

Introduction to the Agreement to Separate

Dear First Church Family,

Please find attached the Agreement to Separate which has been developed by our South Carolina Bishop and Annual Conference Trustees for churches who are considering disaffiliating from the United Methodist Church. We want to make sure that each member of our church has the opportunity to review the Agreement.

Our Lay Advisory Committee and our ministers have mentioned this agreement and have summarized its terms in various Church Council and congregational meetings as well as Sunday school class gatherings. We wanted you to have access to the document to review and digest. We will seek to answer any questions you might have.

The terms are quite lengthy, and some of the wording is technical and a little challenging to understand, but these are the same terms that the 113 South Carolina United Methodist churches met to disaffiliate in 2023.

A Summary of the Agreement to Separate:

- 1) If the church council of a local church determines that it is in the best interest of the church to allow the congregation to pursue separation, the church council must ask the district superintendent to call a church conference.
- 2) Before the church conference takes place, the local church must complete at least a 30-day process of discernment to consider whether the congregation can continue to function as a United Methodist church. (Our discernment process has been going on since September, 2023)
- 3) Representatives of the congregation will be assigned the responsibility of ensuring that certain financial obligations – as calculated by conference trustees – are satisfied before the congregation can vote on whether to separate. These payments include:
 - A tithe equal to 10 percent of the appraised value of all church property and liquid assets.
 - All unpaid apportionment giving for the prior year, as well as for the year of closure up to the date of the Annual Conference vote to close the church.
 - An additional 12 months of apportionment giving.
 - All unpaid salary and benefits due to clergy appointed to the church.
 - A withdrawal liability equal to the church's proportional share of any unfunded pension obligations.

(This amount is estimated to be \$1,087,538. An anonymous donor has agreed to fund the disaffiliation costs up to \$1,000,000 if we meet all of the terms to disaffiliate. We have cash reserves to cover the balance of the cost.)

4) Other financial considerations and legal liabilities of the local church – such as the disposition of any debts, loans, leases, endowments, foundations and cemeteries – must be satisfied or transferred to a new entity.

5) The church is to provide three insurance policies to protect the South Carolina Annual Conference. These policies cover general commercial liability, pastoral professional liability, and sexual abuse and molestation liability. (We have submitted proof of insurance coverage to the SC Annual Conference to satisfy this part of the Agreement.)

6) At the church conference meeting, support of two-thirds of professing church members present and voting is required to formally declare that the church can no longer continue to function as a United Methodist church. This vote must take place by March 1 each year to be considered by Annual Conference members during their regular session the following June. If a church votes to disaffiliate, it would officially close as a United Methodist Church and reopen as an independent church or it could join another denomination. (Our church conference vote is scheduled for January 21, 2024 in the Sanctuary at 3:30pm.)

7) Once all terms of separation are satisfied, the delegates of the South Carolina Annual Conference, which meets June 9-12, 2024, must vote. A simple majority vote at Annual Conference is the final step before the local church separates from The United Methodist Church, with full ownership of its property and assets.

There are other items listed in the Agreement to Separate, but this is a basic summary.

Please continue to pray as we strive to discern God's will for our church.

Grace and peace,

The members of the Lay Advisory Committee

AGREEMENT TO SEPARATE

This Agreement to Separate (the "Agreement"), dated as of the last date set forth below, is entered into and executed by and between _____, a South Carolina nonprofit corporation (the "Local Church"), _____, a South Carolina nonprofit corporation (the "New Entity"), and THE TRUSTEES OF THE SOUTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH, who are the duly authorized trustees and agents of the South Carolina Conference of The United Methodist Church (the "South Carolina Conference"). The Local Church, the New Entity, and the South Carolina Conference may be referred to herein individually as "Party" and collectively as the "Parties."

