

DISAFFILIATION AGREEMENT PURSUANT TO ¶2553

This Disaffiliation Agreement (“Agreement”) is dated _____, 2022, and made effective as set forth below, by and between The Upper New York Annual Conference of the United Methodist Church (the “UNY Conference”) and [LOCAL CHURCH] (the “Local Church”) (collectively, the “Parties”).

Preliminary Statements

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

WHEREAS, Local Church, after a careful and prayerful churchwide process of discernment, believes separation from The United Methodist Church and the UNY Conference is necessary to secure its future faithfulness and fruitfulness.

WHEREAS, at the same time, Local Church and the UNY Conference, having been covenant partners in ministry over many years, seek to separate from one another amicably, with mutual respect and in Christian love. In so doing, both Local Church and the UNY declare mutual recognition of Christ in the other as individuals as well as constituted churches and look for the fruit of God’s Spirit in the ministry and mission. We agree not to actively disparage one another with our words and actions that seek to undermine the ministry of the other.

WHEREAS, Local Church has held a church conference, in compliance with ¶¶246.8, 248, and 2553.2-.3 of The Book of Discipline of The United Methodist Church (“Discipline”), at which at least two-thirds (2/3) of the professing members present at the church conference of Local Church voted to disaffiliate from The United Methodist Church “for reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.”

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

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

WHEREAS, ¶2553 provides a specific circumstance in which property subject to ¶2501.1 can be released from the trust imposed by that paragraph.

WHEREAS, pursuant to ¶2553.4 and Judicial Council Decision (JCD) 1420, the Annual Conference Board of Trustees is vested with the exclusive authority in establishing the terms and conditions of a local church's departure from The United Methodist Church.

WHEREAS, ¶2553.4 requires the terms and conditions of Local Church's disaffiliation from The United Methodist Church to be "memorialized in a binding Disaffiliation Agreement."

WHEREAS, any disaffiliation by a local church from the United Methodist Church must be ratified by a simple majority of the members present and voting at a duly-called session of Annual Conference, as required by JCD 1379.

WHEREAS, Local Church and the UNY Conference wish to (1) resolve all matters between them, and Local Church, through a new entity which it has formed or will be forming, wishes to acquire from the UNY Conference all of UNY Conference's interest, on behalf of The United Methodist Church, in the real and personal, tangible and intangible, property held by Local Church and (2) comply with the requirements of ¶2553 and JCD 1379.

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

1. **Conditions Precedent.** Local Church and the UNY Conference acknowledge and agree:
 - a. **Church Conference Vote.** At least two-thirds (2/3) of the professing members present at a church conference of Local Church have voted to disaffiliate from The United Methodist Church "for reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow" and to transfer all real and personal property owned by the Local Church to Newco (as hereinafter defined). Local Church has provided documentation, to the satisfaction of the UNY Conference, which evidences the result of the disaffiliation vote taken at the church conference. Such documentation is certified by an authorized officer of Local Church and is attached as Exhibit A to this Agreement.
 - b. **Annual Conference Approval.** The disaffiliation memorialized by this Agreement is contingent upon the ratification by a simple majority of the members present and voting at a duly-called session of the Annual Conference.
 - c. **Establishment of New Not-For-Profit Corporation or Religious Corporation.** Local Church has formed a new corporate entity known as **insert name of newly formed entity** ("Newco") that will be the transferee of the real property and other property following the Annual Conference approval and the approval of the real estate transfer by the New York State Supreme Court or the New York State Attorney

General. Local Church and Newco shall execute an agreement for the transfer of title of such real property in the form attached hereto as Exhibit B.

d. **Payments.** Payments as set forth in Section 4 below have been made.

Should any of the above fail to occur, this Agreement shall immediately become null and void.

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

3. **Date of Disaffiliation.** Should Local Church timely comply with all of its obligations as set forth herein, Local Church's disaffiliation from The United Methodist Church will be effective on the date of the transfer of the real property and other property to Newco (the "Date of Disaffiliation" or "Disaffiliation Date").

