UNITED METHODIST GUIDELINES



Trustees

Manage the Resources of the Congregation



GUIDELINES

Trustees

Manage the Resources of the Congregation

Frank Dunnewind

General Council on Finance and Administration

TRUSTEES

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"A Wreath for Your Excellent Leadership"

Thank you for assuming the important and awesome work of providing spiritual leadership to your congregation. The work of church leadership is shared and synergistic. Pastoral and laity leadership combine to provide the widest possible set of gifts, knowledge, abilities, skills, experience, and passions to fulfill our United Methodist mission to "make disciples of Jesus Christ for the transformation of the world" (*The Book of Discipline*, ¶120). What you do as a gifted, spiritual leader is of vital importance.

Spiritual leadership differs from other forms of leadership in the foundational ways it allows us to live out the vows and promises we make when joining the church: to uphold The United Methodist Church through our prayers, our presence, our gifts, our service, and our witness.

The first work of all church leaders is to pray for the ministry of the church: local, denominational, and global. Our work is always worshipful work. Our ministry of presence strengthens our church's ministry and mission. By combining our gifts, knowledge, experience, and passion we can achieve wonderful things together through the guidance and empowerment of the Holy Spirit. Together, we strengthen our congregation for service to those within the community of faith and beyond. Accepting the mantle of leadership provides a powerful witness to the world of what it means to be a faithful disciple.

Together, we fulfill our mission of making disciples and transforming the world by reaching out and receiving people in the name of Jesus the Christ, relating people to God in covenant community, nurturing and strengthening people in their faith, and equipping and supporting people to live their faith in the world.

The *Guidelines for Leading Your Congregation* draw upon a wealth of experience and expertise to provide you with the basic resources you need to do effective, impactful ministry. Each Guideline focuses on a key area of ministry and church leadership, providing information and processes to help your working group—committee, council, board, or other configuration—excel and support all other working groups. See the accompanying Guide to the Guidelines for useful information on how the *Guidelines* and ministry areas work together.

We recommend that each group member read this Guideline and noted paragraphs from the *Discipline*. Take time at meetings to discuss ways to implement identified tasks and responsibilities, plan for the future, and assess and evaluate your work.

The apocryphal book of Sirach reminds leaders to be humble servant leaders, make sure the needs of others are cared for, and then receive "a wreath for your excellent leadership" (Sirach 32:2 NRSVue). We invite you to lead with humility, compassion, patience, and grace, that The United Methodist Church might be a witness to the light and love of Christ for all the world.

What Is My Job?

As a trustee, you will supervise and maintain all property belonging to your congregation so that the ministries of the congregation can be effective. You will work closely with the Church Council to respond to God's call.

What Are My Basic Responsibilities?

The Trustees together have several legal and administrative functions. They are to:

- oversee, maintain, and supervise all local church property;
- report annually to the charge conference on the state of the church's property, equipment, investments, and resources;
- receive and administer all gifts made to the congregation; make certain that all trust funds of the congregation are invested properly;
- ensure that the articles of incorporation of the congregation are kept up to date, if applicable;
- be responsible, *in conjunction with the pastor,* for all use of the church buildings and grounds;
- maintain adequate insurance coverage on all church property and develop appropriate risk management policies;
- submit to the Committee on Finance the annual budget requests for insurance, property maintenance and improvement, and new property purchases;
- be accountable to the charge conference and to the Church Council.

Much of the work of the Trustees is governed by specific requirements of *The Book of Discipline of The United Methodist Church*. You should obtain a copy of the current edition (see the Resources section).

What Does the Chairperson Do?

- Guide the work of the Board of Trustees throughout the year, planning the agendas and presiding at meetings. The chairperson also creates an environment in which the team members nurture and care for one another.
- Provide advice and direction to the board and others based on detailed knowledge of the disciplinary and legal requirements related to church property.
- Keep close communications with the pastor and the Church Council (or main administrative groups).

Quick-Start Tips

The pastor will convene a meeting of the Board of Trustees within thirty days of the beginning of the calendar year to elect officers, assess needs, and make plans for the year. Before that first meeting:

- **Find a mentor.** Locate someone who has held a similar position in your own congregation or in another church. Ask if he or she will help you learn the ropes.
- **Get on board with the church's vision.** Talk with the pastor and other congregational leaders to learn how church property, equipment, and investments can be involved in achieving the goals that have been set.
- **Identify current issues.** Talk with people in your congregation and community about issues and concerns related to the use of church property.

Biblical Grounding

The primary purpose of the church building and facilities is to enable the vision and ministry of the congregation. Good stewardship, common sense, and prudence dictate that the church, parsonage, facilities, property, equipment, furnishings, and other physical property be well maintained. A physical plant that is "well-groomed" and attractive is much more welcoming, safe, and hospitable than one that shows signs of benign neglect. We honor God when we care for what has been entrusted to us, but we must be careful that the property does not become an item of worship in itself.

There are numerous biblical passages that refer to the building and trappings of the tabernacle, temples, vestments, and rituals of the community of faith. The exquisite detail, in Exodus 26 for example, of how the tabernacle was to be constructed, indicates its significance as a setting for worship. Exodus 35–39 describes the tabernacle-to-be and the joy of the people in being able to contribute so abundantly to its construction and contents that they had to be asked to stop giving. (What a wonderful problem to have!) Furthermore, Exodus 35:30-36 names an artisan, Bezalel, whom God has filled with "divine spirit that will give him skill, ability, and knowledge for every kind of work" to be able to do the stone cutting, carving, and metal work according to God's excellent and inspiring standards. As a further gift, he is also described as a master who has the teaching skills to apprentice other workers. There is no question that the physical site of ministry is important to God and to the community of faith.

Trustees themselves may not have every one of these artistic skills but are, nevertheless, entrusted to see to the proper keeping of God's house as a way to honor God and to facilitate (literally) the ministry of the local church.

How Do I Relate to Other Groups in My Church?

The chairperson of the Trustees, or a designated representative, will work with other officers or committees within the church. This may be done through the Church Council, by attending one of the other committee's meetings, by inviting a representative of the other committee to the Trustees' meeting, or in specially arranged settings.

The Charge Conference

The charge conference is the primary governing body of your church. It sets the policy and direction for all work and ministry of the church. As a trustee, you were elected by the charge conference to act as its agent in caring for the physical resources of the church and for all legal matters. The Trustees shall report at least annually to the charge conference about the state of the church's property, equipment, investments, and resources in their care.

In all matters, you will receive guidance from the charge conference (¶2529) before acting for the church. The charge conference may give you broad limits within which to act, or it may give you specific assignments in your stewardship of church facilities.

You might receive these assignments from the charge conference:

- incorporate the local church;
- develop a policy (to be approved by the charge conference) to be used by the church in purchasing, leasing, selling, mortgaging, constructing, remodeling, repairing, and maintaining any and all church properties;
- develop policies for the use of your church building, facilities, grounds, vehicles, equipment, and furnishings;
- develop a covenant or other agreement with short- and long-range "tenants" (groups or individuals that use the church and its facilities on a regular basis);
- develop a policy for the acceptance or rejection of bequests, gifts, or trusts.

The Church Council

If you are the chairperson of the Trustees, you, or a trustee representative, are a member of the Church Council (¶252.5*e*) and are responsible for taking the recommendations of the Trustees to the Church Council for approval and action. You are also responsible for taking recommendations and directions of the council back to the Trustees. Other trustees may serve on the Church Council because of other offices they hold. If additional representation from the Trustees is desired, one or more members may be elected to the Church

Council by the charge conference as members at large. The Church Council is responsible for planning, coordinating, and implementing the church's program for ministry. Many aspects of this program take place within the buildings for which you are responsible. You will work cooperatively with the council to develop plans for providing buildings and equipment to support that program of ministry. When developing a building-use policy for the church, you will coordinate with the Church Council.

The Staff/Pastor-Parish Relations Committee

The Staff/Pastor-Parish Relations Committee(S/PPRC) (¶258.2) is responsible for all appointed and employed personnel of the church. The primary purpose is to ensure that all employees receive fair and impartial consideration for salaries and benefits and that a common and consistent set of personnel policies is adopted and used.

As a trustee, you may provide day-to-day supervision of persons related to your work, such as the church custodian or building manager. You will work closely with the S/PPRC to maintain the parsonage(s). You may also assist in the development of comprehensive personnel policies, including a sexual misconduct or harassment policy.

The Committee on Finance

The Committee on Finance (¶258.4) is responsible for raising, managing, and distributing the necessary funds for ministry in the church. The Board of Trustees will prepare an annual budget and present it to the Committee on Finance. That committee in turn will evaluate your request, along with all other requests, and then make a recommendation to the Church Council for action. There shall be a trustee representative, selected by the Trustees, on the Committee on Finance.

The Trustees are generally empowered to spend money that has been budgeted, as they deem necessary and without further permission. It is prudent and considerate, however, to notify the Committee on Finance and/or the church treasurer when you anticipate a large expenditure that may affect the cash flow of the whole church budget. When an expense exceeds the budget or was not accounted for in the budgeting process, it is crucial to consult with the Committee on Finance and the church treasurer before committing funds.

TIP: A growing pool of persons have identified church administration as a calling. These persons have a grasp of tools learned over a number of years in management. The United Methodist Church, through the General Council on Finance and Administration, works with these persons in a certification of their ministry.

The Church Business Administrator

The expanding responsibilities for administration, along with increasing state and federal regulations, are creating a need for additional staff to handle the business affairs of the church. The work of a church business administrator allows the staff of the church to spend more time on pastoral and spiritual duties.

If your congregation employs a church business administrator, he or she functions as part of the total church staff and is usually responsible directly to the senior pastor. Some duties often assumed by the administrator are financial, office, property and food service management, and assisting appropriate boards and committees with their work. Churches interested in learning about the role of the church business administrator should contact the General Council on Finance and Administration (www.gcfa.org) for information about the United Methodist Network of Practice.

How Is the Board of Trustees Organized?

Settings

Charge Conference Setting

Membership. The Board of Trustees comprises at least three, and no more than nine, members. The *Discipline* recommends that at least one-third of the Trustees are laywomen, one-third laymen, and two-thirds members of The United Methodist Church (¶2525).

Chairperson. The chairperson must be a professing member of the local United Methodist church. (Retired or active clergy affiliated with the congregation or other affiliate members are not eligible to serve as chair, although they may be members of the board.) At the first meeting of the Trustees, the chairperson is elected for one year (¶2530.2). The chairperson will represent the Trustees as a member of the charge conference and the Church Council.

Length of Term. You were nominated by the Committee on Nominations and Leadership Development and elected by the charge conference to serve a term of up to three years (¶2526). In order to maintain continuity and experience, you and other trustees are divided into three classes (designated by year) with an equal number of trustees in each class. One class of trustees is elected each year. The charge conference can also fill vacancies that occur in any class.

Non-Church Members. A provision in *The Book of Discipline* (¶2525) allows for up to one-third of the Trustees to be nonmembers of your church. There may be a person who is involved in your congregation, not yet a member, who would make a good trustee. This provision allows you to work with the Committee on Nominations and Leadership Development to have such a person elected by the charge conference to your Board of Trustees.

Circuit Charges Setting

A circuit that owns a parsonage, cemetery, campground, or other real estate may elect charge trustees. The charge trustees are elected at a charge conference and are answerable to the circuit charge conference. Their qualifications, organizational procedures, and legal responsibilities are the same as those of local church trustees. When a circuit that owns property jointly is reorganized so that one of the member churches is no longer a part of the circuit, ¶2528.4 makes provision for a financial settlement of the interest each church has in that real estate.

Cooperative Parishes Setting

When a cooperative parish comprises two or more pastoral charges, it may have a Board of Trustees for the parish as a whole (¶2528.2). The parish board is in addition to the charge trustees and the local church trustees. These trustees are selected by the charge and/or church conference related to the cooperative parish and are to be representative of each congregation encompassed in the cooperative parish.

Getting Organized

First Meeting: Trustees are to meet and organize within the first thirty days of the calendar or conference year (¶2530.1). The previous chairperson or the pastor calls the meeting for this purpose.

First Task: Your first item of business is the election of officers (¶2530.2). Officers shall include a chairperson and may include a vice-chairperson, secretary, and other officers as needed. (**Note:** The chairperson and vice-chairperson shall not be members of the same yearly class so as to avoid these two offices becoming vacant at the same time. Election of a treasurer will depend on your church's practice and procedure.)

Second Task: Orient the new trustees. Walk through the building(s) to acquaint all trustees with safety features; water, gas, electric cutoffs; potential trouble spots; and so on. New trustees may have a fresh perspective that enables all the Trustees to see things as they really are, rather than the way to which you have become accustomed. Next, organize your work into manageable portions and set your calendar for the year.

TIP: Help the new trustees each year recognize the biblical and theological foundations for your work. You are the "keepers of God's house," and your ministry ensures that the facilities and residences are functional, safe, and ready for the work of the whole church. All the areas of the facility are "sacred space" in the sense that they are there solely for the purpose of helping advance the church's mission to make disciples.

Important Ongoing Responsibilities

Refer to ¶2533 for a description of the Trustees' powers and limitations. The following list summarizes many of those responsibilities.

- Conduct an annual inventory of all real property.
- If there is a parsonage, accompany the committee on staff/pastor-parish relations on at least one inspection and inventory of the parsonage(s) each year.
- Inspect and inventory all equipment and set up a maintenance schedule.

TIP: Consider organizing tasks according to the categories of importance and urgency. Address the urgent issues promptly; but be sure also to institute a plan to deal with issues that are important before they become urgent and to keep from spending unwarranted time on items that are urgent but not important. Monitor the time taken up by tasks that are neither urgent nor important so that you are mindful of whether they rob time and energy from more appropriate activity.

- Set up a schedule for painting and redecorating.
- Consider the merits of service contracts on large equipment such as air conditioners, refrigerators, heating systems, typewriters, copiers, computers, and other such equipment.
- Ensure that your facilities are accessible to persons with disabilities.
- Develop guidelines for receiving and managing wills, trusts, bequests, and other investments given to the church.
- Contact your local utility company for an energy audit.
- Evaluate your insurance coverage annually. Work with your insurer to develop risk management policies for the church.

Meetings

> **TIP:** Facilitate your work as trustees by dividing the work (for example, buildings, grounds, bequests, equipment) and assigning it to subgroups of one or more trustees.

Consult ¶2532 of the *Discipline*:

- Your meetings may be called by the chairperson, the vice-chairperson, or the pastor.
- Meetings should be held as often as necessary but at least once a quarter year.
- A majority of the members of the Board of Trustees constitutes a quorum.
- At the first meeting of the year, develop a schedule of meetings and tasks to be considered for the entire year.
- When drafting a calendar of activities for the year, consult with the pastor(s) and staff along with the chairperson of the Church Council and other key officers in order to avoid any major conflicts.

Sample Schedule of Tasks

January–March

- Organize and elect officers.
- Review and evaluate all property and buildings.
- Survey and inventory contents of the safe deposit box.
- Conduct an energy audit.
- Review church's legal status, if incorporated.
- Report to the Church Council.

April–June

- Inventory equipment and prepare a maintenance schedule.
- Evaluate service contracts.
- Evaluate insurance coverage.
- Take a walking tour of all facilities to consider access for persons with disabilities.
- Schedule and conduct a fire drill, lockdown, or other necessary safety drills.
- Report to the Church Council.

July–September

- Review and evaluate all buildings and property.
- Project your financial needs for next year's budget.
- Review policies and procedures for receiving and managing wills, bequests, and trusts; review the church's investment policy.
- Review the building-use policy.
- Inspect the heating and air-conditioning system for efficient use.
- Report to the Church Council.

October–December

- Tour the parsonage(s) and meet with the parsonage family/families about their needs concerning their home.
- Review year-end needs for annual reports and audit, including insurance guidelines and recommendations from GCFA on proper coverage standards
- Inventory and inspect equipment.
- Check all fire extinguishers.
- Have an investment counselor review your church's investment policy and procedures.
- Report to the Church Council.

Reports

Church Council. Help the entire church's leadership experience what you are doing as trustees and seek their guidance and support. A good process is to present to the Church Council a brief digest of the minutes of all meetings held since the last report.

Charge Conference. Report in writing to the charge conference at its annual meeting. Use report forms provided by your annual conference or available from Cokesbury. Paragraph 2550 states the items for inclusion in the report to the charge conference.

Prepare Your Budget Request

The Committee on Finance (¶258.4) is responsible for raising, managing, and distributing the funds necessary for your work as trustees. You will need to present an annual request to the Committee on Finance to be included in the annual church spending plan or budget that includes the funds necessary for the maintenance, upkeep, and management of all church-owned buildings and grounds.

Categories frequently found in the Trustees' budget include:

- Maintenance and repair of buildings
- Maintenance of grounds
- Maintenance of equipment
- Purchase of equipment
- Insurance
- Debt retirement

- Utilities
- Parsonage furnishings
- Taxes, if appropriate
- Future capital needs of the church

Although your funding will come from the annual church spending plan, the church may raise additional funds for capital projects. Funds for these capital projects will come from several sources:

- Annual church spending plan
- Special gifts designated for a particular project
- Bequests for designated and undesignated purposes
- Investment income
- Endowments and memorial gifts

TIP: Include short- and long-term needs related to your work as trustees. Set aside emergency funds in special accounts, managed by the Committee on Finance, to ensure the availability of funds when emergency needs arise. Follow policies and procedures established by the Committee on Finance for adequate internal controls of the income and expenses of the Trustees' spending plan.

Management Responsibilities

How to Manage Bequests, Legacies, and Trusts

When your church is the beneficiary of a will or the recipient of a trust or other similar estate-planning tool, according to the guidelines set by the charge conference, the Trustees will receive such gifts and administer them (¶¶2529.3 and 2533.5). Your first responsibility is to implement the will and intent of the donor. You are to invest the funds in accordance with the terms of the bequest, trust, or gift and in accordance with the *Discipline,* Social Principles, local laws, and the direction of your charge conference. Your charge conference directs the reception, management, and disbursal of such funds, and/or the income generated by them. *The Book of Discipline* encourages the Board of Trustees to consider placing funds with the conference or area United Methodist foundation for administration and investment.

If your church has a Committee on Memorials, a Wills and Estate-Planning Committee, an Endowment and Permanent Funds Committee (¶2534), or a local church foundation (¶2535), then transferring such responsibility to them would be appropriate. In such a case, a trustee should serve as an ex-officio member of the committee or task force.

TIP: If your church does not have such a committee or task force, you may want to organize a group through the charge conference that will:

- emphasize the need for adults of all ages to have a will and estate plan;
- stress the need for members to include United Methodist ministries in their will or estate plan;
- share information and plan educational events to teach Christian principles related to wills and estate planning. You may also consider establishing a separately incorporated church foundation.

Additional resources that provide guidance on endowments, memorial funds, wills and estate planning are available from the Stewardship Office at Discipleship Ministries (GBOD); 877-899-2780, ext. 7165; ksloane@umcdiscipleship.org.

How to Manage Insurance Coverage

Trustees are responsible for obtaining adequate insurance coverage for the church, including annually comparing the church's coverages to an insurance schedule published by GCFA and then reporting to the charge conference on recommendations to bring the church's coverages into compliance with the published schedule (¶2533.2). In addition

to property protection, special attention must be given to full liability coverage, including sexual misconduct coverage. In some areas, "terrorism coverage" is now required, which increases your premium.

Annual Review

Changes in coverage, in the law, and in insurance products require an annual review of your protection. Make sure that all coverage is current, and that no coverage has been excluded. Carefully consider coverage for wind damage, sexual misconduct, flooding, and so forth.

Policies and Procedures for Managing Insurance

- Review your church's insurance program with an insurance agent annually.
- Chose an agent that understands the risks that churches face.
- With fire officials, conduct a safety inspection of the buildings annually to identify hazards that could cause personal injury, fire, or other loss of property.
- Keep current a detailed inventory of all furniture and equipment. Keep this inventory in a fireproof facility for safekeeping.
- Appraise all property and equipment at least every three years to update the replacement values.
- Secure quotes from at least two different insurance companies when purchasing insurance protection.
- Inform the Committee on Finance of insurance premiums and when they are due.
- Review your insurance policies to confirm that all special items—such as an expensive organ, stained-glass windows, computer, and silver—are covered.
- Property that is used off-site should be covered under a separate "Inland Marine" policy as such use is likely to be excluded under your policy. An example would be risers and audio equipment used for choir tours.
- Coverage should be provided for hired and non-owned automobiles as it is probable that someone is using a vehicle the church does not own in the course of conducting church business.
- Purchase workers compensation coverage to cover employees even if your are exempt by state law. You should try to obtain coverage for volunteers as well.
- Insurance policies are documents that should be retained permanently. Your document retention policy should state this. Policies should also be kept in a fireproof facility for safekeeping.
- Know when your building was built, the type of construction, the age and type of roofs, and the date and nature of updates to your key systems such as the roof, HVAC, electrical, and plumbing.
- Request copies of your loss records from your carriers ever year 120 days in advance of renewal. Five years of history is ideal, three may be acceptable.
- Describe all losses in excess of $10,000 and any steps taken to avoid those losses in the future (if applicable).

- Explain any third party use of your facility to your agent. Provide copies of the hold harmless agreement with the third party and a copy of their certificate of insurance to your agent.

The General Council on Finance and Administration has established United Methodist Insurance. This program may allow local congregations to take advantage of more extensive coverage at a reduced cost. All local churches and agencies subject to *The Book of Discipline* and all employees of these bodies are eligible to participate in these programs subject to the availability in their states. Information on the specific coverage with details, descriptions, and application forms is available from the General Council on Finance and Administration (www.gcfa.org) or www.uminsure.org.

TIP: A video or photographic inventory of all furniture, equipment, and rooms of the church and parsonage(s) makes an excellent inventory record. This, too, should be kept in a safe place away from the church.

How to Manage Church Property; Policies for Building Use

Church buildings are being used more than ever by groups both within and outside the church. The pastor and/or the Trustees have responsibilities when permission is granted to outside groups to use church facilities (¶2533.3). The church should have a thoughtful, clearly written, and flexible policy as to the terms and conditions of building use. The Board of Trustees under your leadership develops and writes the policy and presents it to the Church Council or the charge conference for approval.

Items to Include in the Policy Statement for Building Use

- Procedures for scheduling the use of buildings and equipment, including the names of the persons or committees authorized to make decisions about requests for building use.
- Availability of the buildings and facilities to non-church groups; prohibition against the use of church facilities by for-profit groups.
- Requirement for non-church groups to provide certificates of insurance naming the church as additional insured and listing the names of responsible parties using the church facilities.
- Agreements and releases of liability to be signed by the non-church group. These agreements and releases can be scaled to match the frequency, duration, and risk exposure involved with a particular use. An agreement with a school or daycare program would need to be more detailed than one for a monthly yoga class.
- Donations request to offset expenses involved in building use. (NOTE: If donations are requested or fees/rents are collected for building use, an attorney should be consulted to determine how these actions may affect the tax-exempt status of the local church property.)
- Responsibility of users to clean up, lock up, and care for the facilities, or special provisions or arrangements for the use of the church custodial staff for these services.

- Limitations on the use and movement of furniture and equipment, including musical instruments and sound equipment.
- Arrangements for custodial services.
- Special provisions for the use of the kitchen and arrangements for food service.
- Designation of rooms that may or may not be used for special functions.

The charge conference, the Church Council, or the Trustees may request the development of a policy statement; however, the actual writing of the statement is a function of the Trustees in cooperation with the pastor(s) and the Church Council.

TIP: As you write these policies, begin by interviewing the pastor(s), Church Council, the Youth Council, United Women in Faith, United Methodist Men, and others involved in the use of the facilities so that you will understand their program needs.

Write the policy to reflect the ministry and use of the facilities, *not to limit ministry*. A policy not to allow outside groups to use the church inhibits the outreach ministry of the church. A policy that prohibits food in certain areas of the church may make those rooms unusable.

TIP: Prepare a pamphlet for general distribution to the members of your church and to outside groups stating the policies related to the use of the building for weddings, receptions, funerals, and other events.

Present your statement of policy to the Church Council for review and adoption. Remember, a policy statement is always in process. Review the statement at least once each year to see how it can best be used to promote the ministry of your church.

Building Maintenance

One of your major responsibilities (¶2533.1) is to plan for the maintenance of church grounds and the purchase, maintenance, repair, and replacement of broken, worn-out, and obsolete equipment. Following your yearly inspection of the grounds, building, and equipment, have the board meet to establish priorities for needed repairs and maintenance. Include a detailed proposal of costs to accomplish your maintenance program. Once the maintenance program and proposed spending plan or budget have been approved by the Church Council, you can establish a schedule and assign specific responsibilities for the supervision of the various projects.

TIP: Keep a permanent record of repairs, maintenance, and improvements for future reference. This eliminates any question about the date a new roof was put on the church or when a water heater was replaced at the parsonage. It also provides a basis for the appraisal of church property and equipment. Keep warranty information dated, in a safe place, and accessible. As items are replaced, remember to remove obsolete papers and outdated warranty information from the file.

Some churches have a Property Committee that is responsible for maintenance and repair projects. In such cases, the chairperson of this committee shall be a trustee, although non-trustees may serve on the committee.

Parsonage Responsibilities

You will work with the pastor(s), the S/PPRC, and the Parsonage Committee, if one exists, to provide clean, well-equipped, and adequate housing for the family/families of the pastor(s).

NOTE: Some annual conferences have adopted policy statements, which include standards for parsonages. Trustees must be familiar with these standards. Copies are available from your district superintendent or conference office.

Paragraph 2533.4 provides that the chairperson of the Committee on Staff/Pastor-Parish Relations, the chairperson of the Board of Trustees, and the pastor shall make an annual review of the church-owned parsonage to ensure proper maintenance. Parsonage maintenance and the replacement of parsonage furnishings (if provided by the local church) should be included in the annual maintenance plan and budget of the Trustees.

Acquisition of Property

All local church property is held in trust for the benefit of the entire denomination (¶2501). Legal title to property owned or acquired by an incorporated local church is held in the name of the corporate body (¶2538). Legal title to property owned or acquired by an unincorporated local church is held in the name of the Trustees (¶2536).

Prior to the purchase of real estate by a local church, several requirements must be satisfied (¶¶2537 and 2539, the *Discipline*):

- Provide at least ten days' notice for a meeting of the charge conference. This notice is to be announced from the pulpit and in the weekly bulletin, newsletter, or electronic notice from the church (or if the church is incorporated, such other means if required or permitted by local law). Also, the notice must state the proposed action to be voted upon.
- The proposed action must be approved by a majority vote of those present and voting at the charge conference (and if the church is incorporated, such other corporate body as may be required by local law).
- The action must have the written consent of the pastor and the district superintendent.

In the case where a local church wants to build, purchase, or substantially remodel a church, educational building, or parsonage, more detailed disciplinary requirements apply (¶2544).

When local property laws conflict with the procedures or requirements in *The Book of Discipline,* the church must conform to the local property laws (¶2506.1). In all acquisitions of real property by a local church, the deed must include the trust clause (¶2503).

Sales, Transfers, or Mortgage of Property

The process for the sale, transfer, lease, or mortgage of real property consists of many of the same steps as those described above for the acquisition of property. There are,

however, some differences. Some of the more important differences for both unincorporated (¶2540) and incorporated (¶2541) local churches are listed below:

- The written consent of the pastor of the local church and the district superintendent must be attached to or included in the instrument of sale, transfer, lease, or mortgage (¶¶2540.3 and 2541.3).
- Prior to consenting to the sale, transfer, lease, or mortgage of any local church property, the pastor, district superintendent, and the district board of church location and building shall ensure that several requirements are satisfied. Among these requirements are that full consideration has been given to the future missional needs of the community and that the transfer or encumbrance conforms to the *Discipline* (¶¶2540.3 and 2541.3).
- If the church is unincorporated, any two officers of the Board of Trustees (unless the charge conference directs otherwise) may execute any documents necessary to implement a resolution authorizing the sale, transfer, lease, or mortgage of the local church property (¶2540.4).
- If the local church is incorporated, any two officers of the corporation may execute any documents necessary to implement a resolution authorizing the sale, transfer, lease, or mortgage of the local church property (¶2541.6).

NOTE: With some limited exceptions, proceeds from the sale or mortgage of a church building or parsonage cannot be used for current operating expenses of the local church (¶2543.1).

TIP: If your church has received property through a gift for the purpose of resale and the charge conference has accepted it as such, no further meeting of the charge conference may be necessary.

How to Manage a Building Program

If your church decides to build, you, as a trustee, will be involved in an exciting yet complex process to ensure that all local, state, and disciplinary requirements are accomplished. Whether your church plans to build a new sanctuary, an education building, a parsonage, or just an addition, it must follow the steps listed below (¶2544). The same provisions apply to remodeling or repair projects if the cost is more than 25 percent of the value of the building or will require mortgage financing.

A study committee is to be appointed by the Church Council to:

- analyze the needs of the church and community;
- project the potential membership with average attendance;
- project the potential for church-school membership and attendance;
- project the potential income for the congregation over the next five years;
- describe your church's program of ministry and building use.

When completed, this information will form the basis of a report to be presented to the charge conference and to be used by the building committee.

The typical time period for this study is three to six months. Seek the assistance of the district superintendent early in this process.

If, after considering the report of the study committee, the church decides to proceed with the building program, it must follow these steps:

- Secure the written consent of the pastor and the district superintendent.
- Secure approval of the district board of church location and building.
- Give notice, at least ten days prior to the meeting—either from the pulpit or in a printed weekly bulletin—of the date and purpose of the meeting of the charge conference at which the vote is to be taken.
- Secure the authorization of the charge conference by a majority vote of those present and voting.
- Elect a building committee of not fewer than three members of the local church or assign to the Trustees the duties of a building committee.

Planning for a New Building—The Study Taskforce

When a local church desires to build, purchase, or remodel church property, it shall establish a study committee to conduct a preliminary study of the project (¶2544). Include on this study committee some representatives from the Church Council, the Committee on Finance, United Methodist Youth, United Methodist Women, United Methodist Men, and others deemed necessary by the charge conference.

Your study committee will gather information from within the church and the community in order to assist the church in developing the best plan and facilities for your future ministry. For help with this study, contact the Path1 office of Discipleship Ministries (https://www.umcdiscipleship.org/equipping-leaders/church-planting).

Consider the following as you plan:

- What are the needs of the community at large?
- Are the population shifts now taking place in your community and church predictable for the future?
- What can be predicted about the economic future of the area to be served by your congregation?
- Are there projected or predictable changes in the pattern of the roads, streets, and public transportation that should be considered?

Before any decision is made, have the study committee gather information from your congregation. Announce that you are collecting ideas regarding the remodeling of present facilities or the building of a new facility. Indicate that no decisions have been made.

The study committee may call open meetings for the purpose of sharing ideas, which can take place in a number of ways: holding several open meetings at the church, sending a questionnaire to members, or holding small-group meetings in different homes of your congregation. The point is to give all members an opportunity to discuss the project and learn more of what is happening in the church.

Throughout the preliminary planning stages, the Church Council should be involved in the long-range planning of the program that will take place in the building. A building program offers an ideal opportunity for a searching and critical evaluation of the present program of the congregation. Your building must conform to its expected use by the program organizations of the church. The aid and assistance of district, annual conference, and general church officials and staff can be most helpful in such an evaluation.

This is a time to dream and to be open to new possibilities for ministry. Is the proposed building truly driven by the congregation's vision for its ministry? Has the congregation articulated its vision? Your study may uncover possibilities the committee has never expected. For example, you may discover a need for a closed-circuit television for the nursery or educational building. You may discover that a large influx of young families is expected in your community. With that information, you may decide to add a nursery to your plans. A youth building might be considered, but your study could show a decline of youth in your future. Considering the growing number of older adults in the church and community, what kinds of programs and facilities are needed?

The study committee will complete its work and present its findings for written consent to the pastor and district superintendent (¶2544.1). The proposed site shall be approved by the district board of church location and building (¶2544.3). After approval of the charge conference (¶2544.4), this report becomes the program that guides the architect in designing your building.

After approval of the project, the charge conference shall elect a building committee (¶2544.3*a*). The duties of the building committee are defined by paragraphs 2544.5–.10.

Selecting an Architect

As part of its responsibilities, the building committee will most likely find it necessary to select an architect. The architect is your church's professional adviser in all phases of the building program. You will work closely with the architect from the very first planning step to the moment of final acceptance of the building from the contractors.

Learn as much as you can about each prospective architect. Contact your district superintendent and your district board of church location and building for recommendations. Ask those in your community who are acquainted with and experienced in building for information about potential candidates.

Talk to members of other area churches that have built recently. Check out all potential architects carefully and fully before entering into any contract.

Have the contract reviewed by your attorney. Before any contracts are signed with an architect or anyone else, the building committee and/or the Trustees will need the approval of your pastor, district superintendent, and the charge conference.

TIP: Include and maintain in force a requirement for the architect to have an errors and omissions liability insurance policy throughout the term of the contract.

Here are two stages in your planning when you may want to consult with representatives from other churches with recent building projects.

- Before selecting an architect, the committee should examine the work of the prospective architects and discuss their work with local church leaders.
- Before the final selection of the architect, committee members should go with the architect to visit buildings the architect has planned.

As an added dimension, you may examine whether the architect's company participates in Project Equality and/or complies with the Social Principles in *The Book of Discipline* in its general business dealings.

Work closely with the architect in planning the building program for your church. During actual construction, your committee will carry on all relationships with the contractors through the architect, who serves as your professional adviser and representative.

Erecting A Building

The Book of Discipline requires approval of a building program by not only the local church but also the district board of church location and building (¶2544.6). When a program has been written and a plan agreed upon, the following steps are to be taken.

- Submit the statement of need, the architectural plans, and financial estimates and plans to the district board of church location and building for its approval.
- The pastor, with the written consent of the district superintendent, shall call a church conference, giving not less than ten days' notice of the meeting and proposed action (¶2544.7). The building committee shall submit the proposed building and financial plan for approval by the membership.
- After the building committee has completed the detailed plans and has secured a reliable and detailed estimate of cost, it shall submit these to the district board of church location and building for review and to the charge conference for approval (¶2544.8).
- Written documentation of the above approvals shall be filed with the district superintendent and the secretary of the charge conference (¶2544.9).
- The building committee has further responsibilities ensuring ethnic, racial, and gender diversity in the construction workforce (¶2544.10).

TIP: It is better to build in phases and have a manageable short-term debt than to overbuild and extend your payments over a longer period of time.

Paragraphs 2544.12–.14 contain specific guidelines related to obtaining a loan and making provision for funds before a building project can begin. A congregation shall not overextend itself in the size of its monthly loan payments. Avoid excessively long payment periods on loans and mortgages due to increased costs associated with interest rates and the resulting adverse impact on future program development.

When to Consult an Attorney

It is easier and less costly to prevent a legal problem than to correct the consequences of imprudent action. Get legal advice before action is taken by the church in which a legal problem might be a possibility.

No contract should be entered into without adequate legal counsel.

A church might well consult an attorney for the same reasons that an individual or a commercial enterprise would. Some instances when a church should seek legal counsel are:

- receipt of legal documents on any involvement in a court (judicial) or governmental (administrative) proceeding;
- any transaction involving real property (buy, sell, lease, mortgage);
- proper drafting and review of documents related to wills, gifts, and bequests;
- incorporation of the local church or a circuit.

In addition, prior to terminating an employee, you might recommend that the staff/pastor-parish relations committee contact an attorney who specializes in labor law.

Incorporation

There is a general movement in The United Methodist Church for the charge conference to direct the Trustees to incorporate the local church under local and state laws. Incorporation will assist in exempting church members and officers from legal liability for debts or other obligations of the local church. Incorporation also facilitates business transactions such as the purchase of land, loan documents, contracts, and the purchase and licensing of motor vehicles. Not all states require incorporation or allow it. The different states have many different laws (for example, West Virginia's Constitution prohibits church incorporation). Check with your attorney to discover what you should do. Whether or not the charge conference elects to incorporate the local church, a local United Methodist church must be organized and operated in compliance with the *Discipline*. As provided by ¶2529.1, your local church's organizing documents (articles of incorporation, charter, bylaws or equivalents) must, at a minimum:

- require the local church to be organized and operated in compliance with the *Discipline*;
- prohibit the local church from acting in a manner contrary to the purpose of The United Methodist Church, the annual conference, or the *Discipline*;
- prohibit the local church from severing its connectional relationship to The United Methodist Church without the annual conference's consent;

- require the pastor and the district superintendent to approve, in writing, the adoption of, and changes to, the local church's organizing documents; and
- include language consistent with the Internal Revenue Code to protect the local church's tax-exempt status.

The failure of a local church's organizing documents to meet these requirements does not relieve the local church of its connectional responsibilities to The United Methodist Church, nor does it absolve its pastor and membership of the responsibility to operate the local church as a United Methodist church, in accordance with the *Discipline*. The organizing documents are deemed modified to the extent necessary to comply with ¶¶ 2529.1*c*(1)-(4) if any of the circumstances described in ¶¶ 2503.6*a–c* apply.

To conform to *The Book of Discipline,* the following provisions must also be included:

- The corporation supports the doctrine of The United Methodist Church, and all its property will be subject to the law, usages, and ministerial appointments of The United Methodist Church.
- The board of directors of the corporation shall be the Trustees of the church who have been elected in accordance with the *Discipline,* and the elected officers of the Trustees will be the officers of the board of directors of the corporation. Provision should be made for the Trustees to ratify the selection of the church treasurer(s) elected by the charge conference as the corporation treasurer(s).
- All the powers and duties relative to property specified by the *Discipline* for the charge conference and the Trustees shall be the powers and responsibilities for the corporation and its board of directors.
- The members of the corporation shall be the members of the charge conference.
- If the corporation for any reason ceases to exist, then the title to all its property shall be vested in the annual conference Board of Trustees to be held in trust for the local church. Such provision will protect the church officials in the event its charter as a corporation may lapse or be canceled.
- The bylaws of the corporation shall conform to *The Book of Discipline,* as enacted from time to time by the General Conference.
- The corporation shall be structured to protect from legal liability the officials and members of the local church and the conference to which it relates.

Documents incorporating a local church or modifying corporate documents must be submitted to the district superintendent for written approval.

Incorporation of a Circuit

In the event a circuit owns real estate, very serious consideration should be given to the incorporation of the circuit.

The provisions of the *Discipline* (¶2528) related to a charge Board of Trustees suggest the way to obtain a board of directors for the corporation. Members of the charge

conference can be the members of the corporation. In the same way, it is possible for a cooperative parish to develop a corporation for the holding of property and funds.

Incorporation of Special Programs

In recent years, many congregations have become involved in the development and sponsorship of projects such as halfway houses, retirement homes, day-care centers, kindergartens, nursery schools, and special schools or workshops for persons with disabilities. When such programs are being considered, *give serious consideration to forming separate corporations for their operation*. This action makes it possible to broaden the base of support and participation. It may also provide additional protection in the event of litigation against the special program, though adequate insurance should be sought in either case. Government tax regulations and labor regulations also are making it advisable to incorporate for such special programs. Write specific articles of incorporation for each of these programs. If certain requirements are met, a special program incorporated by a local church can receive a tax exemption letter from GCFA's Legal Services Department.

It will be necessary to form a special corporation to own and manage property that is to be used cooperatively by a United Methodist congregation and one or more congregations of another denomination. If you are planning such an enterprise, seek the counsel of your attorney and district superintendent regarding the wisdom of forming such a corporation.

Trust Clauses

Ours is a connectional church. Each local congregation is connected to every other local congregation through the district and the annual, jurisdictional, and General conferences and has certain disciplinary responsibilities to The United Methodist Church as a whole (see "The Ministry of All Christians," ¶¶126–132). For this reason, titles to all properties are held in trust for the benefit of the entire United Methodist connection. Paragraph 2501 states that "The United Methodist Church is organized as a connectional structure, and titles to all real and personal, tangible and intangible property held at "jurisdictional, annual, or district conference levels, or by a local church or charge, or by an agency or institution of the Church, shall be held in trust for The United Methodist Church and subject to the provisions of its *Discipline*."

