

**BYLAWS of First Free Methodist Church of Seattle,
a nonprofit corporation
(__, of ____, 20__)**

ARTICLE 1. NAME. This nonprofit “Corporation” is named First Free Methodist Church of Seattle (also referred to interchangeably as the “Church” and “FFMC.”)

ARTICLE 2. PRINCIPAL OFFICE. The principal office and registered agent for service of process of the Corporation are listed in the Articles of Incorporation (the “Articles”) or as otherwise designated by the Board of Directors.

ARTICLE 3. PURPOSES & INTERPRETATIVE GUIDE:

3.1 Religious Purpose. This Corporation is exclusively charitable and religious as described in the Articles. The Corporation initially intends to edify and equip believers for service, and to evangelize nonbelievers, in accordance with the Book of Discipline of the Free Methodist Church of North America, dba the Free Methodist Church-USA (“FMC-USA”).

3.2 Tax Exemption. This Corporation is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), including making distributions to other organizations which qualify as exempt organizations under Section 501(c)(3) of the Code.

3.3 Religious Beliefs and Practice. These "Bylaws" are a requirement of the corporate laws of the authorizing legislation of the State of WA to encourage compliance with WA's corporate code. They are not intended to govern the operation of the Church in the exercise of its freedom to worship. All matters of worship, of credentialing its pastors, and the free exercise of its religious expression are expressly reserved to the ecclesiastical province of this body of believers as defined in the Book of Discipline of the FMC-USA.

3.4 Interpreting the Bylaws. The operation of the Church shall, in all instances, be in accordance with the Holy Scriptures as explained and interpreted by Book of Discipline of the FMC-USA and its doctrines, policies and procedures, all of which are hereby adopted by reference as an integral part of the governing documents for the Church with appropriate adaptations for the size of the congregation.

3.4.1 If a dispute arises over the interpretation or enforcement of the Articles of Incorporation and/or the Bylaws, between Members of the Church or between Directors and Members, etc. (an "Internal Dispute"), then the interpretation of the Appointed Lead Pastor as guided by the Book of Discipline shall be controlling and shall not be subject to review by WA state courts or by United States federal courts.

ARTICLE 4. MEMBERSHIP:

Members of the Church shall serve as members of the Corporation. Meetings of the Members may be called from time to time by the Board of Directors or by the Appointed Lead Pastor of the Church. A meeting of the membership of the church shall be held annually. Classes and voting rights of members shall be in conformity with the Book of Discipline of the FMC-USA.

ARTICLE 5. BOARD OF DIRECTORS:

5.1 The affairs of the Corporation are managed by the Board of Directors, also known as the Board of Administration (“BOA”) or Leadership Team (“LT”), under the ecclesiastical guidance of the Appointed Lead Pastor and in conformity with the Book of Discipline of the FMC-USA.

5.2 Qualifications. Directors must be Members in good standing of the Church, but need not be residents of the state of WA.

5.3 Pastor as Director. The Appointed Lead Pastor shall serve as President of the Corporation, chair and a permanent member of the Board. The Appointed Lead Pastor may temporarily appoint another person to operate as chair, but such person shall serve in that capacity only so long as the Appointed Lead Pastor requests and will relinquish the chair immediately upon the request of the Appointed Lead Pastor.

5.4 Quantity. There shall be not less than (7) nor more than (12) Directors, the specific number to be set by resolution of the Board of Directors. The number of Directors may be changed from time to time by amendment to these Bylaws, provided that no decrease in the number shall have the effect of shortening the term of any incumbent Director.

5.5 Election. The Board of Directors shall be elected each year at the annual meeting of members. The election of Directors may be conducted by mail, electronic, or in such manner as the Board of Directors shall determine.

5.6 Term of Office. The term of office of the Director shall be one (1) year and shall hold this position for no more than six (6) consecutive terms. Unless a Director dies, resigns or is removed, he or she shall hold office until the next annual meeting of the members, or until his or her successor is elected, whichever is later.

5.7 Resignation. Any Director may resign at any time by delivering written notice to the President or the Secretary at the registered office of the Corporation, or by giving oral or written notice at any meeting of the Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.8 Removal. At a meeting of members of the Corporation called expressly for that purpose, one or more Directors may be removed from office, with or without cause, by two-thirds of the votes cast by members then entitled to vote on the election of Directors represented in person at a meeting of members at which a quorum is present.

5.9 Vacancies. A vacancy in the position of Director may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Directors. A Director who fills a vacancy shall serve for the unexpired term of his or her predecessor in office.

5.10 Quorum. The presence of a majority of the Directors on the Board constitutes a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or these Bylaws.

5.11 Notice of Meetings. Except in an emergency, meetings of the Directors should be called on not less than two days’ notice delivered personally, by telephone, by email or by mail or by fax to each Director at his/her address as shown on the records of the Corporation.

5.11.1 A Director may waive notice as allowed by law.

5.11.2 The attendance of a Director at a meeting constitutes a waiver of notice of the meeting notice.

5.12 Meetings. There is no distinction between a special meeting and a general meeting for the purpose of these Bylaws.

5.13 Electronic Meetings. Members of the Board of Directors may participate in a meeting through use of conference telephone, Skype, or similar electronic communications equipment, so long as all participating Directors can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

5.14 Action by Unanimous Consent. An action required by law to be taken at a meeting of Directors, or an action which may be taken at a meeting of Directors, may be taken without a meeting if a consent to the action is signed by all of the Directors or is evidenced by e-mail approval or by facsimile signature.

5.15 Reimbursement. To preserve the immunity granted to them due to their legal status as a volunteer, Directors shall not receive salary or remuneration for their services, but by resolution of the Board of Directors, may be reimbursed for reasonable expenses actually incurred in connection with attendance at Board meetings. Directors may also serve in paid positions with the Church so long as they are in compliance with the Conflict of Interest Policy attached in Addendum A.

5.16 Duties of Directors. Directors shall discharge their duties in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Corporation. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. Directors may in good faith rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by a variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or attorneys.

5.17 Electronic Transmission. The Corporation may deliver to a Director notices, demands, consents or waivers by electronic transmission, if such BOA Member has consented to receive such electronically transmitted communications. The consent must designate the message format accessible to the Director and the address, location or system to which the notices or other document may be electronically transmitted. Notice provided in an electronic transmission is effective when it is electronically transmitted to an address, location, or system designated by the recipient for that purpose, and is made pursuant to the consent provided by the recipient; or has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

5.18 Conflicts of Interest. The Corporation encourages the active involvement of its Directors and officers in the community. To be transparent and deal fairly with actual and potential conflicts of interest that may arise as a consequence of community involvement, the Corporation has adopted a Conflict of Interest Policy. See attached Addendum A.

ARTICLE 6. OFFICERS:

6.1 President of the Board. The office of President is filled by the Appointed Lead Pastor, who also serves as a member of the Board without interruption. The Appointed

Lead Pastor, as President, is the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation.

6.2 Other Officers. The Board may elect a Vice President, Treasurer and Secretary.

6.2.1 Vice President. In the absence of the President or if the President is unable to act, the Vice President shall perform the duties of the President with all the powers of, and be subject to all the restrictions on, the President. Vice Presidents perform duties as are assigned by the President.

6.2.2 Secretary/Treasurer. The office of Secretary/Treasurer may be filled by one individual or divided into the two separate offices of Secretary and Treasurer with an officer elected for each position. The duties of Secretary/Treasurer may be allocated between those two offices. The Secretary/Treasurer is elected by the Board of Directors. **6.2.3 Inspection.** The funds, books and vouchers are at all times subject to verification and inspection of the Directors.

6.2.4 Vacancies. A vacancy in an office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

6.2.5 Other Officers. The Board may appoint other officers and define their authority and duties from time to time. Any two or more offices may be held by the same person, except the offices of President, Treasurer and Secretary.

ARTICLE 7. AMENDMENTS. These Bylaws and the Articles of Incorporation may be altered, amended or repealed or restated by a majority of the Directors present at a meeting, if at least three day's written notice is given of the proposed changes.

ARTICLE 8. NON-LIABILITY. The Members of the Corporation are not to be considered as legal "partners" or "joint venturers" for any purpose. No Member, officer, agent or employee is liable for the acts or failure to act of another Member, officer, agent or employee of the Corporation, nor shall a Member, officer, agent or employee be liable for acts or failure to act under these Bylaws, excepting only acts or omissions arising out of willful misfeasance to the extent provided by law.

ARTICLE 9. INDEMNIFICATION:

9.1 Statement of Intent. To the fullest extent of WA law, the Church intends to protect those Indemnified Parties (defined below) who serve the Church from personal liability for claims for monetary damages for acts or omissions in their representative capacity or as an agent of the Church, including but not limited to, the costs of defending against these claims. **9.2 "Indemnified Party."** For purposes of this Article, "Indemnified Party (Parties)" means: (i) Directors of the Church, (ii) Officers of the Church, (iii) all persons who serve on a board, council or committee of the Church to the extent that the claim pertains to their service or for other service of the Church in an advisory capacity and further provided that they are acting within the course and scope of their position.

9.3 Mandatory Indemnification. The Church shall indemnify, defend, protect and hold harmless the Indemnified Parties for, from and against claims or charges against them (including their spouses) arising from (i) the performance of duties within the scope of their authority to the maximum extent allowed by law or (ii) for negligence (but not for gross negligence) occurring during the performance of

those duties to the extent of applicable insurance. (In its sole and absolute discretion, the Board of Directors may, but is not required to, extend indemnity and defense costs in excess of applicable liability insurance to claims arising from negligence or gross negligence.)

9.3.1 The Church shall indemnify, defend, protect and hold harmless an Indemnified Person who is made a party to a proceeding arising from past or present service in that capacity for the Church or service performed at the request of a Director, officer or pastor in advance of final disposition of the proceeding.

9.3.2 Indemnification and advancement of expenses is mandatory in all circumstances in which indemnification or advancement of expenses, as the case may be, is permitted by law in connection with: (i) a proceeding in which the indemnitee is the defendant; or (ii) a proceeding (or part thereof) initiated by the indemnitee only if the proceed (or part thereof) was authorized in writing in advance by the Board of Directors of the Church.

9.3.3 Permissive Indemnification. To the extent authorized from time to time by the Board of Directors acting in their sole and absolute discretion, the Church may, but need not, provide a defense and/or indemnity and may advance expenses to Members, employees and agents of the Church, as permitted by law for claims arising out of their service to the Church.

9.3.4 Repeal or Modification. Repeal or modification of this Article is prospective only and shall not adversely affect limitations on the personal liability of an Indemnified Party of the Church existing at the time of repeal or modification.

9.3.5 Directors and Officers Liability Insurance. The Directors may obtain Directors and Officers liability insurance.

ARTICLE 10. FINANCES, FISCAL YEAR, NONPROFIT OPERATION, BONDING AND CORPORATE SEAL & GOVERNANCE:

10.1 Governance. The Corporation's governance is the responsibility of the Board of Directors.

10.2 Contracts. In addition to the officers authorized by these Bylaws, the Board of Directors may authorize a committee, officer or officers, or agent or agents, to sign contracts or to execute and to deliver instruments in the name of, and on behalf of, the Corporation. Signing authority may be general or may be limited to specific situations.