4. **Consideration:** in consideration of the UNY Conference's obligations under this Agreement, Local Church agrees to pay to the UNY Conference, in a manner specified by the UNY Conference, the sum of [\$_____]. Payment shall be made seven (7) calendar days prior to the expected date of Annual Conference approval. This sum represents:

- a. Any unpaid apportionment payments (Paragraph 2553.4b) for the twelve (12) months immediately preceding the effective date of disaffiliation, plus an additional twelve (12) months of apportionments as calculated by the UNY Conference, in the total amount of [\$_____];
- b. An amount equal to Local Church's pro rata share, as determined by the UNY Conference, of the Conference's unfunded pension obligations, based on the UNY Conference's aggregate funding obligations as determined by the General Board of Pension and Health Benefits using market factors similar to a commercial annuity, in the amount of [\$_____];
- c. The amount of any directly billed outstanding invoices owed to the UNY Conference for property/liability insurance, health insurance, Comprehensive Protection Program charges, pension obligations, salary and benefits, the UNY Conference held loan fund balances, and other UNY Conference related debts in the total amount of [\$_____]; and
- d. An amount estimated by the UNY Conference to reimburse it for legal fees and other costs associated with the transfer of the real property, including but not limited to the costs related to obtaining court or attorney general approval and transferring the real estate to Newco, in the amount of \$5,000.00 (the UNY Conference will reconcile this estimated amount with Local Church after the approval has been obtained and the real estate transfer documents have been recorded).

e. There will be no payment required by Local Church for the transfer of the real and personal property.

5. **Release of Trust Interest:** As a part of the court or attorney general approval process, the UNY Conference will endeavor to obtain an order or other legal document extinguishing the trust clause as it relates to the Local Church's real property. The real property will be transferred to Newco by a quit claim deed prepared and recorded by the UNY Conference. The UNY Conference shall also execute a release of trust interest in the form attached hereto as Exhibit C and provide reasonable cooperation to the Local Church to the extent additional documentation is needed.

6. **Other Liabilities:** Local Church shall either satisfy all of its debts, loans, and liabilities, or assign or transfer such obligations to Newco. Local Church must provide sufficient documentation of same to the UNY Conference.

7. **Group Tax Exemption Ruling:** As of the Disaffiliation Date, Local Church shall cease to use, and also shall ensure that any affiliates of Local Church which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating that Local Church is included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. Local Church and any of its affiliates which have been included in the group tax exemption ruling will be removed as of the Disaffiliation Date.

8. **Records:** Local Church shall turn over to the UNY Conference copies of all archives, membership rolls, and historical documents, including documents related to funerals, baptisms, and weddings, and all trustee, committee, council meeting minutes, and insurance documents. Local Church may retain copies of documents of legal or operational significance and shall have a right to access archived records for business and legal purposes.

9. **Cemeteries and Columbaria.** If Local Church has a cemetery, memorial garden, mausoleum, columbarium, or other place for the disposition of human remains, Local Church shall continue to maintain it in compliance with all applicable laws and provide access to it after the Disaffiliation Date for families and loved ones of United Methodists buried there on the same terms and conditions as the members of Local Church. Local Church shall also comply with New York State laws, rules and regulations governing the transfer, management and maintenance of any said cemetery, memorial garden, mausoleum, columbarium, or other place for the disposition of human remains.

10. **Organizational Transition.** Prior to the Date of Disaffiliation, Local Church shall make reasonable efforts to remove all United Methodist branding and refrain from holding itself out as a United Methodist Church. Further, Local Church shall by the Date of Disaffiliation transfer all its property, debts, loans, liabilities and obligations to Newco. Local Church shall take all steps necessary to dissolve as a corporation in accordance with New York law within ninety (90) days after such Disaffiliation Date. Local Church shall indemnify, defend, and hold harmless the UNY Conference and its respective agents, officers, directors, and employees from any liability or costs (including reasonable attorney's fees) resulting from any claim, action, or cause of action for

damages of any kind or type resulting from Local Church's failure to take all necessary steps as required by this Section and all other necessary steps as required under this Agreement.

11. **Return of UMC Branding/Materials:** Local Church shall cease all use of "United Methodist," the Cross & Flame insignia, and any other intellectual property of the UNY Conference and The United Methodist Church, including the removal of all signage containing the same, as soon as possible but no later than the Date of Disaffiliation. Signage or insignia that is an integral part of a church building (e.g., when the insignia is part of a stained-glass window, mosaic, or etched into the stone, brick, or woodwork of a building) shall be exempt from removal. The insignia and other UMC branding will not need to be removed from UMC branded hymnals, bibles, Sunday School materials, and other similar documents.