WHEREAS, the Local Church is currently a United Methodist church within the boundaries of the South Carolina Conference; and

WHEREAS, The Local Church has held a church conference, in compliance with ¶¶ 246.8 and 248 of *The Book of Discipline of The United Methodist Church* (the "*Discipline*"), at which at least two-thirds (2/3) of the professing members present and voting at the church conference voted that they cannot function as a United Methodist Church due to their firmly held beliefs that the denomination has ceased to consistently uphold and abide by its stated doctrine on issues of human sexuality even without changing the *Discipline*; and

WHEREAS, Pursuant to ¶ 2501.1 of the *Discipline*, the Local Church holds its real and personal, tangible and intangible property (collectively, the "Church Property") in trust for The United Methodist Church and subject to the provisions of the *Discipline*; and

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); and

WHEREAS, Pursuant to ¶ 2549.1a of the *Discipline*, the district superintendent has determined that the Local Church "no longer serves the purpose for which it was organized or incorporated" and recommended (or will recommend) the closure of the Local Church in light of the Local Church's vote; and

WHEREAS, Pursuant to ¶ 2549.2b of the *Discipline*, the South Carolina Conference has declared (or will declare) the Local Church closed; and

WHEREAS, The Local Church and the South Carolina Conference wish to resolve all matters between them; and

WHEREAS, The New Entity wishes to acquire from the South Carolina Conference all of the South Carolina Conference's interest, on behalf of The United Methodist Church, in the Church Property; and

WHEREAS, Pursuant to ¶ 2549.2c of the *Discipline*, the board of trustees of the South Carolina Conference has determined (or will determine) to transfer to the New Entity all ownership interest held by the South Carolina Conference in the Church Property.

NOW, THEREFORE, In consideration of the foregoing and the mutual promises, covenants, and such other valuable consideration as set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows.

1. Conditions Precedent. The Parties acknowledge and agree:

a. *Church Conference Vote.* If the church council of the Local Church determines that it is in the best interest of the church to allow the congregation to pursue separation under the terms of this Agreement, the council shall request that the district superintendent call a church conference for this purpose. Prior to the date of the church conference, the church council must designate a period of at least 30 days of prayer and reflection for the congregation, which will include at least one informational meeting open to all members of the church. Prior to the date of the Church Conference the Annual Conference Trustees shall notify the Local Church of the payment amounts required under Par 4(a). At least two-thirds (2/3) of the professing members present and voting at a church conference of the Local Church must vote that they can no longer carry forth the mission of the church as a United Methodist Church, and must vote to authorize any two trustees of the Local Church to enter into this Agreement on their behalf and to carry out any actions or complete any legal documents necessary to carry out the terms of this Agreement to Separate under ¶ 2549. The Local Church must provide documentation, on a form provided by the South Carolina Conference, which evidences the result of the vote taken at the church conference. Such documentation must be certified by the District Superintendent or their designee and an authorized officer of the Local Church and shall be included as an exhibit to this Agreement.

b. *Annual Conference Vote.* The relevant terms of this Agreement must be “ratified by a simple majority of the members . . . present and voting” at a duly-called session of the South Carolina Conference, as required by Judicial Council Decision 1379 and ¶ 2529.1b(3). The South Carolina Conference shall deliver to the Local Church, promptly after the ratification vote by its members, a certificate signed by the conference secretary certifying that a resolution was presented to the members of the South Carolina Conference to ratify this Agreement and the vote of the members on that resolution. The aforementioned certificate shall be included as an exhibit to this Agreement.

c. *Obligations of the Local Church.*

i. All obligations of the Local Church set forth in Paragraphs 1(a), 1(b), and 4 of this Agreement are conditions precedent to the effectiveness of this Agreement. Should any such condition precedent not occur, this Agreement shall be null and void.

ii. The vote by the Local Church contemplated by Paragraph 1(a) of this Agreement shall occur no later than March 1 of the year in which the Local Church intends to seek the ratification required by Paragraph 1(b) of this Agreement. If the vote is not taken by March 1, the Local Church may not request to close and separate pursuant to the mechanism contemplated by this Agreement at that year’s annual conference and must wait until the following year.

2. Applicability of ¶ 2501. The Local Church acknowledges and agrees that, pursuant to ¶ 2501 of the *Discipline*, the Local Church currently holds the Church Property in trust for the benefit of The United Methodist Church.

3. Date of Closure. Should the Local Church timely comply with all of its obligations as set forth herein, the Local Church's closure shall become effective on June 30, 20__ (the "Closure Date"). The Closure Date must be subsequent to the ratification required by Paragraph 1(b) of this Agreement.

4. Local Church's Obligations. On or before the Closure Date, the Local Church shall do all of the following.

a. Payments. The Local Church shall pay to the South Carolina Conference, in a manner specified by the South Carolina Conference, the sums listed below. Funds sufficient to pay all required sums in full shall be placed in escrow no later than thirty (30) days prior to the anticipated Closure Date.

