

# Checklist for Closure and Separation in 2024

## Due Date

**Prior to Vote** Prior to the church voting to separate, the church must provide the congregation with a self-prepared estimate of the separation fee or, if available, the fee as calculated by the Annual Conference Trustees and communicated by the Conference Treasurer. The estimate provided to the congregation should show a possible range of the fee so that the congregation is not surprised if the actual fee is not exactly what is presented for purposes of the vote.

**12/01/2023** If a church is planning to separate at the 2024 Annual Conference, it must provide the following documents to Annual Conference Trustees in care of the conference treasurer (Annual Conference Trustees, c/o Beth Westbury, 4908 Colonial Drive, Suite 201, Columbia, SC 29203). Documents to be provided in pdf format on a thumb drive. Identify your church with its name, district, and GCFA no.

- Full appraisal report performed by a provider of commercial value appraisals licensed by the South Carolina Real Estate Appraisers Board and subject to the Uniform Standards of Professional Appraisal Practice.
- If any church real estate secures debt, documentation showing the debt is secured by real estate, such as a mortgage document. If no debt is secured by real estate, a sworn statement (i.e. affidavit) that the church does not have debt secured by real property.
- Listing of all debt not secured by real estate. This includes leases, e.g. copiers, phone equipment, postage meters, etc.
- Copy of all deeds to property owned by the church.
- Copy of all endowment, trust, and/or foundation documents including those related to cemeteries. (See page 4, para. 4c)
- Names, phone numbers, and email addresses for those to serve as contacts between conference treasurer and church. Email is the primary form of communication.
- Name, address (mailing and physical), phone number, and email for church's attorney.
- Name, address (mailing and physical), phone number, and email for the two trustees designated to sign separation related documents.
- List of local church affiliates and/or subsidiaries. Include federal employer identification number, GCFA no. if applicable, and address (page 4, para. 4e) List in Exhibit of Separation Agreement (page 8, para. 10b)
- Provide a summary prepared by an insurance professional (the insurance professional needs to be identified and have a statement that they certify the coverages presented) that lists what current and past insurance coverage the church has or had (by year) and compares it to the preferred coverages listed below. The summary and comparison should go back as far as they can go (but not past 1996). They are to provide the summary and the insurance policy declaration pages for all applicable years. The Annual Conference Trustees, with the assistance of the conference chancellor, will evaluate the sufficiency of the insurance coverage.
  - Insurance carrier rated by A.M. Best's rating of A:VII or higher
  - Commercial General Liability

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- Indicate claims made or occurrence basis. If claims made, indicate retroactive date. If occurrence basis, indicate how long coverage has been continuously in effect.
- At least \$1,000,000 coverage of combined single-limit coverage per occurrence for bodily injury and property damage.
- At least \$1,000,000 of coverage per occurrence for personal injury and advertising liability.
- At least \$1,000,000 of coverage per occurrence for contractual liability that insures the church's indemnification obligations to the South Carolina Conference of The United Methodist Church.
- If a general aggregate limit applies, a general aggregate limit equal to twice the sum of all the preferred separate coverage limits.
- A deductible or coinsurance amount of not more than \$1,000 per occurrence.
- Payment of all legal fees and other costs and expenses of defending and investigating claims, without reduction of the coverage or general aggregate limits.
- Pastor Professional Liability
  - Indicate claims made or occurrence basis. If claims made, indicate retroactive date. If occurrence basis, indicate how long coverage has been continuously in effect.
  - At least \$1,000,000 coverage per claim for the Local Church and its pastors for damage arising out of pastoral counseling by the pastor and others for which an insured is liable.
  - Deductible or coinsurance amount of not more than \$1,000 per occurrence.
  - Payment of all legal fees and other costs and expenses of defending and investigating claims without reduction of coverage limits.
- Sexual Abuse and Molestation Liability
  - Indicate claims made or occurrence basis. If claims made, indicate retroactive date. If occurrence basis, indicate how long coverage has been continuously in effect.
  - At least \$1,000,000 coverage per claim for sexual abuse or molestation injury.
  - Deductible or coinsurance amount of not more than \$1,000 per occurrence.
  - Payment of all legal fees and other costs and expenses of defending and investigating claims without reduction of coverage limits.
- Certificate of insurance showing the local UMC church has added the South Carolina Conference of The United Methodist Church as an additional insured. Insurer to give SC Conference not fewer than 30 days' notice of insurer's intention to amend, cancel, not renew, etc.
- Completed Sexual Misconduct Disclosure form (form provided by the Conference). Contact the Conference Treasurer if you need one ([bwestbury@umcsc.org](mailto:bwestbury@umcsc.org)).

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- Completed Pastoral Counseling Misconduct Disclosure form (form provided by the Conference). Contact the Conference Treasurer if you need one [bwestbury@umcsc.org](mailto:bwestbury@umcsc.org).

