

**Baltimore Washington Conference
Washington Region
District Board of Church Locations and Buildings**

UMC Book of Discipline 2012
Chapter Six. CHURCH PROPERTY
District Board of Church Locations and Buildings

Section VI. Local Church Property

2540. *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 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 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 2527) 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.

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2541. 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 (30) 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 (10) 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 superintendents 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 action and to cause to be executed, as hereinafter provided, any necessary contract, deed, bill of sale, mortgage, or 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 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

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officers, and any written instrument so executed shall be binding and effective as the action of the corporation.

2543. Restriction on Proceeds of Mortgage or Sale –

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 the pastor. This provision shall apply alike to unincorporated and incorporated local churches.
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.

2544. 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 (201-201); 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 (2544.3);
- (b) Be used by the building committee (2544.4); and
- (c) Become a part of the report to the **district board of church location and building (2544.5, 2521.1)**

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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 (2520.1)**.
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 10 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 pastor's 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, restrooms, 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 assessable bathroom; and
 - (3) Fully accessible laundry facilities;
 - e) Secure an estimate of the cost of the proposed construction:

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- 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) 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 the weekly bulletin. At the church conference, the building committee shall present
- a) The preliminary architectural plans;
 - b) The preliminary cost estimate;
 - c) The building committee's recommendation.
- A majority voted 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 the district board of church location and building.
8. After approval by the charge conference and the 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 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 2540 or 2541.

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12. The local church shall not enter into a building contract or, if using a plan for volunteer labor, incur obligations for material until it has cash on hand, pledges payable during the construction period, and (if needed) a loan or written commitment therefore 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 mad 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 contract without the contractor being property bonded or furnishing other forms of security, such as an irrevocable letter of credit approved by the conference, district, or local attorney.

2548. Deeding church Property to Federated Churches or Other Evangelical Denominations

1. *With consent of the presiding bishop and 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 consent of the presiding bishop and 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 one of the other denominations represented in the Pan-Methodist Commission 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. (Etc.)

2549. Discontinuation and Abandonment of Local Church Property. (2549.2, 2549.3)

2. *Discontinuation* – ... 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. (Etc.)

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 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 trustees may assume control of the real and personal, tangible and intangible property. (Etc.)

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2551. *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 paragraph 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. (Etc.)***