12. **Mutual Release of Liability:** Upon completion of all of their respective obligations herein, the UNY Conference and Local Church, for themselves and their agents, representatives, members, trustees, employees, successors, attorneys, and assigns, hereby fully and forever covenant not to sue each other, and release and discharge each other, and their current and former trustees, officers, representatives, employees, and assigns, in both their official and individual capacities, from any liability for any and all causes of action and claims, including any statutory or common law cause of action, tort or contractual claims, any claims for attorneys' fees, expenses and all other damages, whether known or unknown, foreseen or unforeseen, which the UNY Conference or Local Church ever had, now has, hereafter may have or claim to have against any of the above-named entities or persons in any way arising out of their relationship with each other. The Parties further represent they have no pending lawsuit, charge, complaint, or other action against each other. Notwithstanding the foregoing releases and covenants not to sue, the parties may take action to enforce the terms of this Agreement, including the indemnity in Section 10 above, in any court where jurisdiction and venue are proper, and both Parties reserve their rights against each other and their successors and assigns for contribution and indemnification arising out of any personal injury or property damage claim raised by any third-party.

13. **Continuing as Plan Sponsor.** Nothing in this Agreement shall prevent Local Church, after the Date of Disaffiliation, from continuing to sponsor benefit plans from the General Board of Pension and Health Benefits, to the extent permitted by federal law, and provided that Local Church has not expressly resolved that it no longer shares common religious bonds with The United Methodist Church.

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

15. **Assignees and Successors.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties.

16. **Entire Agreement.** This Agreement contains the final, integrated, and entire agreement between the Parties. There are no other promises, agreements, conditions, covenants, undertakings, warranties, or representations, whether written or oral, express or implied, between the Parties with respect to the subject matter hereof.

17. **Counterparts/Electronically Transmitted Signatures.** This Agreement may be signed in counterparts and shall be executed as of the first date above. Electronically transmitted copies of signatures and their acknowledgments shall be deemed originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have caused their proper and duly authorized officers to execute and deliver this Agreement as of the date first written above.

[Remainder of Page Intentionally Left Blank]

**UPPER NEW YORK CONFERENCE
OF THE UNITED METHODIST CHURCH**

[LOCAL CHURCH]

By: _____ Date: _____
Its: Bishop

By: _____ Date: _____
Its: Chair, Board of Trustees

_____ **DISTRICT**

[LOCAL CHURCH]

By: _____ Date: _____
Its: District Superintendent

By: : _____ Date: _____
Its: Chair, Church Council

**BOARD OF TRUSTEES, UPPER NEW YORK CONFERENCE
OF THE UNITED METHODIST CHURCH**

By: _____
_____, Chair

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Bishop of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **District Superintendent of the _____ District of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Chair of the Board of Trustees of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Chair of the Board of Trustees of [LOCAL CHURCH]**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Chair, Church Council of [LOCAL CHURCH]**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

Exhibit A

(Documentation certified by an authorized office of the Local Church evidencing the result of the disaffiliation vote taken at the Local Church's church conference)

Exhibit B

Real Estate Transfer Agreement

Exhibit C

RELEASE OF TRUST CLAUSE INTEREST

As the Bishop of The Upper New York Conference of The United Methodist Church (“UNY Conference”), the Chair of the Annual Conference Board of Trustees, and the presiding District Superintendent of the _____ District of the Annual Conference, we confirm that **LOCAL CHURCH** (“Local Church”) has disaffiliated from The United Methodist Church in compliance with the Book of Discipline of The United Methodist Church (the “Discipline”). Therefore, we release and relinquish all interests of the UNY Conference, for itself and on behalf of The United Methodist Church, in all the real and personal, tangible and intangible, property of the Local Church from the trust for the benefit of The United Methodist Church that is imposed by Paragraph 2501 of the Discipline and confirm that all actions and consents required by the Discipline for the release of the trust have been taken and obtained.

Date: _____

UPPER NEW YORK CONFERENCE OF THE UNITED METHODIST CHURCH

By: _____
_____, Bishop

_____ DISTRICT OF THE UPPER NEW YORK CONFERENCE

By: _____
_____, District Superintendent
_____, District of Upper New York Conference of
United Methodist Church

BOARD OF TRUSTEES, UPPER NEW YORK CONFERENCE
OF THE UNITED METHODIST CHURCH

By: _____
_____, Chair

STATE OF NEW YORK)

COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Bishop of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **District Superintendent of the _____ District of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF _____) SS.:

On the _____ day of _____, 2022, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, **Chair of the Board of Trustees of the Upper New York Conference of the United Methodist Church**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC