

**DISAFFILIATION AGREEMENT**  
**PURSUANT TO ¶2553 of**  
***The Book of Discipline of the United Methodist Church***  
**between The Arkansas Conference of the United Methodist Church**  
**and \_\_\_\_\_ United Methodist Church**

This Disaffiliation Agreement Pursuant to ¶2553 (“*Disaffiliation of a Local Church Over Issues Related to Human Sexuality*”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ United Methodist Church (hereafter referred to as “Disaffiliating Church”) and The Arkansas Conference of The United Methodist Church (hereafter referred to as “Arkansas Conference.”)

WHEREAS, Disaffiliating Church is currently a United Methodist congregation that is a part of, and located within, the boundaries of the Arkansas Conference; and

WHEREAS, the parties acknowledge and agree that as current United Methodists, their rights and responsibilities with respect to church property are governed by church polity as set out in *The Book of Discipline of the United Methodist Church* (hereafter referred to as the “*Discipline*”) and as interpreted by the Judicial Council of the United Methodist Church; and

WHEREAS, pursuant to ¶ 2501.1 of the *Discipline*, Disaffiliating 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*,” and

WHEREAS, pursuant to ¶ 2501.2 of the *Discipline*, 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*,” and

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

WHEREAS, Disaffiliating Church has completed a process of discernment concerning disaffiliation from the United Methodist Church as mandated by the Principles adopted by the 2021 Arkansas Annual Conference, in which all members had voice; and

WHEREAS, Disaffiliating Church held a church conference, in compliance with ¶¶ 246.8, 248, and 2553.2-.3 of the *Discipline* at which at least two-thirds (2/3) of the professing members present at the church conference of the Disaffiliating Church voted to disaffiliate from The United Methodist Church “for reasons of conscience regarding a change in the requirements and provisions of the *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” and Disaffiliating Church has provided certification, which has been deemed

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sufficient by the Arkansas Conference as evidence of same, and which is attached hereto as **Exhibit A**; and

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

WHEREAS, Disaffiliating Church and the Arkansas Conference wish to enter into this Disaffiliation Agreement to (1) comply fully with all requirements of the *Discipline* as interpreted by The Judicial Council, (2) graciously resolve all matters between them in a manner consistent with love for each other as brothers and sisters in Christ and to benefit the ongoing and future Christian ministries of both parties, and (3) to fully and finally release the Arkansas Conference's interest in the real and personal property of \_\_\_\_\_ United Methodist Church.

THEREFORE, in consideration of the foregoing and all the mutual covenants herein contained, which the parties acknowledge constitute good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Disaffiliating Church and the Arkansas Conference agree as follows:

**I. Disaffiliating Church's Obligations:**

Disaffiliating Church shall, at its sole expense, complete the following acts on or before the times specified:

**1. Payments:**

Due on the Disaffiliation Date listed in section IV.1, the Disaffiliating Church shall pay to the Arkansas Conference, in a manner specified by the Arkansas Conference, the following:

- a. Any unpaid tithe for the twelve (12) months immediately prior to the Disaffiliation Date, totaling \_\_\_\_\_;
- b. An additional twelve (12) months tithe, equal to the previous twelve (12) month's tithe, totaling \_\_\_\_\_;
- c. An amount equal to Disaffiliating Church's pro rata share, as determined by the Arkansas Conference, of the Arkansas Conference's defined pension obligations, based on the Arkansas Conference's aggregate funding obligations as determined by the General Board of Pension and Health Benefits using market factors similar to a commercial annuity provider, totaling \_\_\_\_\_;
- d. Any prior year pension outstanding balances, as recorded in the permanent records of the Arkansas Conference Board of Pension, totaling \_\_\_\_\_;
- e. Any outstanding salary arrearage;

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- f. Repayment of district, annual conference or general church grants made in the past ten years, excluding benevolence grants, totaling \_\_\_\_\_;
- g. If the Disaffiliating Church's current pastor(s) remains in the United Methodist Church for the current appointive year, an amount equal to the difference between the agreed-upon compensation, including housing and pension, for the current appointive year and the appointive pastor's new compensation, if a lesser amount, totaling \_\_\_\_\_;
- h. All costs and fees associated with the transfer of any asset or liability.

