

DISAFFILIATION AGREEMENT

This Disaffiliation Agreement (this "**Agreement**") is entered into as of _____, _____ by _____ United Methodist Church, a _____ corporation ("**Local Church**"), and The California-Nevada Annual Conference of The United Methodist Church, a California corporation ("**CNUMC**").

WHEREAS, Local Church is a United Methodist church within the boundaries of the Annual Conference

WHEREAS, Local Church has held a church conference in compliance with Paragraphs 246.8, 248, and 2553.2-.3 of *The Book of Discipline of The United Methodist Church* (the "**Discipline**") at which at least two-thirds of its professing members who were present at the church conference 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, or the actions or inactions of its annual conference related to these issues which follow."

WHEREAS, pursuant to Paragraph 2501.1 of the Discipline (the "**Trust Clause**"), Local 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."

WHEREAS, Paragraph 2501.2 of the Discipline provides that property subject to the Trust Clause "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."

WHEREAS, Paragraph 2553 of the Discipline provides a specific circumstance in which property subject to the Trust Clause can be released from the trust imposed by the Trust Clause.

WHEREAS, Paragraph 2553.4 of the Discipline requires the terms and conditions of Local Church's disaffiliation from The United Methodist Church to be "memorialized in a binding Disaffiliation Agreement."

WHEREAS, Paragraph 2529.1,b)(3) of the Discipline provides that a local church "cannot sever its connectional relationship to The United Methodist Church without the consent of the annual conference," and the Judicial Council of The United Methodist Church has ruled in Judicial Decision 1379 dated April 25, 2019, that this consent may be provided by a vote of "a simple majority of the members of the annual conference present and voting" at a session of the annual conference convened after the vote by the church conference of a local church to disaffiliate from the denomination pursuant to Paragraph 2553 of the Discipline.

WHEREAS, Local Church desires to acquire from CNUMC all of CNUMC's interest, on behalf of The United Methodist Church, in the real and personal, tangible and intangible, property held by Local Church, and Local Church and CNUMC desire to resolve all matters between them and comply with the requirements of Paragraphs 2553 and 2529.1.b)(3) of the Discipline.

NOW, THEREFORE, in consideration of the foregoing and all the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, Local Church, and CNUMC agree as follows:

1. Conditions Precedent. The obligations of the parties under this Agreement are subject to the satisfaction of each of the following conditions precedent before the effective date for Local Church's disaffiliation from The United Methodist Church that is specified in **Section 3** below (the "**Disaffiliation Date**");

(a) **Church Conference Vote.** Local Church must deliver to CNUMC, within ten days after the date of this Agreement, a certificate in substantially the form of **Exhibit B** to this Agreement that is (i) signed and certified by an authorized officer of Local Church to be accurate and complete, and (ii) evidences that at least two-thirds of the professing members present at a church conference of Local Church 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 marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.” Upon receipt, CNUMC may attach the signed certificate of the authorized officer of Local Church to this Agreement as **Exhibit B** in substitution of the unsigned form that is attached to this Agreement.

Annual Conference Session Vote. This Agreement and the severance by Local Church of its connectional relationship to The United Methodist Church (the “**Disaffiliation**”) must be “ratified by a simple majority of the members present and voting” at a duly called session of the Annual Conference, as required by Paragraph 2529.1b(3) of the Discipline and Judicial *Decision* 1379 dated April 25, 2019, of the Judicial Council of The United Methodist Church. CNUMC shall deliver to Local Church, promptly after the vote by the Annual Conference Session on the Disaffiliation, a certificate in substantially the form attached as **Exhibit C** to this Agreement that is signed by the Annual Conference Secretary and certifies the resolution that was presented to the members of the Annual Conference to ratify this Agreement and consent to the Disaffiliation and the vote of the members on that resolution. CNUMC may attach the signed certificate of the Annual Conference Secretary to this Agreement as **Exhibit C** in substitution of the form that is attached to this Agreement.

