

Appendix C – Finalization Workbook

Complete the following steps to finalize the disaffiliation process by the proposed date that was adopted at the called church conference. When complete, return this completed workbook to the district superintendent for certification.

Proposed finalization date adopted by the church conference: _____

(Date)

_____ **Local church confirms the withdrawal liability estimates (from Form 1) with the conference treasurer and conference benefits officer and submits payment to the New Mexico Annual Conference.**

_____ **Conference treasurer and benefits officer complete Form 2 – Certification of Payments for Liabilities to the Annual Conference and returns it to the local church.**

_____ **Local church completes Form 3 – Standard Form Disaffiliation Agreement.**

_____ **Local church completes Form 4 – Itemized List of Real and Personal Property.**

_____ **Local church removes all “UMC” letters, the words “United Methodist,” the Cross and Flame insignia, and any other intellectual property of the United Methodist Church and/or the New Mexico Annual Conference.**

Removal should include:

- All publications, websites, and email addresses, social media pages, and URL’s.
- Signage on the church property or inside buildings.
- All financial accounts.

Following the removal of all United Methodist trademarked material, the new church should refrain from using any similarly confusing logos, names, designs, trademarks, or service marks.

_____ **Local church returns Forms 3, 4, and 5 to the district superintendent.**

Local church relinquishes to the Annual Conference all original membership books, documents, files, and records both hard copy and electronic if available, or any other medium as they may be stored.

Files should include membership records, baptisms, weddings, and funerals. The local church also provides the most recent seven years' copies of W-2, W-3, and Form 941.

The local church may keep a copy of any of these records for their own archives.

Disaffiliation is ratified at the next duly-called session of Annual Conference.

The Bishop of the New Mexico Conference issues documentation of the completion of disaffiliation and release of claim from the Trust Clause.

Release of claim will include record of liabilities and payments made by the local church during the disaffiliation process and documentation of all real and personal property listed in Form 5 being released to the local congregation.

Local church ceases any documentation stating the local church is included in the Internal Revenue Service group tax exemption ruling for the United Methodist Church. Local church will be removed from group status without notification.

Form 3 – Certification of Payments for Liabilities to the Annual Conference

We certify, on behalf of the New Mexico Annual Conference of the United Methodist Church, that _____ (Name of church) has paid all withdrawal liabilities for apportionments/tithes/shared ministries, pension liabilities, and other liabilities to the Annual Conference. This payment satisfies all financial liabilities as described in Paragraph 2553 of the Addendum to the 2016 United Methodist Book of Discipline.

The final payment amount for all withdrawal liabilities is _____ and was deposited on _____.

We certify that this information is accurate and we know of no other liabilities owed by _____ (Name of Church)

Date: _____

Signature: _____

Print: _____

Conference Treasurer

Date: _____

Signature: _____

Print: _____

Conference Benefits Officer

Form 4 – Disaffiliation Agreement

This Disaffiliation Agreement ("Disaffiliation Agreement"), made pursuant to Par. 2553 of *The Book of Discipline of The United Methodist Church* (the "*Discipline*") is entered

into this _____ day of _____, 202_, by and between
_____ UNITED

METHODIST CHURCH ("Local Church") and the NEW MEXICO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH ("Annual Conference").

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

WHEREAS, Local Church has held a church conference, in compliance with Par. 246.8, 248, and 2553.2-3 of the *Discipline*, at which at least two-thirds (2/3) of the professing members of Local Church present 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, and

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

WHEREAS, pursuant to Par. 2501.1 the 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*. (Par. 2501.2)

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

WHEREAS, Par. 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, United Methodist Church Judicial Council Decision 1379, which concerned Petition 90066, provides additional guidance regarding the process and requirements for disaffiliation of a Local Church over issues related to human sexuality; and

WHEREAS, Local Church and Annual Conference wish to (1) resolve all matters between them,

and Local Church wishes to acquire from Annual Conference all of Annual 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, Par. 2553 and Judicial Council Decision 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 Annual Conference agree as follows:

1. Conditions Precedent. Local Church and Annual 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 must vote 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 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." Local Church must provide documentation, to the satisfaction of Annual Conference, of the result of the disaffiliation vote taken at the church conference. Such documentation must be certified by an authorized officer of Local Church and shall be included as an exhibit to this Disaffiliation Agreement.
- b. *Annual Conference Vote.* This Disaffiliation Agreement must be ratified by a simple majority of the members ... present and voting" at a duly-called session of Annual Conference, as required by Judicial Council *Decision* 1379 and, Par. 2529.1(b)(3).