The specific wording of the trust clause as stated in the *Discipline* in ¶2503 shall be used in all written instruments when property is to be used:

- as a place of divine worship;
- for the parsonage;
- as both a parsonage and a place of worship;
- for a place of divine worship, a parsonage, or both, but not exclusively.

The absence of such a clause in any deeds or conveyances does not relieve the local church of its connectional responsibilities (¶2503.6). Every congregation that has accepted pastors appointed by a bishop of The United Methodist Church or any local congregation that has used the name, customs, or polity of The United Methodist Church is deemed

by *The Book of Discipline* to have accepted the terms of the trust clause with respect to its property.

Decisions in both state and federal courts have upheld the enforceability of the trust clause. The written consent of the district superintendent for the sale of the property constitutes a release of the trust clause (¶2542).

Governmental Regulations

There is a distinct and increasing trend for governments (federal, state, and local) to restrict and diminish privileges previously afforded to nonprofit organizations, including churches. At the same time, laws and regulations seem to become more involved and complicated. The favored position that churches formerly held is being steadily reduced. One can no longer assume action is never needed because of church status or because churches are exempted from laws or regulations.

Church operations are similar to those of individual or commercial business affairs. State and local regulations are the responsibility of the local church or charge. The district superintendent and your annual conference chancellor have important roles in legal compliance. At the national level, the General Council on Finance and Administration can assist in areas of legal or governmental issues. Today, local church trustees may be called upon to devote greater care and skill than have been necessary in the past.

There is no contradiction between a local church's acting as a good citizen and also exercising a high degree of skill and professionalism in its legal and fiscal affairs when dealing with the government.

For more information regarding legal or governmental regulations, contact your district superintendent or chancellor. The General Council on Finance and Administration publishes information on its website at https://www.gcfa.org/legal-services.

Passenger Vans

The National Highway Traffic Safety Administration (www.nhtsa.gov) has noted these concerns about 15-passenger vans:

- Fifteen-passenger vans are far more prone to rolling over than school buses, cars, or minivans.
- Occupants of 15-passenger vans are less apt to wear seatbelts.
- Fifteen-passenger vans are three times more likely to roll over when fully loaded than when they have fewer than ten passengers.
- Federal law does not let car dealers sell the vans for transporting people eighteen years and younger to or from a school.

There have been studies showing that 15-passenger vans can become unstable in emergency situations when the vans are fully loaded. While the vans have not been prohibited by the Department of Transportation, the use of fully loaded vans to transport passengers has been strongly questioned. There is evidence that a fully loaded 15-passenger van exceeds the design criteria for the suspension systems of the van. Under emergency braking or

handling maneuvers, the van can become unstable. Some states now prohibit the purchase of full-size vans for transporting children to or from school.

Before purchasing new or replacing existing 15-passenger vans, the Board of Trustees should obtain competent legal advice and consult with its insurance company.

Resources

Addresses, Phone Numbers, Websites

For legal information and information on risk management: General Council on Finance and Administration, www.gcfa.org.

For information and reference material on building: Path1 office of Discipleship Ministries (https://www.umcdiscipleship.org/equipping-leaders/church-planting).

For information on wills and bequests: Planned Giving Resources Center, Congregational Leadership Section, General Board of Discipleship, P.O. Box 340003, Nashville, TN 37203-0003. Phone (877) 899-2780, ext. 7080. (www.gbod.org/stewardship).

For further assistance, contact the Congregational Leadership Section, General Board of Discipleship, P.O. Box 340003, Nashville, TN 37203-0003. Phone (877) 899-2780, ext. 7053.

Books

The Book of Discipline of The United Methodist Church (Nashville: United Methodist Publishing House, 2024), available from Cokesbury. This includes the specific information for the Trustees. See also the section on the Social Principles.

Firm Foundations: An Architect and a Pastor Guide Your Church Construction, by Lance Moore and Daniel Michal (Lima: CSS Publishing, 1999). ISBN: 9780788013454.

GCFA Legal Manual (General Council on Finance and Administration; order forms available at www.gcfa.org). Provides basic information about legal issues that are common to organizations throughout the United Methodist religious denomination.

Guidelines for Leading Your Congregation, 2017–2020 (Nashville: Cokesbury, 2016). Available from Cokesbury. A set of 26 booklets (including this volume) providing guidance for those persons responsible for the administration and programs of the local church.

What Every Leader Needs to Know (series) (Nashville: Discipleship Resources, 2004).

UMC Agencies & Helpful Links

The United Methodist Church, www.umc.org

General Commission on Archives and History, www.gcah.org, Madison, NJ, 973-408-3189

General Board of Church and Society, www.umcjustice.org, Washington, DC, 202-488-5600

United Methodist Communications, www.resourceumc.org/communications, www.umns.org, Nashville, TN, 615-742-5400; InfoServ 1-800-251-8140

General Board of Discipleship, www.umcdiscipleship.org, Nashville, TN, 877-899-2780

General Board of Finance and Administration, www.gcfa.org, Nashville, TN

General Board of Global Ministries, www.umcmission.org, Atlanta, GA, 800-862-4246

General Board of Higher Education and Ministry, www.gbhem.org, Nashville, TN, 615-340-7413

General Commission on Religion and Race, www.gcorr.org, Washington, DC, 202-495-2949

General Commission on the Status and Role of Women, www.gcsrw.org, Chicago, IL, 1-800-523-8390

General Commission on United Methodist Men, www.gcumm.org, Nashville, TN, 615-340-7145

The United Methodist Publishing House, www.umph.org, www.abingdonpress.com, www.cokesbury.com, www.ministrymatters, Nashville, TN, 615-749-6000

United Women in Faith, www.uwfaith.org, New York, NY, 212-682-3633

Wespath (retirement/benefits), www.wespath.org, Glenview, IL, 800-851-2201

For additional resources, contact your annual conference office.