(b) **Performance of Obligations.** Local Church must pay, perform, and satisfy when due all its obligations under this Agreement that are required to be paid, performed, or satisfied by it on or before the Disaffiliation Date.

(c) **Representations and Warranties.** Each representation and warranty of Local Church in this Agreement must be accurate in all material respects as of the date of this Agreement and as of the Disaffiliation Date, as though made on that date.

If either of the conditions precedent set forth in subsections (a) and (b) above is not satisfied before the Disaffiliation Date, this Agreement shall immediately and automatically terminate and become null and void as of its date of execution. In addition, if the conditions precedent set forth subsections (c) and (d) above are not fully satisfied before the Disaffiliation Date, CNUMC may terminate this Agreement by written notice to Local Church, whereupon this Agreement will become null and void. For avoidance of doubt, the condition precedent set forth in subsection (b) above will not be satisfied if a petition for approval of this Agreement and the Disaffiliation of Local Church is submitted to a vote of the members of the Annual Conference at a duly called session of the Annual Conference and the petition is not approved by the affirmative vote of a simple majority of the members of the Annual Conference who are present and vote on the petition at the session. If this Agreement is terminated in accordance with the preceding sentences, none of the parties to this Agreement (or any other person or entity) will have any further duty, right, liability, or obligation under this Agreement.

2. Applicability of Trust Clause. Local Church acknowledges and agrees that, pursuant to the Trust Clause, it holds all its property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church.

3. Date of Disaffiliation. If Local Church timely complies with all its obligations under this Agreement, Local Church’s disaffiliation from The United Methodist Church will be effective on _____, 20__; provided that the Disaffiliation is completed no later than December 31, 2023.

4. Local Church’s Obligations. Unless a different date is specified, Local Church shall do all the following before the Disaffiliation Date:

(a) **Payments.** Local Church shall pay to CNUMC, in a manner specified by CNUMC, the following:

(i) All costs associated with the changing of the corporate name of Local Church, release of the Trust Clause, or other legal work relating to Local Church's retention of its real and personal, tangible and intangible property in accordance with **Section 7** below, whether incurred or to be incurred by Local Church or CNUMC

(ii) The cash sum of \$_____ for payment of any unpaid tithe of Local Church for the twelve (12) months immediately prior to the date on which the district superintendent received the request for a church conference to vote on disaffiliation, as determined by the Council on Finance and Administration of the California-Nevada Conference of the United Methodist Church, a California corporation

(iii) The cash sum of \$_____ for payment of an additional twelve (12) months of tithe, as determined by the Council on Finance and Administration of the California-Nevada Conference of the United Methodist Church, a California corporation

(iv) The cash sum of \$_____ for payment of Local Church's share of the United Methodist settlement of the Boy Scouts of America bankruptcy case, as determined by the Council on Finance and Administration of the California-Nevada Conference of the United Methodist Church, a California corporation. This does not indemnify Local Church from legal claims associated with chartering a Boy Scout-related troop.

(v) The cash sum of \$_____ for payment of Local Church's share, as determined by the Board of Pensions of the California-Nevada Annual Conference of the United Methodist Church, a California corporation, of CNUMC's unfunded pension obligations, based on the Annual 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 and indicated in the last Wespeth report provided to the Annual Conference before the date of this Agreement

(vi) Any unpaid insurance premiums that are due the Annual Conference through the Disaffiliation Date for the insurance provided to Local Church through the Unit Insurance program of the Annual Conference

(vii) Any unpaid pension contributions for the appointed clergy of Local Church that are due the Annual Conference through the Disaffiliation Date; and

(viii) Any unpaid salary and/or benefits that are due the appointed clergy of Local Church through the Disaffiliation Date

(ix) The cash sum of \$_____ for payment of 20% of the fair market value of the real property of the Local Church as determined by an independent appraisal. A right of first refusal will be recorded on the property specifying CNUMC's right to repurchase the property for 20% of the fair market value at the time Local Church desires to sell it. This right of first refusal is valid up to 7 years from the date of disaffiliation.