**2. *Obligations Regarding Endowments:***

*Disclosure:* Within 30 days following any vote for disaffiliation, the Disaffiliating Church will identify and produce to the Arkansas Conference copies of all documents relevant to all endowments, trusts, memorial bequests, donations and any other rights made to or for the benefit of the Disaffiliating Church that contain restrictions particularly limiting them to United Methodism.

*Transfer:* The Disaffiliating Church will formally transfer all endowments, trusts, memorial bequests, donations and any other rights made to or for the benefit of the Disaffiliating Church that contain restrictions particularly limiting them to United Methodism to the Arkansas Conference. This resolution will be completed as of the Disaffiliation Date if required by the documents themselves on a case by case basis.

**3. *Satisfaction of Liabilities:***

*Disclosure:* No later than 30 days following any vote for disaffiliation, the Disaffiliating Church shall fully disclose to the Arkansas Conference all of its existing debts, loans, liabilities and contractual obligations. An accounting of all such debts, loans, liabilities and contractual obligations is set out in **Exhibit B** to this Agreement.

*Satisfaction:* The Disaffiliating Church shall provide documentation satisfactory to the Arkansas Conference that it has satisfied, assigned or transferred all such debts, loans, liabilities or other obligations to its new entity, thereby fully releasing the \_\_\_\_\_ United Methodist Church and the Arkansas Conference, and all of their trustees, officers, members, agents and employees, from any further liability for any debts, loans, liabilities and contractual obligations in any way associated with \_\_\_\_\_ United Methodist Church. THIS resolution shall be completed on the Disaffiliation Date.

**4. *Intellectual Property:***

Effective as of the Disaffiliation Date, Disaffiliating Church shall cease all use of "United Methodist," the Cross & Flame insignia, and any other intellectual property of the United Methodist denomination and the Arkansas Conference.

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5. **Group Tax Exemption Ruling:**

Disaffiliating Church shall cease to use, and shall ensure that \_\_\_\_\_ United Methodist Church, and all of its affiliates, that have been included in the United Methodist denomination's group tax exemption ruling shall cease to use any and all documentation stating that Disaffiliating Church is associated with or included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. The Disaffiliation Date will be the last date for the Disaffiliating Church and any of its affiliates that have been included in the group tax exemption ruling to use their current Federal Employer Identification Number. Disaffiliating Church will obtain a new Federal Employer Identification Number from the Internal Revenue Service as may be required.

6. **Local Church Records:**

No later than Disaffiliation, the Disaffiliating Church agrees it shall provide print or digital copies, in their entirety, to the Arkansas Conference all \_\_\_\_\_ United Methodist Church archives, historic membership rolls, and historical documents, including but not limited to documents related to funerals, baptisms, weddings, and all trustee, committee, and council meeting minutes. The Disaffiliation Church agrees to maintain said documents in their original form indefinitely. If the Disaffiliating Church ceases operations, then the original documents shall be given to the Arkansas Conference or its successor organization.

7. **Membership:**

No later than 30 days following a vote to disaffiliate, the Disaffiliating Church will furnish to the Arkansas Conference a roll of all members who have not expressed an intent to remove their membership in the United Methodist Church in order to allow their membership to be transferred to another United Methodist Church.

8. **Cemeteries and Columbaria:**

If the Disaffiliating Church has a cemetery and/or columbarium, Disaffiliating Church agrees that it will accept ownership of and retain full responsibility for maintaining the cemetery and/or columbarium in accordance with the requirements of Arkansas law. Disaffiliating Church further agrees that it will forever continue to provide access to the cemetery and/or columbarium, for families, friends, and loved ones of those interned therein.

