



first united methodist church

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Dear Church Family:

As summer wanes, we at First Methodist are approaching a crucial decision in the life of our church. This situation didn't sneak up on us...it's been lurking in the background for years now, but maybe beneath your radar. As Methodists, we are the last of the major Protestant churches to address the issues which have resulted in splits in each of the other denominations. I guess it's just our turn to be in the barrel.

Debate, discord and division have attended the issue of human sexuality since the United Methodist Church was formed in 1968. The translation and interpretation of biblical texts, the perception of homosexuality, same-sex marriage and the ordination of gay clergy are all topics upon which no consensus could be reached. Consequently, in the last four years, 7600 United Methodist congregations have left the denomination...that is about a quarter of the 30,000 UM churches nationwide. In South Carolina 225 of 958 churches have left, also about a quarter of all United Methodist churches in the state.

Ostensibly, these departures were centered around the issues related to homosexuality; however, other concerns voiced by many of these churches seem to indicate that, in many cases, this one issue was merely a 'stalking horse' for other concerns about how the United Methodist Church is operating: Some churches wanted to seek out and employ their own pastors rather than have the bishop appoint them. Other churches took issue with the assessment of annual apportionment payments used to support district, state and national/global administrative structures of the Church. Still others objected to specific programs or expenditures of the General (worldwide) and Annual (state) Conferences funded by their apportionments. And yet others pointed to what they viewed as lax enforcement of Church law and procedure with regard to disciplining pastors and bishops.

The recent changes to the Book of Discipline (the operating policies for UM churches) by the General Conference in May of this year alarmed many traditionalists. Removed from church doctrine was the passage reading "*the practice of homosexuality is incompatible with Christian teaching.*" Changes also were made to allow same gender weddings at the discretion of the pastor and the congregation of each church and to permit the ordination of gay pastors at the discretion of each Annual Conference. The feeling expressed among some traditionalist church members was that the progressives in the Church were gaining the upper hand and they feared a slippery slope in which increasingly liberal doctrines and practices would gradually replace those provided by John Wesley.

Those members in our church who are seeking separation have expressed all of the concerns identified above. It is their hope to gain the support of two-thirds of the congregation, purchase the assets of the church from the Annual Conference, separate from the United Methodist denomination, affiliate with another denomination and pursue their mission as a church in a more traditionalist, conservative environment.

Whether the issues outlined above would prevent our church from "*pursuing its mission and effectively functioning as a United Methodist church*" is a difficult question to assess but one which the Church Council will likely be asked to answer at its next meeting on September 12. I'm afraid the following four pages of explanation do not read like a John Grisham thriller, but the information here may give you some idea of how the process of discernment and separation could unfold if we were to choose that path.

Prayerfully Offered,

John Wagon
Church Council, Chair

“A Faithful Step Forward”
The Local Church Discernment Process
of the South Carolina UMC Annual Conference
An Annotated Review by
The Research & Discovery Committee, FUMC Church Council

*The bishop, extended cabinet and trustees of the South Carolina United Methodist Conference have provided a process by which church congregations, which feel they “can no longer effectively function as a United Methodist church,” may separate from the denomination. This process begins with a vote of the members of the Church Council to initiate the Local Church Discernment Process and concludes with a vote of the congregation to affirm or reject the proposed separation. The detailed description outlined below explains the various steps and requirements which are a part of this process***

- 1) **Request a Church Conference** - If the members of the Church Council determine, by majority vote, that “it is in the best interest of the church to allow the congregation to pursue separation,” the Council must then request that the district superintendent call a church conference for that purpose. *The district superintendent will set a date for a church conference at which the local congregation will vote on the issue of separating from the United Methodist denomination. The date for the church conference is set solely at the discretion of the district superintendent. If the Church Council does not vote to pursue separation or if the Council’s vote does not sustain a motion to pursue separation, no further action is taken toward separation. The Council may, however, reconsider this issue at any subsequent meeting. The separation procedures and discernment process outlined here are available to all South Carolina United Methodist churches through the current annual cycle ending in June of 2025. Its legality under Church law is currently being reviewed by the Judicial Council which will determine the form this process will take in subsequent years.*

- 2) **Enter Into Discernment Process** - If the Council votes to pursue separation, then before the church conference (congregational vote) takes place, the local church must complete an “intentional, 30-day process of discernment to consider whether the congregation can continue to function as a United Methodist church.” *The agenda or specific content of such a process is not outlined but is assumed to include discussions, presentations and information which would assist congregants in informing their vote on the issues prompting separation. This discernment process must continue for a period of at least 30 days prior to a well-publicized vote of the congregation at the church conference. While views expressed will differ markedly, it is expected that all interactions during this process be conducted in a respectful and civil manner.*