(b) **Other Liabilities.** Local Church shall satisfy all its debts, loans, and liabilities due to any United Methodist organization. Local Church shall provide to CNUMC before the Disaffiliation Date sufficient documentation, in form and content satisfactory to CNUMC, that the foregoing has been accomplished.

(c) **Intellectual Property.** Local Church shall cease, and shall cause its affiliates to cease, all use of the letters "UMC," the words "United Methodist," the Cross & Flame insignia of The United Methodist Church, and any other intellectual property of the denomination and the Annual Conference, including the removal of same from all websites,

email addresses, financial accounts, social media pages and sites, uniform resource locators (URLs), and signage on property and buildings containing the same. In addition, Local Church and its affiliates shall refrain from using in any way any similarly confusing logos, names, designs, trademarks, or service marks. Notwithstanding the foregoing, Local Church may continue to use after the Disaffiliation Date any bibles, hymnals, and books of worship that have already been purchased and are then in use by the Local Church. Also, Local Church may keep and display awards and honorary plaques and the like that contain "UMC," "United Methodist," or "the Cross & Flame insignia of The United Methodist Church.

(d) **Group Tax Exemption Ruling.** As of the Disaffiliation Date, Local Church shall cease to use, and also shall ensure that any affiliates of Local Church cease to use, any documentation stating that Local Church or any affiliated is included in the Internal Revenue Service group tax exemption ruling for the United Methodist Church that is administered by the General Council on Finance and Administration of The United Methodist Church. Local Church and any of its affiliates that have been included in the group tax exemption ruling will be removed from it without notice as of the Disaffiliation Date. Local Church or its successors shall be solely responsible for obtaining from the Internal Revenue Service its own ruling or determination letter regarding exemption from United States federal income tax.

(e) **Continued Care of Cemeteries.** If Local Church has a cemetery, memorial garden, mausoleum, columbarium, or other place for the disposition of human remains, Local Church shall continue to maintain it in compliance with all applicable laws and provide access to it after the Disaffiliation Date for families and loved ones of United Methodists who are buried there on the same terms and conditions as the members of Local Church.

(f) **Historical Records.** Local Church shall give to CNUMC all its books and records of members, baptisms, weddings, and funerals, as well as copies of all its Forms W-2, Forms W-3, and Forms 941 for the most recent seven (7) years, and CNUMC shall place those records in the Annual Conference Archives.

(g) **Restricted Gifts.** During the period between the date of this Agreement and the Disaffiliation Date, Local Church and CNUMC shall work together to identify and review any gifts, grants, donations, endowments, and memorial bequests to Local Church that are dedicated or restricted as to use or subject to reversion, change of control, or similar provisions, to ensure compliance with all restrictions particular to United Methodism and to determine any actions that are necessary, such as the consent or acknowledgment of the donor, to assure that the assets will not be adversely affected by the Disaffiliation of Local Church. Local Church shall treat all dedicated and restricted funds and property received by it before the date of this Agreement, or subsequently received by it in its pre- Disaffiliation name, in accordance with requirements of applicable law and the provisions of any written direction of the donor regarding the use of the funds or property.

5. Organizational Transition. Local Church shall do the following in connection with its organizational transition relating to its Disaffiliation:

(a) **Name Change.** Local Church shall take all steps necessary to amend on or after the Disaffiliation Date, in a manner satisfactory to CNUMC, its articles of incorporation and bylaws as needed to remove any reference to "United Methodist" or any other indication that Local Church is affiliated or connected with The United Methodist Church. In furtherance of this obligation, Local Church shall deliver to CNUMC a certified copy of its amended articles of incorporation.

(b) **Liabilities and Obligations.** As provided in **Section 4(b)**, Local Church shall satisfy all its debts, loans, and liabilities before the Disaffiliation Date and continue its existence as a church after the Disaffiliation Date.

