

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

THE PENINSULA-DELAWARE)
CONFERENCE OF THE UNITED)
METHODIST CHURCH,)
)
Plaintiff,)
)
v.) C.A. No. 5880-VCL
)
ROBERT SHORT, JANE JOHNSON,)
WILLIAM BEAN, CHARLES GRAVES,)
JANE JONES AND JACQUELINE DAVIS,)
COLLECTIVELY, THE TRUSTEES OF)
BETHANY CHURCH, FORMERLY)
TRUSTEES OF BETHANY UNITED)
METHODIST CHURCH and)
FERN KESTER,)
)
Defendants.)

MEMORANDUM OPINION

Date Submitted: December 13, 2010

Date Decided: January 12, 2011

David N. Rutt, MOORE & RUTT, P.A., Georgetown, Delaware; *Attorney for Plaintiff.*

H. Clay Davis III, HENRY CLAY DAVIS III, P.A., Georgetown, Delaware; *Attorney for Defendants.*

LASTER, Vice Chancellor.

Since 1914, the congregation of the Bethany United Methodist Church (the “Bethany Congregation”) has worshipped at 19845 Lowes Crossing Road in Millsboro, Delaware. Until 2010, the Bethany Congregation was affiliated with plaintiff Peninsula-Delaware Conference of the United Methodist Church (the “Pen-Del Conference”). Last year, a dispute over internal matters caused the trustees of the Bethany Congregation – defendants Robert Short, Jane Johnson, William Bean, Charles Graves, Jane Jones and Jacqueline Davis (the “Trustees”) – to disassociate from the United Methodist Church. The Bethany Congregation sought to continue as an independent congregation and to be known as the Bethany Church.

After efforts to heal the schism failed, the Pen-Del Conference filed this action to obtain a declaration that the United Methodist Church holds title to the building traditionally used by the Bethany Congregation, the plot of land where the church is located, and the chattels associated with the operation of a church at that location (collectively, the “Church Property”). The Trustees dispute this claim, observing that it is the members of the Bethany Congregation, and not the Pen-Del Conference, who have devoted their time, talent, and treasure to maintaining the church building, caring for the property, and giving life to the religious community that holds services at the site. Sadly for the Bethany Congregation, precedent stands decidedly against them. The Church Property belongs to the United Methodist Church, and judgment is entered in favor of the Pen-Del Conference.

I. FACTUAL BACKGROUND

The parties have cross-moved for summary judgment. There are no material facts in dispute, and the matter is suitable for a decision on the merits based on the record submitted with the motions. *See* Ct. Ch. R. 56(h). The facts are drawn from the record.

A. The Conveyances Of Real Estate

By deed dated March 5, 1914, Sara C. Collins transferred part of the real estate comprising the current Church Property to the “Trustees of Bethany Methodist Episcopal Church at Lowes Cross Roads.” Contemporaneously, Bethany Methodist Episcopal Church was incorporated as a religious corporation under the laws of the State of Delaware. Over 90 years later, on June 21, 2007, Melvin M. Tindall deeded additional contiguous property to the “Trustees of Bethany Methodist Episcopal Church.” Neither deed contained a reverter clause.

B. The Governing Church Documents

When the Bethany Congregation was formed, it affiliated with the Methodist Episcopal Church. In 1939, the Methodist Episcopal Church, the Methodist Protestant Church, and the Methodist Episcopal Church, South, merged to form The Methodist Church. In 1968, The Methodist Church merged with the Evangelical United Brethren Church to form the United Methodist Church. The Bethany Congregation was part of the Dover District, which in turn is part of the Pen-Del Conference, a division of the United Methodist Church. As a member congregation in the Pen-Del Conference, the Bethany Congregation agreed to abide by the governing documents of the United Methodist Church: *The Book of Discipline of the United Methodist Church* (the “UMC Book of

Discipline”) and *The Constitution of the United Methodist Church* (the “UMC Constitution”).

C. The Schism

I need not delve into the dispute between the Bethany Congregation and the Pen-Del Conference, except to note that disagreements over church policy eventually led the Pen-Del Conference to appoint a new pastor for the Bethany Congregation. She was scheduled to assume her duties on September 1, 2010, but a smooth transition was not what fate ordained.

