



Sale of Parsonages & Other Church Property

Requirements & Considerations

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Book of Discipline Requirements – *Prior to Sale*

- The sale of any church real estate is subject to the requirements of *The Book of Discipline of The United Methodist Church*.
- Per BoD P 2540 & 2541:
 - Full investigation by the Pastor, District Superintendent and District Board of Church Location and Building that results in a plan of action for the future missional needs of the community.
 - Approval of Pastor, District Superintendent and District Board of Church Location and Building.
 - Certification by the District Superintendent that the transfer conforms to the BoD.
 - Approval by a majority vote of those present at a duly called Charge Conference.
 - Written consent of the Pastor and District Superintendent.
 - Signature of two officers of the Board of Trustees on sale-related instruments.



Book of Discipline Requirements – Sale of Churches

- If property being sold is a **church building** that has been used for worship or religious activities, approval from the Annual Conference is required.
- If the sale of a church building used for worship is the result of a merger, the Trustees of the successor church takes control of the process. Proceeds from the sale are retained by the church.
- If the sale of a church building used for worship is the result of a discontinuation, the Trustees of the Annual Conference takes control of the process. Net proceeds are used to support the Annual Conference's mission and / or new ministries.



Book of Discipline Requirements – *Use of Proceeds*

- The use of proceeds is subject to certain restrictions outlined in *The Book of Discipline* of The United Methodist Church.
- Per BoD P 2543:
 - Principal proceeds of a sale of church property may not be used for the current budget or operational expense of the church.
 - Principal proceeds may be used for capital improvements beyond the regular operating budget upon written approval by the Pastor and District Superintendent if adequate provisions have been made to meet the housing needs of the Pastor. Examples include: additions, renovations, new roof or HVAC updates.
 - Can be used for the purchase or construction of a new parsonage.

Book of Discipline

Requirements – *Use of Proceeds*

- Investment income generated from proceeds of a sale of church property may be used for:
 - A Housing Allowance paid to the pastor, which is considered to be an operating expense of the church
 - Other operational expenses of the church
- Exceptions may be granted to allow principal proceeds to fund congregational redevelopment efforts including program and staff.
 - Requires approval of Annual Conference, the Bishop and the Cabinet upon request from church in consultation with Congregational Developer.
 - A clear and detailed three-to-five-year redevelopment plan that projects a self-supporting ministry must accompany the request.

Investment Management

- The Frontier Foundation can assist churches with investing proceeds by:
 - Understanding investment objectives
 - Understanding risk tolerance
 - Designing an Investment Policy
 - Suggesting appropriate investments, developing an investment plan and managing funds to meet objectives
 - Distributing income as needed

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