

# Draft of a *General Book of Discipline* 2020

## New Part VI *General Organization and Administration*

### 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*, and is to be in compliance with applicable local laws. 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 ¶ 141), 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 central, 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 BOD ¶ 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*.

>VII: —<

GBOD ¶ 2501.1-3 = 2501.1-3

¶ 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 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 (BOD ¶ 807.10 and ¶ 807.11).

>VII: —<

GBOD ¶ 2502 = 2502

¶ 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<sup>1</sup> ensure 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 clergy of The United Methodist Church shall ensure that said premises shall be held, kept, and maintained as a place of residence for the use and occupancy of the clergy 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 mandates specified in §1 and §2 above shall be included 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 ensure 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.

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 for other use, all written instruments by which such premises are held or hereafter acquired shall ensure 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. The failure to meet the requirements of §§ 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 clergy 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.

7. It shall be the responsibility of each central conference, to apply the provisions in this paragraph above to meet the legal requirements and ministry needs of the various legal central conference structures, and annual conferences within its boundaries. These revisions and applications shall be reported to the General Council on Finance and Administration by the secretary of the central conference within 60 days after the close of its regular quadrennial session.

>VII: —<

GBOD ¶ 2503.1-6 = 2503.1-6; 2503.7=new

<sup>1</sup> See Judicial Council Decision 668.

¶ 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.

>VII: —<

GBOD ¶ 2504 = 2504

¶ 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 *the 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.

>VII: —<

GBOD ¶ 2505 = 2505

## 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>2</sup>

2. Any corporation which is or has been formed or is controlled by a church agency (¶ 702), 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 appropriate taxation authority to protect its tax-exempt status, where applicable. 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 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*.

>VII: —<

GBOD ¶ 2506 = 2506

<sup>2</sup> See Judicial Council Decisions 315.

¶ 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, or such other terms as in compliance with applicable local law.

>VII: —<

GBOD ¶ 2507 = 2507

¶ 2508. *Conformity of Deeds and/or Other Ownership Documents, 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.

>VII: —<

GBOD ¶ 2508 = 2508

¶ 2509. *Instituting and Defending Civil Action*—Because of the nature of The United Methodist Church (¶ 141), 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.

>VII: —<

GBOD ¶ 2509 = 2509

¶ 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.

>VII: —<

GBOD ¶ 2510 = 2510

### Section III. General Provisions for Church Officers

¶ 2511. *Auditing and Bonding*—All persons holding trust funds, securities, or moneys of any kind belonging to the General, central, jurisdictional, annual, or provisional annual conferences or to organizations under the control of the General, central, 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.

>VII: —<

GBOD ¶ 2511=2511

¶ 2512. *Trustees of Church Institutions*—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 the legal majority of age according to the laws of the country. 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 predecessor denominations, which are neither owned nor controlled by any unit of the denomination.

>VII: —<

GBOD ¶ 2512=2552

#### **Section IV. Annual Conference, District, Local Church, and General Agency Property**

¶ 2513. 1. *Central Conference authority*—Each central conference shall have authority to organize the structures and provisions necessary for the annual conferences, districts, local churches and other United Methodist-related entities within its boundaries to receive, collect, and hold in trust for the benefit of those entities any and all donations, bequests, and devises of any kind or character, real or personal, that may be given, devised, bequeathed, or conveyed 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, provided that any provisions established conform to the provisions of ¶¶ 2501-2510 above.

2. Jurisdictional conferences shall follow the procedures in Part VII of the *Discipline*. >VII: 2513.001-2513.040<

3. For authority regarding property held by general agencies of the Church, see BOD ¶ 807.6, .8. GBOD ¶ 2513.1-2 = new; 2513.3=footnote 3 of section IV