- 3) **Assessment of Financial Costs of Separation** - No later than December 1 and prior to the vote on separation by the congregation, the church must provide the congregation with a self-prepared estimate of the separation costs to include:
 - a) a tithe equal to ten percent of the appraised value of all church property and liquid assets
 - b) 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
 - c) an additional twelve months of apportionment giving

**** Annotations (in blue italics) provided by the Research & Discovery Committee of the Church Council, FUMC**

- d) all unpaid salary and benefits due to clergy appointed to the church
- e) a withdrawal liability equal to the church's proportional share of any unfunded pension obligations

In organizing the Methodist Church nearly 300 years ago, John Wesley sought to create a 'connectional system' in which each Methodist church was but one element of a larger effort of shared purpose and mission able to be sustained into the future. An integral part of this approach, formally introduced in 1797, was the 'trust clause.' This statement, included in all legal documents (deeds) of Methodist churches, states that the property and assets of a local church are held 'in trust' by that body for the benefit of the entire denomination. Effectively, ownership of a local church's property and its assets reside with the Annual Conference...with the United Methodist denomination. The trust clause seeks to ensure that the church property and assets that have been purchased, built and improved over time, often over generations, will continue to be available for ministries offered by future generations of Methodists.

When a local church seeks to separate and remove itself from the denomination (and wishes to retain the church's property and assets), the trust clause must be broken and fair compensation apportioned. Each Annual Conference of the United Methodist Church has been assigned the responsibility of determining such compensation referred to as the 'exit' or 'separation' cost for the churches within its purview. To facilitate a reasonable cost estimate, an appraisal report would need to be prepared by a provider of commercial value appraisals licensed by the SC Real Estate Appraisers Board and subject to the Uniform Standards of Professional Appraisal Practice. The Research & Discovery Committee has contracted with a qualified appraiser to prepare a full appraisal report assessing the value of church assets as required in the discernment process. This information will be shared with the congregation when it becomes available. However, the final separation cost figure is established by the Annual Conference following a review of the documentation submitted by the church and will not be available until much later in the process. It is the opinion of those tasked with securing this information (the R&D Committee) that the cost of an appraisal, estimated to be about \$3000, is not an appropriate expense for the church to bear and was certainly not a budgeted expenditure. Consequently, a fund has been established to defray this cost and contributions are being solicited from church members. You may contribute by sending a check to the church in c/o Shelby Nolan and indicate "Appraisal Fund" in the notation line.

Additionally, the church must provide the following information to the Annual Conference by December 1:

- a) a listing of all debt secured by church real estate or a sworn affidavit that the church does not have debt secured by real property
- b) a listing of other debt or financial obligations, e.g. telecommunications leases, copier leases, etc.
- c) copies of all deeds to property owned by the church
- d) copies of all endowment, trust and foundation documents including those related to cemeteries
- e) names, phone numbers and email addresses for those to serve as contacts between conference treasurer and church
- f) name, address, phone number and email address for church's attorney
- g) name, address, phone number and email address for two trustees designated to sign separation related documents
- h) list of local church affiliates or subsidiaries with address and federal EIN
- i) provide a summary listing, prepared by an insurance professional, which itemizes current and past insurance coverages for each year since 1996
- j) indicate all claims made or occurrence basis with regard to commercial general liability, pastor professional liability and sexual abuse and molestation liability
- k) provide a certificate of insurance showing the local UMC church has added the SC Conference of The United Methodist Church as an additional insured