9. **Organizational Transition:**

Disaffiliating Church shall take all steps necessary to establish a new legal entity to fully effectuate its complete disaffiliation from \_\_\_\_\_ United Methodist Church, the Arkansas Conference, and the United Methodist denomination as a whole no later than the Disaffiliation Date.

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**10. Transfer of Property:**

Disaffiliating Church agrees that it will:

- a. Take all steps necessary to dissolve any legal entities of the \_\_\_\_\_ United Methodist Church in accordance with Arkansas law, on the Disaffiliation Date, and
- b. Settle, liquidate or transfer all assets of \_\_\_\_\_ United Methodist Church on the Disaffiliation Date to its new legal entity, which are listed in **Exhibit C**.
- c. The parties agree, however, that the Disaffiliating Church will retain limited rights and duties provided by Arkansas law sufficient only to wind up the affairs of \_\_\_\_\_ United Methodist Church, including those that might exist after the Disaffiliation Date.

**11. No Premature Transfer of Property:**

The Disaffiliating Church understands and agrees that if this Disaffiliation Agreement is not affirmed by the Arkansas Annual Conference by a simple majority of the members . . . present and voting” at a duly-called session of the Arkansas Annual Conference, as required by 2529.1b(3) and Judicial Council Decision 1379, the entire agreement will be null and void. The Disaffiliating Church therefore specifically agrees, represents and warrants that it is responsible for the upkeep and all costs associated with maintaining the value and good condition of all property at issue until the time of final transfer of assets, which will occur on the Disaffiliation Date, contingent upon affirmation by the Arkansas Annual Conference, and that it will not destroy, damage, sell, convey or transfer any property, real or personal, to the new entity or any other party prior to the Disaffiliation Date.

**12. No Warranties, Release, Indemnity and Hold Harmless:**

The Disaffiliating Church hereby specifically understands and agrees that it is accepting title to, and possession of, the property of \_\_\_\_\_ United Methodist Church, real and personal, in its current condition, in whatever state it may exist, as of the Disaffiliation Date. The Disaffiliating Church understands and agrees that neither the \_\_\_\_\_ United Methodist Church, nor the Arkansas Conference, nor any of their trustees, officers, members, agents, servants, employees, or representatives have made any promises, representations or warranties regarding the suitability of any property for future use, or the status of legal title, to any real or personal property associated with \_\_\_\_\_ United Methodist Church.

Disaffiliating Church, for itself, its new entity, and all of their members, representatives, officers, trustees, agents, servants, successors and assigns, hereby agrees to release, acquit, discharge, indemnify, defend, and hold harmless the Arkansas Conference and all of its officers, directors, trustees, agents, and employees, and representatives from all claims, causes of action, liabilities, damages,

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fees (including attorney's fees), or costs, tangible or intangible, seen or unforeseen, in any way resulting from any claim, action, or cause of action for damages to persons or property resulting from anything omitted, done or suffered to be done in any way related to the transfer of title and possession of the property to the Disaffiliating Church's new entity, the release of the trust clause, or resulting from Disaffiliating Church's failure to meet its obligations pursuant to this Disaffiliation Agreement.

**II. The Arkansas Conference's Obligations:**

*Release of Trust Clause:* Upon approval by the District Superintendent, and contingent upon the Annual Conference's ratification of this Disaffiliation Agreement, The Arkansas Conference agrees to release all of its current interest in the real and personal property of \_\_\_\_\_ United Methodist Church, effective as of the Disaffiliation Date, to the Disaffiliating Church's new entity.