- 01/01/2024 Letter to district superintendent requesting separation agreement and verification of Church Council Review. (Requested by pastor on behalf of Church Council.) Identify your church with its name and GCFA no.
- 01/01/2024 Letter to district superintendent requesting a Church Conference for vote to occur no later than March 1. Include start date of 30 day (minimum) discernment period. Identify your church with its name and GCFA no.
- 03/01/2024 Church votes on separation no later than March 1<sup>st</sup>.
- 03/01/2024 Church's attorney to draft a general warranty deed in MS Word format to transfer the real property to the new church entity. Email the draft to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com). The email should reference the church's district, name, and GCFA no. The deed is only a draft and not to be executed until after Annual Conference. The conference chancellor will prepare a quit claim deed to release the trust clause. Then, the two deeds can be filed together after June 30.
- 03/01/2024 Church's attorney provides proof of creation of new entity and its legal name to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 03/10/2024 If church vote result is to separate, provide copy of the letter(s) referenced above to Annual Conference Trustees in care of conference treasurer (Annual Conference Trustees, c/o Beth Westbury, 4908 Colonial Drive, Suite 201, Columbia, SC 29203) and include the following information and documents. (Documents to be provided in pdf format on a thumb drive. Identify your church with its name, district, and GCFA no.)
- If applicable, statement from lender showing December 31<sup>st</sup> balance of any mortgage or other debt that is secured by church real property.
  - Church's financial statements as of December 31. Include unrestricted, temporarily restricted, permanently restricted, endowed, and designated funds/assets (including cemetery funds). Include a current listing of all liabilities, debt, leases, payables, etc. and indicate if such liabilities will be transferred to the new entity or paid prior to the separation. (page 3, para. 4ai)
  - Church to evaluate and include as a liability any grant funds that are to be returned to the granting authority, such as the Conference or one of its agencies. You will need to review any grant applications and grant agreements that you have to determine if this liability applies to you.
  - Bank reconciliations (including bank statements) for all cash and investment accounts for December and January (page 3, para. 4ai)
  - Signed (original signatures, not copies or scans) and dated document showing result of vote taken at Church Conference, witnessed by the presiding district superintendent or designee and an authorized officer of the church. (page 2, para. 1a) Included as exhibit to separation agreement. **The original document is to be mailed with the thumb drive, not as a pdf.**

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- 03/10/2024 Church to stop apportionment payments. Church continues to pay direct bill for pension and insurance to the Conference and remit pastor's retirement deductions to Wespath through June 30.
- 04/30/2024 Annual Conference Trustees provide to church, by email, payment amounts required for separation.
- 10% of assets
  - Unpaid apportionments for prior year, if any
  - Unpaid apportionments through date of closure, if any
  - Additional 12 months of apportionments
  - Balance due on direct bill to include amounts owed on debt forgiveness plan, if any.
  - Church's share of unfunded pension obligation
- 04/30/2023 Conference treasurer provides instructions for payment of separation fee to escrow account.
- 04/30/2024 Digital copy of:
- Membership rolls/records, funerals, baptisms, weddings (for Conference Archivist). Send all available records (no time limit).
  - Council meeting minutes (for Conference Archivist)
  - Historical and current property records, such as deeds (for Conference Archivist)
  - To arrange the transfer of your records, or if you have questions, please contact the conference archivist, Dr. Phillip Stone, by email at [stonerp@wofford.edu](mailto:stonerp@wofford.edu), or by phone, at 864-597-4313.
- See Guidelines for records transfer to Conference Archivist (separate document) for details.
- 05/10/2024 Conference Chancellor sends separation agreement, tailored for each church, to the church's attorney for review and execution.
- 05/31/2024 Church provides signed copy of separation agreement pending all actions being completed to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 05/31/2024 Church fully funds escrow account no later than May 31. Conference treasurer will provide instructions for payment.
- Early June Vote at Annual Conference
- 06/14/2024 Church's attorney provides proof that Church has begun the process to dissolve its legal entity and provide it to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 06/14/2024 Church's attorney to prepare any bill of sale that is required and provide it to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 06/14/2024 Church provides proof all liabilities have been paid in full or transferred to new entity (page 4, para. 4b) Provide it to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).

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- 06/14/2024 Church provides digital copy of members wishing to remain United Methodist who have not already transferred their membership to another United Methodist Church. Provide the list to the district office and Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 06/14/2024 Digital copy of cemetery policy for local church and verification that cemetery has been transferred to new entity or cemetery association (see page 5, para. 4g). Provide it to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 06/14/2024 Church to get tax exempt status for new entity with IRS. Provide it to Kay Crowe, Conference Chancellor, at [kay@basjlaw.com](mailto:kay@basjlaw.com).
- 06/20/2024 Annual Conference Trustees sign separation agreements and quit claim deeds.
- 06/25/2024 Church to remove UMC and Cross and Flame from all signs, accounts, social media, etc. (may use hymn books and bibles and keep awards).
- 06/25/2024 Annual Conference sends to church's attorney the certificate signed by conference secretary certifying that a resolution was presented to the members of the South Carolina Conference to ratify the separation agreement and the vote of the members on that resolution. Included as exhibit to separation agreement.
- 06/25/2024 Annual Conference Trustees sends to church's attorney the signed separation agreement, Quitclaim Deed, and any other related documents.
- TBD UMC Church entity to keep insurance coverage active until all steps are complete. UMC church must have insurance in place until at least 07/01/2024 or date UMC church is dissolved, whichever is later.

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