By letter dated August 12, 2010, the Trustees advised the Pen-Del Conference that “[as of] August 31, 2010, we NO longer will be affiliated with The United Methodist Conference.” The letter asserted that the Church Property belonged to the Trustees on behalf of the Bethany Congregation, not the United Methodist Church. The Trustees later hired their former pastor to lead the newly independent Bethany Church.

II. LEGAL ANALYSIS

The United States Supreme Court has encouraged the civil courts to resolve property disputes between religious bodies in accordance with “neutral principles of law.” *Jones v. Wolf*, 443 U.S. 595, 602-03 (1979). Under this approach, a court considers “the language of the deeds, the terms of the local church charters, the state statutes governing the holding of church property, and the provisions in the constitution of the general church concerning the ownership and control of church property.” *Id.* at 603. The court may not consider “doctrinal matters, whether the ritual and liturgy of worship or the tenets of faith.” *Id.* at 602 (quoting *Md. and Va. Eldership Churches of*

God v. Church of God at Sharpsburg, Inc., 396 U.S. 367, 368 (1970)). Delaware follows the neutral principles approach. See *E. Lake Methodist Episcopal Church, Inc. v. Trs. Of the Peninsula-Delaware Annual Conference of the United Methodist Church, Inc.*, 731 A.2d 798, 810 (Del. 1999).

Under the neutral principles approach, I will not inquire into the internal church dispute that led the Bethany Congregation to disassociate from the United Methodist Church. The sole issue for decision is who owns the Church Property in light of the two deeds that transferred the real estate, the charter of the Bethany Congregation, and the UMC Book of Discipline and the UMC Constitution. The last two documents pertain because by affiliating itself with the United Methodist Church, the Bethany Congregation became bound by the governing authorities of the national denomination. *Trs. of the Peninsula Annual Conference of the Methodist Church, Inc. v. Spencer*, 183 A.2d 588, 595 (Del. Ch. 1962) (“By joining themselves to the national Methodist Church, the members of a local congregation tacitly agree that they will be bound by the governing authority of the national body.”).

Each of the deeds grants the land in question to the “Trustees of Bethany Methodist Episcopal Church.” Granting language of this type does not vest title in the individuals who serve as trustees, but rather gives rise to a trust in which the individuals

and their successors hold the transferred property for the benefit of the church as a member of the parent denomination.¹

The deeds transferred the real estate to the trustees of the Bethany Congregation to be held in trust for the benefit of the Bethany Congregation as a member congregation of the United Methodist Church. The deeds did not transfer title to the trustees, nor to the trustees for the benefit of the Bethany Congregation in whatever denominational form it might take. The deeds transferred title in trust for the ultimate benefit of the denominational church at large, *i.e.*, the United Methodist Church.

The governing documents of the United Methodist Church similarly provide that local church property is held in trust for the parent denomination. The Book of Discipline states:

All properties of United Methodist local churches . . . are held, *in trust*, for the benefit of the entire denomination, and ownership and usage of church property is subject to the *Discipline*. This trust requirement is an essential element of the historic polity of The United Methodist Church or its predecessor denominations or communions and has been a part of the *Discipline* since 1797. . . . In consonance with the legal definition and self-understanding of The United Methodist Church . . . and with particular reference to its lack of capacity to hold title to property, The United

¹ *Trs. of the Peninsula-Delaware Annual Conference of the United Methodist Church, Inc. v. E. Lake Methodist Episcopal Church, Inc.*, 1998 WL 83033, at *5 (Del. Ch. Feb. 13, 1998) (“[W]here a local church . . . exists in affiliation with and is a member of a general denominational church and holds property acquired by general grant, the property is held in trust for the maintenance and furtherance of the faith and creed of the denominational church at large.” (internal quotation marks omitted)); *accord Spencer*, 183 A.2d at 595 (“Property acquired by a local church is held ‘in the sense of a trust for the maintenance and furtherance of the faith and creed of the denominational church at large of which the local congregation [is] but a component.’” (quoting *Trs. of Pencader Presbyterian Church in Pencader Hundred v. Gibson*, 22 A.2d 782, 788 (Del. 1941))).