- i. Unless there is a deed restriction (other than the general applicability of the trust clause) limiting the ownership or use of a property to a United Methodist person or entity, the Local Church shall pay an amount equal to ten percent (10%) of the appraised equity value¹ of the real property of the Local Church (calculated by deducting from the appraised value any debt secured by a properly authorized mortgage; valued on the date of the church conference vote), and ten percent (10%) of the liquid assets of the Local Church (as valued on January 1 prior to the anticipated closure date)—including any endowments or foundation funds that allow for transfer to the New Entity totaling _____ and __/100 Dollars (\$_____). The cost of the appraisal(s) and any other costs relating to valuation of the property and assets shall be borne by the Local Church.
- ii. Any unpaid apportionments for the year prior to closure, as calculated by the South Carolina Conference, totaling _____ and __/100 Dollars (\$_____) and unpaid apportionments for the year of closure prior to the vote of Annual Conference to close the church
- iii. An additional twelve (12) months of apportionments equal to twelve times the apportionments assigned to the Local Church for the month immediately prior to closure, totaling _____ and __/100 Dollars (\$_____).
- iv. Any unpaid salary and/or benefits due to the appointed clergy of the Local Church through the Closure Date, as of the date that payments under this

¹ All appraisals shall be performed by a provider of commercial value assessments or appraisals licensed by the South Carolina Real Estate Appraisers Board and subject to the Uniform Standards of Professional Appraisal Practice.

paragraph are due to be placed in escrow, including any unpaid direct bill balances.

- v. An amount equal to the Local Church's pro rata share, as determined by the South Carolina Conference of the South Carolina Conference's unfunded pension obligations, based on the South Carolina Conference's aggregate funding obligations as determined by the General Board of Pension and Health Benefits (Wespath) using market factors similar to a commercial annuity provider as of January 1 prior to the anticipated closure date, totaling _____ and ___/100 Dollars (\$ _____).

b. *Liabilities.* The Local Church shall either satisfy all of its debts, loans, leases, and liabilities, or assign or transfer such obligations to the New Entity. The Local Church shall provide sufficient documentation of same to the South Carolina Conference.

c. *Endowments or Foundations.* If the Local Church has one or more endowments or foundations, the Local Church shall provide the South Carolina Conference with all documentation pertaining to the endowment(s) or foundation(s). All endowments and foundations are and shall be controlled by the terms of their governing documents as to the disposition of any proceeds.

d. *Intellectual Property.* The Local Church and the New Entity shall cease and desist from (i) using the words "United Methodist" or the letters "UMC" in reference to themselves or their operations; (ii) using the Cross & Flame insignia or any other intellectual property of The United Methodist Church or the South Carolina Conference; or (iii) engaging in any activity that suggests affiliation with The United Methodist Church or the South Carolina Conference. All websites, email addresses, legal documents, financial accounts, social media pages and sites, uniform resource locators (URLs), signage containing the term "United Methodist," the letters "UMC," the Cross & Flame insignia, or any other intellectual property of The United Methodist Church or the South Carolina Conference shall be appropriately modified, removed, or destroyed. In addition, the Local Church and the New Entity shall refrain from using similarly confusing logos, names, designs, trademarks, or service marks. Notwithstanding the foregoing, the Local Church and the New Entity may continue to use any Bibles, hymnals, and books of worship that have already been purchased and are currently in use by the Local Church. Furthermore, the Local Church and the New Entity may keep and display awards and honorary plaques and the like that contain "UMC," "United Methodist," or the Cross & Flame insignia.

e. *Group Tax Exemption Ruling.* The Local Church shall cease using any and all documentation stating that the Local Church is included in the United Methodist denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. The Local Church shall also ensure that any of its affiliates which have been included in the group tax exemption ruling likewise cease using any and all such documentation. The Local Church and any of its affiliates which have been included in the group tax exemption ruling will be removed without notice as of the Closure Date. The Local Church and/or the New Entity shall be solely responsible for obtaining from the Internal Revenue Service its own ruling or determination letter regarding tax exemption.

f. *Records.* The Local Church shall provide the South Carolina Conference with the following:

