enhance the ministry of both congregations and their witness to the love of Jesus Christ in the community. Such programs may include joint bilingual worship services and Christian education programs, fellowship meals, and community outreach ministries.

d) Each congregation in a shared facility is strongly encouraged to accept an interdependent relationship in reference to use of the facility. Such a relationship affirms cooperatively planned and executed programs and activities as well as independently planned and executed programs and activities. Thus, scheduling programs and using the facility will be implemented in a manner that contributes to the positive growth of each congregation.

e) In situations where local congregations and/or ministries that share facilities cannot negotiate decisions that are supportive mutually by each congregation or ministry, the district superintendent shall consult with the leadership of each congregation and/or ministry prior to the implementing of any decision that may adversely affect the future of either congregation or ministry.

2. If a United Methodist church is sharing with a congregation of another denomination, the following should apply:

a) Prior to agreeing to share facilities with a congregation that is not United Methodist and is of a different ethnic or language background, the United Methodist pastor and the district superintendent shall first contact district and conference congregational development agencies and ethnic leadership to explore the possibilities of organizing as an ecumenical shared ministry or a new United Methodist congregation with that ethnic or language group.

b) If it is decided that the United Methodist congregation and the congregation of another denomination should share facilities, as a part of the covenant of mission, a property-use agreement shall be negotiated in writing in accordance with ¶ 2503; this agreement shall have the consent of the district superintendent and shall be approved by the United Methodist charge or church conference. Shared activities may be entered into to enhance the ministry of both congregations. A liaison committee to both congregations may be appointed to resolve conflicts, clear schedules, and plan cooperative activities.

3. Ninety-day notification of intent to terminate the covenant relationship shall be made to the district superintendent and to the other parties in the covenant relationship. This termination shall require the consent of the district superintendent following consultation with the parties involved.

4. The district committee on religion and race shall monitor all consultations and plans related to the transfer or use of property to ensure fairness and equity in situations involving two or more local congregations or ministries.

### **Section VII. Requirements—Trustees of Church Institutions**

¶ 2551. Standards and Requirements—Trustees of schools, colleges, universities, hospitals, homes, orphanages, institutes, and other institutions owned or controlled by any annual, jurisdictional, or central conference or any agency of The United Methodist Church shall be at least twenty-one years of age. At all times, not less than three-fifths of them shall be members of a local church and/or members of an annual conference or the Council of Bishops of The United Methodist Church, and all must be nominated, confirmed, or elected by such conference or agency of the Church or by some body or officer thereof to which or to whom this power has been delegated by such conference or agency; provided that the number of trustees of any such institution owned or controlled by any annual conference or conferences required to be members of a local church and/or annual conference or the Council of Bishops of The United Methodist Church may be reduced to not less than the majority by a three-fourths vote of such annual conference or conferences; and provided further, that when an institution is owned and operated jointly with some other religious organization, said requirement that three-fifths of the trustees shall be members of a local church and/or annual conference or the Council of Bishops of The United Methodist Church shall apply only to the portion of the trustees selected by the United Methodist agency or annual, jurisdictional, or central conference. It is recognized that there are numerous educational, health-care, and charitable organizations that traditionally have been affiliated with The United Methodist Church and its predeces-

or denominations, which are neither owned nor controlled by any unit of the denomination.