(c) **Merger of Local Church.** If Local Church merges into another church corporation, Local Church shall assure that the articles of incorporation, bylaws, and other corporate governance documents of the surviving corporation do not contain the letters "UMC" or the words "United Methodist" or otherwise indicate any affiliation or connectional relationship with The United Methodist Church.

6. Indemnification. Local Church shall indemnify, hold harmless, and defend with approved counsel CNUMC and its respective agents, officers, directors, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action for damages to persons or property resulting from Local Church's failure to take any action that is required by this **Section 5**. _____

7. Property. On the Disaffiliation Date, if all the conditions precedent specified in Section 1 have been satisfied, CNUMC shall deliver to Local Church a Release of Trust in substantially the form attached as Exhibit D to this Agreement to release and relinquish all interest of CNUMC and The United Methodist Church in the real property listed on Exhibit A pursuant to the Trust Clause, and Local Church will have full ownership of the property and assets listed on Exhibit A, free of the Trust Clause, and assume full responsibility for that property and those assets, which shall include any cemetery, mausoleum, columbarium, or memorial garden of Local Church. The parties shall ensure that all necessary transfers of property interests or other transactions relating to the above properties are completed prior to the Disaffiliation Date. Any and all costs of such transfers or other transactions shall be borne by Local Church. CNUMC shall fully cooperate with Local Church, as needed and applicable, to ensure that such transfers and other transactions convey all of CNUMC's interest – both for itself and on behalf of The United Methodist Church – in the real and personal, tangible and intangible property of Local Church.

8. Release of Claims; Indemnification. If the Disaffiliation of Local Church becomes effective on the Disaffiliation Date, as evidenced by the delivery to Local Church by CNUMC of a duly executed Release of Trust in the form attached as Exhibit D to this Agreement, Local Church and CNUMC shall release and indemnify one another and their respective agents, members, agencies, officers, directors, trustees, employees, affiliates, assignees, representatives, and successors and predecessors in interest as provided in Exhibit E. The release and indemnifications provisions set forth in Exhibit E are incorporated by reference in this Agreement as part of this section. For avoidance of doubt, the release and indemnification provisions set forth on Exhibit E will be null and void if the Disaffiliation of Local Church does not become effective or this Agreement is terminated before the Disaffiliation of Local Church becomes effective.

9. Termination. If Local Church fails to satisfy on or before the Disaffiliation Date all the conditions precedent to its Disaffiliation that are set forth in Section 1 of this Agreement, CNUMC reserves the right to terminate this Agreement by written notice to Local Church, in which case the Disaffiliation of Local Church will not become effective. In addition, if the Disaffiliation of Local Church does not become effective by December 31, 2023, this Agreement shall be null and void, as of its date of execution.

10. Continuing as Plan Sponsor. Nothing in this Agreement shall prevent Local Church, after the Disaffiliation Date, from continuing to sponsor benefit plans from the General Board of Pension and Health Benefits to the extent permitted by federal law, and provided that Local Church has not expressly resolved that it no longer shares common religious bonds with The United Methodist Church.

11. Insurance. As of 12:01 a.m., Pacific Standard Time, on the Disaffiliation Date, Local Church will cease to be insured through the Unit Insurance program of the Annual Conference and the related insurance policies of the Annual Conference, which currently provides to Local Church the insurance coverage summarized in Exhibit G. Consequently, Local Church will need to procure its own casualty, property, liability, workers' compensation, and other kinds of insurance. On and after the Disaffiliation Date, Local Church shall not make any claim for coverage under the Unit Insurance program of the Annual Conference or any of the related insurance policies of the Annual Conference, whether currently, previously, or subsequently in force, and regardless of whether coverage is provided on a "claims made" or "occurrence" basis. In addition to any other kind of insurance that it may choose to maintain, Local Church shall purchase, have in force before the Disaffiliation Date, and keep in full force and effect for at least three full calendar years following the Disaffiliation Date, the insurance specified below and comply with the other insurance requirements specified below:

(a) **Commercial General Liability.** A policy of commercial general liability insurance that is issued 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 Local Church to CNUMC 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. Local Church shall cooperate with CNUMC to amend the terms of the release and indemnification provided to the "CNUMC Released Parties" (as defined in Exhibit E) pursuant to Section 7 and Exhibit E of this Agreement in any reasonable manner requested by CNUMC to satisfy any requirement of the issuer of the policy of commercial general liability insurance to insure the indemnification obligations of Local Church to CNUMC under this Agreement.