- i. Digital copies of all records of the Local Church, including but not limited to meeting minutes, archives, membership rolls, and historical documents related to funerals, baptisms, and weddings.
- ii. An Excel file with the names, addresses, and phone numbers of all professing members of the Local Church who do not vote in favor of separation, including but not limited to members who vote no, abstain, or do not attend the church conference at which the vote is taken or an Excel file with the names, addresses, and phone numbers of all professing members of the Local Church who do not transfer their membership to another church prior to Closure.

g. *Cemetery.* If the Local Church has a cemetery, memorial garden, mausoleum, columbarium, or other place for the disposition of human remains, the Local Church must establish a fund for the care and maintenance of the same by the New Entity, and the real property containing the same shall be titled in the name of either the New Entity or a cemetery association fund. If the Local Church has funds designated for the maintenance and upkeep of a cemetery, they shall be transferred to the New Entity when title to the cemetery itself is transferred. Moreover, the New Entity shall continue to maintain the same in compliance with all applicable laws and provide access to it after the Closure Date for families and loved ones of United Methodists buried there on the same terms and conditions as members of the New Entity.

5. Organizational Transition. As may be necessary to effectuate its separation from The United Methodist Church, the Local Church and the New Entity shall, to the satisfaction of the South Carolina Conference, take all steps necessary to: (a) close and/or dissolve any existing legal entities; (b) settle, liquidate, or transfer all assets and obligations of such entities to the New Entity; and/or (c) modify its current organizing documents.

6. Indemnification. The Local Church and/or the New Entity shall indemnify, defend, and hold harmless the South Carolina Conference and its agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns from any claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, damages of whatsoever nature, and costs (including reasonable attorneys' fees), known or unknown, foreseen or unforeseen, legal or equitable, state or federal, arising out of or in any way related to: (a) the failure by the Local Church or the New Entity to take all necessary steps required by Paragraph 4 of this Agreement; (b) any alleged acts or omissions by or on behalf of the Local Church or the New Entity occurring on or before the Closure Date; (c) the Church Property; or (d) any cemetery, memorial garden, mausoleum, columbarium, or other place for the disposition of human remains maintained by the Local Church or the New Entity.

7. Insurance. Beginning on the Closure Date, the Local Church and/or the New Entity

will need to procure their own property, casualty, liability, workers' compensation, and other kinds of insurance. In addition to any other kind of insurance that the Local Church and/or New Entity may choose to maintain, the New Entity shall purchase, have in force before the Closure Date, and keep in full force and effect for at least three (3) full calendar years following the Closure Date, with one or more reputable commercial insurance companies that are licensed to do business in the State of South Carolina and have an A.M. Best's rating of A: VII or higher, to the extent that such insurance is commonly available at a reasonable cost, the following insurance:

a. *Commercial General Liability.* A policy of commercial general liability insurance that is issued on Insurance Services Office Form CG 00 01 on an "occurrence" basis and provides for the following: (i) at least \$1,000,000 of combined single-limit coverage per occurrence for bodily injury and property damage; (ii) at least \$1,000,000 of coverage per occurrence for personal injury and advertising liability; (iii) at least \$1,000,000 of coverage per occurrence for contractual liability that insures, pursuant to its terms or an endorsement, the indemnification obligations of the Local Church and/or the New Entity to the South Carolina Conference under this Agreement; (iv) if a general aggregate limit applies, a general aggregate limit equal to twice the sum of all the required separate coverage limits; (v) a deductible or coinsurance amount of not more than \$1,000 per occurrence; and (vi) the payment of all legal fees and other costs and expenses of defending and investigating claims, without reduction of the coverage or general aggregate limits.

b. *Pastoral Professional Liability.* A policy of professional liability insurance that is issued on a "claims made" basis with a retroactive date of December 31, 2009 and provides for the following: (i) at least \$1,000,000 of coverage per claim for the Local Church and/or the New Entity and its pastors for damages arising out of pastoral counseling by the pastor or others for which an insured is liable; (ii) a deductible or coinsurance amount of not more than \$1,000; and (iii) the payment of all legal fees and other costs and expenses of defending and investigating claims, without reduction of the coverage limit.