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

2. Applicability of Par. 2501. Local Church acknowledges and agrees that pursuant to Par. 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 _____, 202__ ("Disaffiliation Date").¹ Such Disaffiliation Date must be subsequent to the Annual Conference's ratification referenced in Section 1 above. Assuming Local Church remains current in payment of premiums to Annual Conference for insurances and pension, Local Church's pastor will continue to be covered by Annual Conference's health program as well as the pension program through the General Board of Pensions and Health Benefits; Local Church's staff will continue to be covered by Annual Conference's Worker's Compensation program; Local Church's Treasurer(s) will continue to be bonded; and Local Church's real property will continue to be covered by Annual Conference's Unit Insurance program until the actual date of disaffiliation.

¹ Per Par.2553.2, this date cannot be later than December 31, 2023.

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

a. *Retention of Property.* Local Church shall have the right to retain its real and personal, tangible and intangible property without charge. Any costs relating to Local Church's retention of its property will be paid by Local Church.

b. *Payments.* On or before the Disaffiliation Date, Local Church shall pay to Annual Conference, in a manner specified by Annual Conference, the following:

i. Any unpaid apportionments/tithes for the twelve (12) months immediately prior to the Disaffiliation Date, as calculated by Annual Conference, totaling \$_____.

ii. An additional twelve (12) months of apportionments, as calculated by Annual Conference, totaling \$_____.

iii. An amount equal to Local Church's pro rata share, as determined by Annual Conference, of Annual Conference's unfunded pension obligations, based on the Annual Conference's aggregate funding obligations as determined by Wespath Benefits and Investments using market factors similar to a commercial annuity provider, totaling \$_____. This obligation will be calculated on the Wespath report to the Conference immediately prior to the creation of this Disaffiliation Agreement;

iv. Any unpaid salary and/or benefits due to the appointed clergy of the Local Church through the date of disaffiliation.

v. Annual Conference and Local Church acknowledge that the dollar amounts recited in paragraph 4 (b) (ii) and (iii) above are the most accurate figures available at the time of execution of this Disaffiliation Agreement. To the extent that more accurate figures may become available prior to Date of Disaffiliation, the parties will supplement this agreement with a written amendment reciting those more accurate figures.

c. *Other Liabilities.* Local Church shall either satisfy all of its debts, loans, and liabilities (including to the Texas Methodist Foundation) or assign or transfer such obligations to its new entity.

d. *Intellectual Property.* Local Church shall cease all use of "United Methodist," the Cross & Flame insignia, and any other intellectual property of the denomination and Annual Conference, including the removal of all signage containing the same.

e. *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 from the list of approved entities without additional notice as of the Disaffiliation Date. Local Church or its successors shall be solely responsible for obtaining its own IRS ruling regarding tax exempt status.

f. *Historical Records.* Local Church shall relinquish to Annual Conference all Membership Books, documents, files, and records both hard copy and electronic, on any medium as they may be stored containing Church Membership Records, baptisms, wedding and funerals, as well as the most recent seven (7) years copies of W-2, W-3 and Form 941.² Annual Conference shall place those records with the Annual Conference Archives.

Local church may keep a copy of such records for their own archives.

5. Organizational Transition. Local Church shall take all steps necessary to close and/or dissolve any legal entities under which it or its affiliates have operated, and to settle, liquidate, or transfer all assets and obligations of such entities, establish any new legal entities, or modify its current organizing documents, as needed to effectuate its disaffiliation from The United Methodist Church, to the satisfaction of Annual Conference. Local Church shall indemnify, defend, and hold harmless Annual Conference and its officers, directors, agents, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action for damages to persons or property resulting from Local Church's failure to take all necessary steps as required by this Section 5.

6. Property. On the Disaffiliation Date, Local Church will have full ownership and assume full responsibility for the Property and assets listed on Form 4 – Real and Personal Property hereto, which shall include any cemetery of Local Church. The parties shall ensure all necessary transfers or other transactions relating to the above properties are completed prior to the Disaffiliation Date. Any costs resulting from such transfers or other transactions shall be borne by Local Church. Annual Conference shall fully cooperate with Local Church, as needed and applicable, to ensure that such transfers and other transactions convey all of Annual Conference's interest - both for itself and on behalf of The United Methodist Church - in the real and personal, tangible and intangible property of Local Church.