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*. Titles are not held by The United Methodist Church . . . but instead by the incorporated conferences, agencies, or organizations of the denomination . . .

UMC Book of Discipline ¶ 2501(1).

The Book of Discipline further clarifies that property is held in trust for the benefit of the parent denomination even when no express trust language in favor of the United Methodist Church appears in the deed.

[T]he absence of a trust clause . . . in deeds and conveyances executed previously or in the future shall in no way exclude a local church or church agency, or the board of trustees of either, from or relieve it of its connectional responsibilities to The United Methodist Church. Nor shall it absolve a local church or church agency or the board of trustees of either, of its responsibility and accountability to The United Methodist Church, including the responsibility to hold all of its property in trust for The United Methodist Church; provided that the intent of the founders and/or a later local church or church agency, or the board of trustees of either, is shown by any or all of the following:

- a) the conveyance of the property to a local church or church agency (or the board of trustees of either) of The United Methodist Church or any predecessors to The United Methodist Church;
- b) the use of the name, customs, and polity of The United Methodist Church or any predecessor to The United Methodist Church in such a way as to be thus known to the community as a part of such denomination; or
- c) the acceptance of the pastorate of ordained ministers appointed by a bishop or employed by the superintendent of the district or annual conference of The United Methodist Church or any predecessor to The United Methodist Church.

Id. ¶ 2503(6).

Under the governing terms of the Book of Discipline, the trustees of a church affiliated with the United Methodist Church hold all of its property in trust for the United Methodist Church. By affiliating with the United Methodist Church, the Bethany Congregation accepted these terms.

The Trustees' sole argument against an implied trust in favor of the United Methodist Church rests on language found in the UMC Constitution, which states:

Titles to properties formerly held by The Evangelical United Brethren Church and The Methodist Church shall be held and administered in accordance with the *Book of Discipline*. Nothing in the Plan of Union at any time after the union is to be construed so as to require any local church or any other property owner of the former The Evangelical United Brethren Church or the former The Methodist Church to alienate or in any way change the title to property contained in its deed or deeds at the time of union and lapse of time.

Division One, ¶ 7, Art. VIII of The UMC Constitution (internal footnotes omitted). The Trustees contend that because the Bethany Congregation was not required in 1968 at the time of union to “alienate or in any way change the title to property contained in its deed or deeds,” title to property held at that time remained vested in the Trustees for the benefit of the Bethany Congregation.

The plain language of this provision of the UMC Constitution demonstrates that it was intended to avoid the need for ministerial transfers of property to memorialize the existence of the new parent denomination that resulted from the Plan of Union. The provision cannot be read to contradict the overarching principle, found in the Book of Discipline and enunciated in the decisional law of this State, that property conveyed to

church trustees is held for the benefit of the church as a member congregation of the parent denomination.

I empathize with the Bethany Congregation. It must be galling to learn that the Pen-Del Conference has title to the Church Property, when it has been the members of the Bethany Congregation who have filled an otherwise lifeless church building with the spirit of a religious community. The law, however, takes a longer view and considers not only the interests of the present congregants, but also the desires of those congregants who preceded them dating back to the original grantors. Those individuals contributed their property and devoted their energies to an affiliation with the United Methodist Church.

While the present trustees may desire to disassociate themselves and the congregation they purport to represent from the United Methodist Church, as presently constituted and organized, they are not free to nullify the affiliation accomplished by previous generations of . . . church members More importantly, they may not negate the legal relationship established in the form of an implied trust based on the language of the conveyances, the recitals and the acknowledgments in the incorporation documents, and the adherence to the Discipline of the parent church. Those documents, and the conduct of the members of [the church] . . . demonstrate a unity of purpose between the local church and the general church that the property held by the local church be dedicated to, and used for, the advancement of the interests of the United Methodist Church as governed by the Conference.

E. Lake Methodist, 731 A.2d at 810.

III. CONCLUSION

The Church Property is held in trust for the benefit of the United Methodist Church, which is entitled to all possessory rights. Judgment is entered for the plaintiff.