(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 Local Church 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 section shall name CNUMC 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 Local Church, (ii) the additional named insured coverage and 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 Local Church, (iv) the insurer is obligated to give CNUMC not fewer than 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 days' advance written notice of the insurer's intention to cancel the policy based on the nonpayment of a premium. Local Church waives any right to subrogation that any insurer of Local Church 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) **Acceptable Insurers and Policy Forms.** Local Church shall procure the insurance that is required by this Agreement from one or more reputable commercial insurance companies that are licensed to do business in the State of _____ and have an A.M. Best's rating of A: VII or higher and pursuant to separate policies or as an endorsement to the policy of commercial general liability insurance that is required by this Agreement. Local Church may satisfy the specified insurance limit for pastoral professional liability or sexual abuse and molestation liability pursuant to a combination of a primary coverage policy and an excess liability policy. 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 policies of insurance required by this Agreement must be issued on policy forms that are acceptable to CNUMC. The policy of commercial general liability insurance issued by General Star National Insurance Company (GenStar) on GenStar Policy Form GSC 01 01 03 18, with an endorsement for Sexual Misconduct Liability Claims-Made Coverage on GenStar Endorsement Form GSC 01 11 03 18, an endorsement for Counselor's Liability Coverage on GenStar Endorsement Form GSC 01 12 03 18, and an endorsement to add this Agreement as an “Insured Contract” under the policy, will be acceptable to CNUMC.

(f) **Certificates of Insurance.** Local Church shall deliver to CNUMC before the Disaffiliation Date, annually thereafter on or before each anniversary of the Disaffiliation Date, and at any time and from time to time at the request of CNUMC, 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 Page of each policy and copies of all required amendatory endorsements or the applicable policy language providing the coverage required by this Agreement.

12. Further Assurances. The parties to this Agreement shall execute and deliver to one another after the Disaffiliation Date any additional document reasonably requested by a party to vest, perfect or confirm of record the actions contemplated by this Agreement, so long as the requested document 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 Paragraph 2553 or any other provision of the Discipline.

13. Representations and Warranties of Local Church. Local Church represents and warrants the following

to CNUMC as of the date of this Agreement and as of the Disaffiliation Date:

(a) **Organization.** Local Church is incorporated and validly exists in active status under the laws of the State of _____.

(b) **No Subsidiaries.** Local Church does not have any direct or indirect subsidiaries or any other affiliates (as defined in **Section 17**, except as disclosed on **Exhibit H** to this Agreement.

(c) **Authorization.** The execution, delivery, and performance of this Agreement by Local Church have been duly authorized by its Board of Trustees and all other requisite action of Local Church in accordance with the Discipline, applicable law, and its Bylaws, Articles of Incorporation, and other governing documents, and this Agreement constitutes a valid, binding, and enforceable obligation of Local Church.

(d) **Local Church Names.** Local Church does not use a church, corporate, or fictitious name other than its current corporate name, except as disclosed on **Exhibit H** to this Agreement.

(e) **Real Property.** Local Church does not own or lease any interest in any real property other than its ownership of the real estate described on **Exhibit A** to this Agreement.

(f) **Restricted Assets.** 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 H** to this Agreement or in its statement of financial position that is attached as **Exhibit F** to this Agreement, and is not a party to any agreement, mortgage, promissory note that that restricts the use or spending of its funds.