- l) provide a completed Sexual Misconduct Disclosure form to the Conference Treasurer
 - m) provide a completed Pastoral Counseling Misconduct Disclosure form to the Conference Treasurer
- 4) **Following the Church Council vote, but no later than January 1, the pastor shall request in a written letter to the district superintendent, on behalf of the Church Council, that a Separation Agreement be prepared.**
 - 5) **Following the Church Council vote, but no later than January 1, the Church Council will convey a letter to the district superintendent requesting a church conference with a separation vote to occur no later than March 1 and a 30-day minimum discernment period prior to such vote.**
 - 6) **The church conference vote on separation must occur no later than March 1.** *An affirmative vote to separate from The United Methodist Church must reflect a 2/3 majority of professing church members present and voting at the church conference. If the vote does not occur by March 1 or if any required materials are not submitted in a timely manner, actions taken by the church conference toward separation may not be considered by the Annual Conference at its June meeting.*
 - 7) **No later than March 1 the church's attorney will draft a general warranty deed to transfer the real property to the new church entity.** *This deed is only a draft and is not to be executed until after the Annual Conference approves the separation and the conference chancellor prepares a quit claim deed to release the trust clause. Both deeds would then be filed after June 30.*
 - 8) **By March 1, the church's attorney provides proof of creation of the new entity and its legal name to the Conference Chancellor.** *The 'new entity' is the name of the church following its separation from The United Methodist Church.*
 - 9) **No later than March 10, if the church votes to separate, the following documentation is to be forwarded to the Annual Conference Trustees: Copies of letters referenced in 4 & 5 above, statement from any mortgage lender showing any mortgage balance or debt as of December 31, church financial statements as of December 31 including unrestricted, temporarily restricted, permanently restricted, endowed and designated funds or assets, a current listing of all liabilities, debt, leases, payables, etc. and indicate if these liabilities will be transferred to the new entity or paid prior to the separation. The church will review and indicate any grant funds that need to be returned to the granting authority. Bank reconciliations will be prepared for all cash and investment accounts for December and January. Forward the original document indicating the result of the vote taken by the Church Conference, witnessed by the district superintendent or their designee and an authorized officer of the church.**
 - 10) **The church will cease apportionment payments on March 10 but continue to remit direct billing payments for pension, insurance and pastor's retirement.**
 - 11) **By April 30 the Annual Conference Trustees will provide the church with notification of the payment amount required for separation (the 'exit' or 'separation' cost).**
 - 12) **By April 30 the Conference Treasurer will provide instructions to the church for the establishment of an escrow account to hold payments of the separation fee.**
 - 13) **By April 30 the church will have contacted the Conference Archivist to arrange the digital transfer of membership rolls, records of funerals, baptisms and weddings, Council Meeting Minutes and current and historical property records.** *Copies of all records must be provided to the Conference archivist in digital format.*

- 14) **By May 10 the Conference Chancellor will provide a separation agreement to the church's attorney for review and execution.**
- 15) **By May 31 the church provides a signed copy of the separation agreement to the Conference Chancellor.**
- 16) **By May 31 the church must fully fund the escrow separation account.**
- 17) **In early June the Annual Conference will vote on the church's proposed separation from the UMC.**
- 18) **By June 14 the church's attorney will provide the Conference Chancellor with proof that the church has begun the process of dissolving its legal entity, any bill of sale that is required for the transaction and proof that all liabilities have been paid in full or transferred to the new entity.**
- 19) **The church will provide the Conference Chancellor with a digital listing of members wishing to remain United Methodist who have not already transferred their membership to another UM church.**
- 20) **By June 14 the church will send to the Conference Chancellor a digital copy of the cemetery policy and verification that the cemetery has been transferred to the new entity or a cemetery association.**
- 21) **The new entity will secure tax exempt status with the IRS no later than June 14.**
- 22) **By June 20 the Annual Conference Trustees sign the separation agreements and quit claim deeds.**
- 23) **By June 25 the church is to remove UMC and Cross and Flame insignia from all signage, accounts, social media, etc. *Following separation, the church, as a new entity, may however continue to utilize hymn books, Bibles and awards or recognitions which display these symbols of the United Methodist Church.***
- 24) **By June 25 the Annual Conference will send to the church's attorney a certificate indicating that the Annual Conference either ratified or denied the church's petition to separate from the denomination, and if ratified, will include the signed separation agreement, quitclaim deed and other related documents. *At this point, if the separation vote has been affirmed by the Annual Conference, First United Methodist Church of Cheraw will cease to exist. All of the facilities and assets of the former FUMC will become the property of the new entity and those choosing to remain and identify with this new church. This new entity will employ staff and may seek to affiliate with another existing denomination or may adopt laws, plan, polity, process, doctrinal beliefs and practices to govern the new church in any manner they see fit. Those members of the former congregation wishing to remain United Methodists will receive guidance from the district superintendent in joining another United Methodist church in the area.***
- 25) **The UMC entity (First United Methodist Church) must maintain active insurance coverage until all steps are complete and the UMC entity is permanently dissolved.**

Once again, the Church Council would urge you, if you haven't already, to communicate with members of the Council so that they might be aware of your thoughts, opinions, concerns, doubts or uncertainties regarding the issue of separation from the United Methodist Church. A motion to begin the separation process may well come before the Council at its September 12 meeting. It would be useful and instructive to the Council to hear from the great majority of those congregants who have been largely silent on this issue. Below is a listing of the current Church Council members and their contact information.

**First United Methodist Church
Church Council
2024**

<u>Council Member</u>	<u>Mailing Address</u>	<u>Email Address</u>	<u>Phone*</u>
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*Phone listed may not be a text-enabled smartphone