7. Release of Claims. Upon the completion of all of their respective obligations herein, Annual Conference and Local Church, for themselves and their agents, representatives, members, trustees, employees, successors, attorneys, and assigns, hereby fully and forever covenant not to sue each other, and releases and discharges the other, and their current and former trustees, officers, representatives, employees, and assigns, in both their official and individual capacities, from any liability for any and all causes of action and claims, including any statutory

or common law cause of action, tort or contractual claims, any claims for attorneys' fees, expenses and all other damages, whether known or unknown, foreseen or unforeseen, which Annual Conference or Local Church ever had, now has, hereafter may have or claim to have against any of the above-named entities or persons in any way arising out of their relationship with each other. The parties further represent they have no pending lawsuits, charges, complaints, or other actions against each other. Notwithstanding the foregoing releases and covenants not to sue, nothing set forth herein shall prevent either party from taking legal action to enforce this Disaffiliation Agreement in any court where jurisdiction and venue are proper.

8. Time Limit. Should the Local Church fail to satisfy all of its obligations set forth herein by December 31, 2023, unless extended by mutual agreement, this Disaffiliation Agreement shall be null and void.

9. Continuing as Plan Sponsor. Nothing in this Disaffiliation Agreement shall prevent Local Church, after the Disaffiliation Date, from continuing to sponsor benefit plans from the Wespath 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. Local church shall contact Wespath directly to arrange such plan sponsorship.

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

11. Execution. This Disaffiliation Agreement may be signed on any number of identical counterparts, such as a faxed or electronic copy, with the same binding effect as if the signatures were on one instrument. Original, faxed or electronically scanned signatures shall be binding.

IN WITNESS THEREOF, the Parties set their hands and seals on the date set forth above.

LOCAL CHURCH

Witness

Chair _____ UMC Trustees

Witness

Vice-Chair _____ UMC Trustees

NEW MEXICO ANNUAL
CONFERENCE OF THE
UNITED METHODIST
CHURCH

Witness

Rev. _____

District Superintendent

Witness

Rev. Joshua A. Kouri

New Mexico Conference Board of Trustees

President

Witness

Rev. Kelly Jackson Brooks

New Mexico Conference Board of Trustees

Vice-President

Form 5 – Itemized List of Real and Personal Property

For the Disaffiliation Agreement of _____ United Methodist Church

Real Estate

Church Address:

Legal Description:

Parsonage Address:

Legal Description:

If the local church holds other real estate, attach another page with address(es) and legal description(s).

Personal Property

Vehicles: _____ Year _____ Make and Model _____ VIN _____

Accounts: _____ Type _____ Account # _____ Institution _____ Balance _____

Large Furniture: _____ Type _____ Quantity _____

Other: _____ Type: _____ Quantity _____

RELEASE OF TRUST

As Bishop of the New Mexico Annual Conference of the United Methodist Church (the “New Mexico Conference”), and President and Vice President of the Board of Trustees, of the New Mexico Annual Conference of the United Methodist Church, and the Presiding District Superintendent of the _____ District of the New Mexico Conference, we confirm that _____ United Methodist Church in _____, _____ has severed its connectional relationship to the United Methodist Church and disaffiliated from the denomination effective as of _____, in compliance with Paragraphs 2553 and 2529.1(b)(3) of the Book of Discipline of the United Methodist Church (the Discipline) and Judicial Council Decision 1379 dated April 25, 2019, of the Judicial Council of the United Methodist Church.

Therefore, we release, relinquish, and discharge all interest of the New Mexico Conference, for itself and on behalf of the United Methodist Church, in all real and personal, tangible and intangible, property of the Church, including the real property that is described on the attached Form 4 – Itemized List of Real and Personal Property, from the trust for the benefit of the United Methodist Church that is imposed by Paragraph 2501 of the Discipline (“the UMC Trust), whether or not the deeds of record or other instruments of title for the property reference the UMC Trust or include a trust clause as provided in Paragraph 2503 of the Discipline, and we confirm that all actions and consents required by the Discipline for the release of the UMC Trust have been taken and obtained.

Effective Date: _____

Witness for Bishop Robert Schnase

Witness for Bishop Robert Schnase

Witness for _____

Witness for _____

By: _____

Robert Schnase, Bishop

By: _____

Rev. _____
_____ District Superintendent

Witness for Joshua Kouri

Witness for Joshua Kouri

Witness for Kelly Brooks

Witness for Kelly Brooks

By: _____

Rev. Joshua Kouri
President, Board of Trustees of the New Mexico
Annual Conference

By: _____

Rev. Kelly Brooks
Vice President, Board of Trustees of the New Mexico
Annual Conference