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

(h) **Financial Statements.** Attached as **Exhibit E** to this Agreement are complete and accurate copies of the audited financial statements of the Local Church for its most recent fiscal year, including any and all related notes, schedules, and reports of independent certified public accountants. The attached financial statements fairly present the financial condition and operating activities of Local Church as of the dates and for the periods indicated.

(i) **Termination of Insurance.** Local Church understands that it currently is provided the insurance described in **Exhibit G** through the Annual Conference, and that, as a result of its Disaffiliation, it will cease to be insured through the Annual Conference, will need to obtain its own insurance, and will not be insured after the Disaffiliation Date under any of the insurance described in **Exhibit G**, regardless of whether the claim arises from an act, event, activity, or inaction that occurred before or after the Disaffiliation Date.

(j) **Insurance Claims.** Local Church does not have any unresolved property insurance matters or any active claims with the Unit Insurance Program of the Annual Conference. Local Church has not had any claim asserted against it within the last five years relating to sexual abuse or molestation liability, and no member of its church council knows of any basis for any such claim.

(k) **Accuracy of Representations and Warranties.** All the representations and warranties of Local Church in this Agreement are true and correct in all material respects as of both the date of this Agreement and the Disaffiliation Date.

14. Notices. Every notice, consent, approval, or Indemnification Claim that is required or permitted to be given to or by a party or an Indemnitee under this Agreement will be valid only if it is in writing (whether or not this Agreement expressly provides for it to be in writing), delivered personally or by email, commercial courier, or certified, first-class, postage prepaid, United States mail (whether or not a return receipt is received by the sender), and addressed to the appropriate party at its email address or street address that is listed below or that is designated by the party after the date of this Agreement by notice to all the other parties to this Agreement that is validly given in accordance with the provisions of this **Section 13**:

(a) **If to Local Church:**

[*Name of Local Church]
[*Local Church Street Address]
{*City}, State [*Zip Code] Email:
[*Email Address]

Attention: [*Name and Title of Local Church Representative]

(b) **If to CNUMC:**

Diane Knudsen, Agent of Process
California-Nevada Conference of the United Methodist Church
1350 Halyard Drive
West Sacramento CA 95691
dianek@calnevumc.org

A validly given notice, consent, approval, or Indemnification Claim under this Agreement will be effective and “received” for purposes of this Agreement on the earlier of (i) the day of its actual receipt, if delivered in person or by commercial courier, (ii) the day after its transmission, if it is delivered by email and a copy is also delivered by certified, first-class, postage-prepaid, United States mail, or (iii) the fifth day after it is postmarked by the United States Postal Service, if it is delivered by certified, first class, postage prepaid, United States mail. Each party promptly shall notify the other parties of any change in its email address or mailing address for notices.

15. Non-Severability. The parties to this Agreement intend for each provision of this Agreement to be construed and interpreted whenever possible as valid and enforceable under applicable law. Each of the terms of this Agreement is a material and integral part of it. If any provision of this Agreement is finally determined by a court to be unenforceable or contrary to law, the entire Agreement shall be deemed null and void as of its date of execution.

16. Survival. The provisions of Sections 4(c), 4(d), 4(e), 4(f), 4(g), 5, 7, and 10-18 will remain in full force and effect and survive the consummation of this Agreement and the Disaffiliation of Local Church.

17. Assignment and Successors. This Agreement is binding on, and inures to the benefit of, every assignee, successor in interest, and legal representative of a party to this Agreement, including without limitation any church or entity to which Local Church transfers any of its real property after the Disaffiliation Date. However, Local Church shall not assign any of its rights, or delegate any of its obligations, under this Agreement, to anyone without the advance written consent of CNUMC, which it may refuse or withhold in its sole discretion. Any attempted assignment or delegation by Local Church without the advance written consent of CNUMC will be invalid and ineffective against CNUMC and will not relieve Local Church of any of its obligations to CNUMC under this Agreement.