c. *Sexual Abuse and Molestation Liability.* A policy of liability insurance that is issued on a "claims-made" basis with a retroactive date of December 31, 1996, and provides for the following: (i) at least \$1,000,000 of coverage per claim for sexual abuse or molestation injury; (ii) a deductible or coinsurance amount of not more than \$1,000; and (iii) the payment of all legal fees and other costs and expenses of defending and Investigating claims, without reduction of the coverage limit.

d. *Additional Insureds and Policy Notices.* Each policy of insurance required by this paragraph shall name the South Carolina Conference, its board of trustees, and their respective past and present agents, members, officers, directors, trustees, employees, affiliates, assignees, volunteers, and successors and predecessors in interest as unrestricted additional named insureds, and provide by its terms or an endorsement that (i) the additional named insured coverage is the same as the coverage for the Local Church and/or the New Entity; (ii) the additional named insured coverage is primary to any other insurance available to an additional named insured; (iii) any insurance or self-insurance maintained by an additional named insured is in excess of, and non-contributory with, the policy of insurance of the Local Church and/or the New Entity; (iv) the insurer is obligated to give the South Carolina Conference not fewer than thirty (30) days' advance written notice of the insurer's intention to amend, cancel, not

renew, or reduce the coverage of the policy and not fewer than ten (10) days' advance written notice of the insurer's intention to cancel the policy based on the nonpayment of a premium. The Local Church and the New Entity waive any right to subrogation that any insurer of the Local Church or the New Entity may acquire against any additional named insured by virtue of the payment of any loss under any insurance policy required by this Agreement and shall obtain any policy endorsement that is necessary to affect this waiver of subrogation. This waiver of subrogation applies, however, regardless of whether an additional named insured receives a waiver of subrogation endorsement from the insurer.

e. *Consolidated Coverage.* The Local Church and/or the New Entity may procure the pastoral professional liability and sexual abuse and molestation liability insurance that is required by this Agreement pursuant to separate policies or as an endorsement to the policy of commercial general liability insurance that is required by this Agreement. If the insurance is provided as an endorsement to the policy of commercial general liability insurance, the policy shall provide for separate limits of coverage for each insurance coverage so a claim under any particular insurance coverage does not reduce the insurance limit for any other insurance coverage provided by the policy.

The Local Church and/or the New Entity shall deliver to the South Carolina Conference before the Closure Date, and from time to time thereafter at the request of the South Carolina Conference, one or more certificates of insurance that evidence that the insurance required by this Agreement is in full force and effect, together with the declarations and endorsement pages of each policy and copies of all required amendatory endorsements or the applicable policy language providing the coverage required by this Agreement.

8. Further Assurances. The Parties shall execute and deliver to one another after the Closure Date any additional documents reasonably requested by a Party to vest, perfect, or confirm of record the actions contemplated by this Agreement, so long as the requested documents will comply with applicable law and the *Discipline* and not increase or extend any liability or obligation of a Party that is contemplated by this Agreement or impose on any Party any new or additional liability or obligation. In addition, the parties to this Agreement intend to comply fully with the *Discipline* in connection with the actions contemplated by this Agreement and shall take any different or additional action, and execute any different or additional documentation, that is required for the actions contemplated by this Agreement to comply with any provision of the *Discipline*.

9. Church Property Transfer. After the affirmative vote of the Annual Conference required under Par. 4(b), and prior to the Closure Date, the Local Church and the South Carolina Conference (for itself and on behalf of The United Methodist Church) shall execute one or more quitclaim deeds (and bills of sale if necessary) conveying to the New Entity, for no additional consideration beyond that enumerated in this Agreement, all of their rights, title, and interest in and to all Church Property assets of any kind (both real and personal, tangible and intangible – excluding the payments from the Local Church to the Annual Conference Trustees required under Par. 4(a)) free and clear of any trust clause, right of reentry/reverter, or other limitation. The South Carolina Conference shall fully cooperate with the Local Church and the New Entity, as needed and applicable, to ensure that such transfers and other transactions convey all of the South Carolina Conference's interest (for itself and on behalf of The United Methodist Church) in the Church Property. Any costs (including attorneys' fees)

associated with preparation of the quitclaim deed(s) or bill(s) of sale or the related transfer(s) of the Church Property shall be borne by the Local Church and/or the New Entity.