**III. Mutual Release:**

Upon the completion of all of their respective obligations herein, the Arkansas Conference and Disaffiliating Church, for themselves and all of their agents, employees, servants, representatives, members, officers, trustees, attorneys, successors, and assigns, hereby fully and forever covenant not to sue each other, and release and discharge each other, and all of their current and former agents, employees, servants, representatives, members, officers, trustees, attorneys employees, successors, attorneys, agents 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, that the Arkansas Conference or Disaffiliating Church may have, ever had, or may hereafter 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 the other. Notwithstanding the foregoing releases and covenants not to sue, the parties may take action necessary for the sole purpose of enforcing this Disaffiliation Agreement in any Arkansas court where jurisdiction and venue are proper.

**IV. Required Dates and Other Conditions:**

1. ***Disaffiliation Date:*** The agreed Disaffiliation Date as referenced in this Agreement is \_\_\_\_\_. The Disaffiliating Church agrees and understands that it must take all necessary actions in this agreement to disaffiliate with The United Methodist Church within the time prescribed by *the Discipline*. In accordance with ¶ 2553.2 of the *Discipline*, the Disaffiliation Date must be after the Arkansas Annual Conference's ratification of the Disaffiliation Agreement, but no later than December 31, 2023. Should the Disaffiliating Church fail to satisfy all of its obligations as set forth

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herein on or before the specified dates, the Disaffiliation Agreement shall be null and void.

2. **Arkansas Annual Conference Ratification:** In accordance with the requirements of the *Discipline* ¶ 2529.1b(3) and Judicial Council Decision 1379, in order to be effective, this Disaffiliation Agreement must be “ratified by a simple majority of the members . . . present and voting” at a duly-called session of the Arkansas Annual Conference. If the Arkansas Annual Conference does not ratify this Agreement, it shall be null and void in its entirety.

**V. Survival:**

The rights and obligations of the parties to this Disaffiliation Agreement shall survive following the ratification, where it shall occur, of this Agreement by the Arkansas Annual Conference, and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns in order to effect the letter and intent of this agreement.

**VI. Non-Severability:**

Each of the terms and conditions of this Disaffiliation Agreement are 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.

**Signatories for The Disaffiliating Church**

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Trustee Chair

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Church Council Chair

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Secretary

**Signatories for The Arkansas Conference of the United Methodist Church**

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Conference Trustee President

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Director of Administrative Services

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**Exhibit A**  
**Certification of Local Church Vote to Disaffiliate**

**Certification**

In accordance with ¶ 2553, the \_\_\_\_\_ *United Methodist Church* certifies that at least two-thirds (2/3) of its professing members present at a church conference of the membership 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.

**Vote Tally**

The church conference was held and votes were taken on: \_\_\_\_\_ (date).  
The total number of professing members who were present was: \_\_\_\_\_  
The number of professing members who voted for disaffiliation was: \_\_\_\_\_  
The number of professing members who voted against disaffiliation was: \_\_\_\_\_  
The number of professing members present but who abstained from voting was:  
\_\_\_\_\_

**Attestation**

The undersigned hereby certify that they were present for and witnessed the voting process set out above, that this certification is true and correct on behalf of the professing members who were present for the church conference where votes were taken regarding disaffiliation from the United Methodist Church.

Attested by: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: Secretary

Attested By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: Trustee

Attested by: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: District Superintendent or Elder Presiding

Attested By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: Trustee

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**Exhibit B**

**Disclosure of existing debts, loans, liabilities and contractual obligations**

**(Include creditor, address, legal description, amount, and type with plan for pay off or transfer to new entity)**

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**Exhibit C**  
**Disclosure of Real Property and Other Assets to be Transferred to New Entity**

**Real Estate**

- Church Building Address and Legal Description
- Church Parsonage Address and Legal Description
- Cemetery and Columbaria Address and Legal
- Other Real Estate Property with Addresses and Legal Descriptions

**Personal Property (valued over \$2,500)**

- Furniture                    Type                    Number
- Office Equipment        Type                    Number
- Accounts                    Acct. No.            Institution            Balance    Authorized Signers    Restrictions
- Vehicles                    Year                    Make and Model
- Other                        Type                    Number / Description