18. Contract Interpretation. The headings preceding the text of the sections of this Agreement are solely for convenient reference, are not a substantive part of this Agreement, and do not affect its meaning or interpretation. The exhibits to this Agreement are an integral part of it and are incorporated by reference in this Agreement. All references in this Agreement to an exhibit or section are to an exhibit or section of this Agreement unless otherwise expressly indicated. As used in this Agreement, (a) the word “or” is not exclusive, (b) words in the singular number include words in the plural number and vice versa, (c) the word “days” refers to calendar days, including Saturdays, Sundays, and holidays, (d) the word “including” is always without limitation and should be interpreted to connote “including but not limited to,” (e) the word “may” is intended to indicate permission and authorization and not possibility and should be interpreted to connote “is permitted to,” (f) “litigation costs” means all reasonable costs, expenses, and fees of attorneys, mediators, arbitrators, and expert and evidentiary witness that are incurred in connection with settling, defending, prosecuting, participating in, or preparing to settle, defend, prosecute, or participate in any audit, claim, inquiry, mediation, arbitration, investigation, bankruptcy proceeding, or trial or appellate litigation, including travel expenses and court filing, reporting, and transcription fees, and (vii) an “affiliate” of Local Church means any trust, corporation, partnership, limited liability company, or other legal entity with respect to which Local Church, directly or indirectly through one or more intermediaries, has the power, as a member, trustee, manager, beneficiary, shareholder, general partner, or managing partner or pursuant to a contract, trust powers, or the governing documents of the entity, to elect or appoint all or a majority of the managers, directors, trustees, or other governing

body of the entity or otherwise to direct or control the policies and management of the entity.

19. Entire Agreement; Amendment; Third Party Rights. This Agreement records the entire understanding between Local Church and CNUMC regarding the disaffiliation of Local Church from The United Methodist Church and supersedes any previous or contemporaneous agreement, representation, or understanding, oral or written, by either Local Church or CNUMC. A waiver, amendment, or modification of this General Release or any provision of it will be valid and effective only if it is signed on behalf of Local Church and CNUMC. Nothing in this Agreement, whether express or implied, is intended or should be construed to confer or grant to any person, other than Local Church and CNUMC and their respective permitted assignees and successors in interest, any claim, right, remedy, or privilege pursuant to this Agreement or any provision of it. The members of the Annual Conference are third-party beneficiaries of the provisions of Section 7 of this Agreement. CNUMC may waive any condition precedent set forth in Section 1(c) or Section 1(d) of this Agreement or amend this Agreement to (a) extend the Disaffiliation Date specified in Section 3 of this Agreement, (b) extend the date for the satisfaction of the conditions precedent set forth in Section 1 of this Agreement, or (c) modify any other provision of this Agreement, except for Section 1(a), Section 1(b), Section 2, Section 4, and Section 8 of this Agreement, provided, however, that CNUMC may amend this Agreement to modify any of the amounts payable under Section 4 of this Agreement in connection with an extension of the Disaffiliation Date.

20. Execution and Effective Date. This Agreement may be executed by the parties in identical counterparts and by manual, digital, or facsimile signature. Each executed counterpart of this Agreement will be considered an original, and all executed counterparts, together, will constitute the same agreement. This Agreement will become effective as of its date of execution when each party to this Agreement has executed a counterpart of it.

[Signatures on next page]

SIGNATURE PAGE FOR DISAFFILIATION AGREEMENT

IN WITNESS THEREOF, the parties have executed this Agreement as of the date first written above.

[*LOCAL CHURCH]

By: _____
Name: _____
President, Board of Trustees
[*Local Church]

By: _____
Name: _____
Vice President, Board of Trustees
[*Local Church]

**THE CALIFORNIA-NEVADA ANNUAL
CONFERENCE OF THE UNITED
METHODIST CHURCH**

By: _____
Resident Bishop

By: _____
Name: _____
District Superintendent
[name of district] District of The
California-Nevada Annual Conference of
The United Methodist Church

**THE BOARD OF TRUSTEES OF THE CALIFORNIA-
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By: _____
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