10. Representations and Warranties of the Local Church and the New Entity. The Local Church and the New Entity represent and warrant the following to the South Carolina Conference as of the date of this Agreement and as of the Closure Date.

a. *Organization.* The Local Church and the New Entity are incorporated as nonprofit corporations and validly exist in active status under the laws of the State of South Carolina.

b. *No Subsidiaries.* The Local Church and the New Entity do not have any direct or indirect subsidiaries or any other affiliates except as disclosed on Exhibit ____ to this Agreement.

c. *Names.* The Local Church and the New Entity do not use church, corporate, or fictitious names other than their current corporate names except as disclosed on Exhibit ____ to this Agreement.

d. *Property.* The Local Church does not own or lease any interest in any real property or any liquid assets other than that described on Exhibit C to this Agreement.

e. *Restricted Assets.* The Local Church does not have donations, endowments, memorial bequests, or financial accounts that are dedicated or restricted as to use, except as disclosed on Exhibit ____ to this Agreement, and they are not party to any agreement, mortgage, promissory note that restricts the use or spending of their funds.

f. *No Litigation.* No claim of any kind has been asserted or, to their knowledge, threatened by any person or entity against the Local Church or the New Entity, and no lawsuit or other legal proceeding of any kind affecting the Local Church, the New Entity, or any of their property is pending before any court, arbitrator, or governmental authority or, to their knowledge, threatened by any person or entity or otherwise reasonably foreseeable.

11. Release by the Local Church and the New Entity. Except as otherwise set forth above (including but not limited to Paragraph 6), and without limiting their right or ability to enforce the terms of this Agreement, the Local Church and the New Entity, for themselves and on behalf of their agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns (collectively, the "Church Releasers"), release and forever discharge the South Carolina Conference, together with its agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns (collectively, the "Conference Releasees") of and from any and all manner of claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, and damages of whatsoever nature, known or unknown, foreseen or unforeseen, legal or equitable, state or federal, that the Church Releasers have ever had, now have, or hereafter may have against the Conference

Releasees arising out of or in any way related to their relationship with each other. The Local Church and the New Entity represent that the Church Releasors currently have no pending lawsuit, charge, complaint, or other action against the Conference Releasees.

12. Release by the South Carolina Conference. Except as otherwise set forth above (including but not limited to Paragraph 6), and without limiting its right or ability to enforce the terms of this Agreement, the South Carolina Conference, for itself and on behalf of its agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns (collectively, the "Conference Releasors"), release and forever discharge the Local Church and the New Entity, together with their agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns (collectively, the "Church Releasees") of and from any and all manner of claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, and damages of whatsoever nature, known or unknown, foreseen or unforeseen, legal or equitable, state or federal, that the Conference Releasors have ever had, now have, or hereafter may have against the Church Releasees arising out of or in any way related to their relationship with each other. The South Carolina Conference represents that the Conference Releasors currently have no pending lawsuit, charge, complaint, or other action against the Church Releasees.

13. Continuing as Plan Sponsor. Nothing in this Agreement shall prevent the Local Church and/or the New Entity, after the Closure Date, from seeking to sponsor benefit plans from the General Board of Pension and Health Benefits, to the extent permitted by federal law, and provided that neither the Local Church nor the New Entity have expressly resolved that they no longer share common religious bonds with The United Methodist Church.

14. Mutual Recognition. Annual Conference, Local Church, and new Entity hereby acknowledge and recognize one another based on the following commitments:

a. Each recognizes Christ in the other and agrees that each of the Parties and their respective members are constituent members of the one, holy, catholic and apostolic church as expressed in the Scriptures, confessed in the Church's historic creeds, and attested to in our common doctrinal standards rooted in our shared history;

b. Though Annual Conference and Local Church have agreed to part ways, each of them together with New Entity acknowledges that the other is seeking to faithfully discern the will, and actively participate in the ministry of Christ, and each commits to look for the fruit of God's Spirit in the ministry and mission of the other;

c. Each of the Parties commit not to disparage one another, but to speak well of one another as fellow servants of Jesus Christ.

14. Choice of Law / Interpretation / Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of South Carolina without giving effect to the conflict of laws provisions thereof. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any of the Parties. Venue for any dispute regarding the enforcement or interpretation of this Agreement shall be in the Lexington

County (South Carolina) Court of Common Pleas.

15. Comprehension of Agreement / Advice of Counsel and Representations. In executing this Agreement, the Parties acknowledge that they have read this Agreement and fully understand its terms, that they have had the opportunity to consult with counsel of their choice concerning this Agreement, that they have been advised by their attorney(s) concerning this Agreement to the extent they have consulted with counsel, and that they have executed this Agreement after independent investigation and without fraud, duress, or undue influence. The Parties further acknowledge that they are fully aware of the significance and legal effect of this Agreement, including, but not limited to, the Agreement's release provisions and any tax consequences, and that they are not entering into this Agreement in reliance on any representation, promise, or statement made by any Party except those explicitly contained in this Agreement.

16. Neutral Construction. The Parties agree that this Agreement was negotiated fairly between them at arm's length, with the advice of counsel, and that the final terms of this Agreement are the product of their joint negotiations. As such, the Parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them and that no provision of this Agreement shall be construed against either Party on the grounds that one Party drafted or was more responsible for drafting the provision(s).

17. Authority. The Parties and their undersigned signatories represent and warrant to each other: (a) that they have full power, authority, and capacity to make the commitments contained in this Agreement and to bind the Parties to them; (b) that they are duly authorized to enter into this Agreement with regard to all matters described herein; (c) that by execution of this Agreement, the Parties are not acting in violation of any other agreement to which they are a party; and (d) that, upon its execution and delivery, this Agreement shall be a legal, valid, and binding document.

18. Survival. Unless otherwise specifically stated herein, all obligations of the Parties shall survive the transfer of the Church Property to the New Entity and shall be binding upon and inure to the benefit of Parties and their agents, executors, trustees, legal representatives, shareholders, members, employees, independent contractors, couriers, insurers, subrogees, attorneys, predecessors, parent and subsidiary companies, related entities, divisions, affiliates, officers, directors, managers, successors, and assigns.

19. Numberings and Headings. The numberings and headings preceding the text of each section of this Agreement are included only for convenience of reference and shall be disregarded in construing and interpreting this Agreement.

20. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Parties hereto concerning the subject matter hereof. All negotiations between the Parties hereto are merged into this Agreement, and there are no representations, warranties, covenants, understandings, or agreements, oral or otherwise, in relation thereto between or among the Parties other than those incorporated herein. This Agreement may not be altered or modified except by a written instrument executed by all Parties.

21. Non-Severability. Each and every term 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.

22. Signatures. This Agreement may be executed on separate signature pages which may be combined to make a complete Agreement. Alternatively, this Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but which together shall constitute a single Agreement. All signatures required under this Agreement need not appear in the same document.

SIGNATURES BEGIN ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, we have hereunto set our hands and seals as of the date(s) listed below our respective signatures.

WITNESSES:

SOUTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

SOUTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[LOCAL CHURCH]

By: _____ (seal)

Name: _____

Its: _____

Date: _____

SIGNATURES CONTINUE ON THE FOLLOWING PAGE

WITNESSES:

[LOCAL CHURCH]

By: _____(seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[NEW ENTITY]

By: _____(seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[NEW ENTITY]

By: _____(seal)

Name: _____

Its: _____

Date: _____

END OF SIGNATURES

EXHIBIT A

Certification of the Local Church Regarding Vote to Separate

The _____ (“local church”) certifies that at least two-thirds (2/3) of its professing members present and voting at a properly called church conference of the membership held on _____ have voted to affirm that they cannot function as a United Methodist Church due to their firmly held beliefs that the denomination has ceased to consistently uphold and abide by its stated doctrine on issues of human sexuality even without changing the *Book of Discipline*.

In addition, two-thirds (2/3) of the professing members present and voting at the said church conference, held after a period of prayer and discernment which lasted a minimum of thirty (30) days, and during which at least one congregational information meeting was held, have authorized the Local Church to enter into this agreement, and authorized and directed any two trustees to execute those documents and take those actions necessary to carry out the provisions of this agreement.

Certified that the above answers are true and correct for the professing members who voted to enter into this Agreement to Separate.

By: _____

Print Name: _____

Title: Trustee

Attest:

By: _____

Print Name: _____

Title: Trustee

Secretary

Presiding Elder

Date: _____

EXHIBIT B

Certificate of Ratification by the South Carolina Conference

EXHIBIT C

Real Property and Liquid Assets of the Local Church