10.3 Property. All property, whether real, personal, or mixed shall be held in trust for the FMC-USA, and can only be released pursuant to the provisions of the Book of Discipline of same. All deeds and titles shall include the following trust clause: "Irrevocably in trust for the use and benefit of the Free Methodist Church – USA, incorporated under the name of 'The Free Methodist Church of North America,' subject to the *Book of Discipline*, usages, and ministerial appointments of said church, as from time to time authorized and declared; and, if sold, the proceeds shall be disposed and used in accordance with the provisions of said *Book of Discipline*, and the civil law; and in further trust and confidence that in the houses of worship now constructed or that may hereafter be constructed on said premises hereby conveyed, the seats shall be forever free; and in further trust and confidence that the said trustees and their

successors in office shall permit at all times the preachers who may be duly authorized according to the *Book of Discipline* of the said Free Methodist Church, to hold religious services in said houses of worship according to said *Book of Discipline*.”

10.4 Finances. The Church is not intended to be, and shall not operate as, a profit-making organization, nor is it founded with the expectation of making a profit. The Church shall use its funds only for purposes authorized in the Articles or in these Bylaws or by law.

10.5 Fiscal Year. The Fiscal year of the Corporation begins on the first day of January and ends on the last day in December in each year, or as otherwise established by the Board of Directors.

10.6 No Stock. The Church will not have or issue shares of stock. No dividends will be paid. No part of the income or assets of the Church will be distributed to an Interested Person (as defined below) without full consideration. The Church may contract in due course with its Directors and officers without violating this provision.

10.7 Corporate Seal. The Board of Directors may, but are not required to, provide a corporate seal.

10.8 Books and Records. The Corporation should ordinarily keep books and records of account and may also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors.

ARTICLE 11. DISSOLUTION:

11.1 Vote. The Corporation may be dissolved by the Directors as allowed by law and in conformity with the Book of Discipline of the FMC-USA.

11.2 Distribution. If the Corporation is dissolved, then its property shall be distributed only for charitable purposes to the FMC-USA. If that organization is no longer in existence, then the distribution shall be according to the Articles and only as permitted by Internal Revenue Service rules and regulations governing nonprofit corporations, the relevant portions of which are hereby incorporated by reference as a material part of these Bylaws.

ARTICLE 12. AFFILIATED TRANSACTIONS AND INTERESTED PERSONS:

12.1 Affiliated Transactions. No contract or other transaction between the Church and an Interested Person (as defined below), including the sale, lease or exchange of property to or from an Interested Person, the lending or borrowing of monies to or from an Interested Person by the Church or the payment of compensation by the Church for services provided by an Interested Person, is void or voidable merely because of the relationship or interest between the Church and the Interested Person or because an Interested Person is present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies the transaction or because his, her or their votes are counted for that purpose if:

12.1.1 The fact of the relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for that purpose without counting the votes or consents of an Interested Person(s); or

12.1.2 The contract or transaction is fair and reasonable to the Church at the time the contract or transaction is authorized, approved or ratified in light of circumstances known to those entitled to vote at that time.

12.1.3 The term “Interested Person”

means: (a) Members,

(b) Directors,

(c) Pastors,

(d) employees,

(e) agents,

(f) volunteers of the Church, and

(g) a “Company” (i.e., a corporation, firm, association or other entity) in which one or more of the foregoing (a)-(f) is a Director, officer or member or owns more than 30% of the equity therein or who stands to receive a material financial benefit from the transaction.

12.1.4 Any person seeking to establish that a contract or transaction is void or voidable must first prove by a preponderance of the evidence that the provisions of subparagraphs 12.1.1 and 12.1.2 do not apply.

12.2 Loans to Directors and Officers. Subject to approval of the Directors (with the President recused from conversation and voting) the Church may enter into a financial agreement with the Lead Pastor to purchase a primary residence. Notwithstanding anything herein to the contrary, the Church shall neither lend money to, nor use its credit to assist, an Interested Person, whether or not an employee or an officer.

CERTIFICATION OF ADOPTION OF BYLAWS

The undersigned hereby certifies that: (i) the undersigned is the duly elected Secretary of the Board of Directors of the Corporation; (ii) that these are the Bylaws of the Corporation which were adopted by the unanimous vote of the Board of Directors of the Corporation to fully replace and supersede all prior bylaws and all prior constitutions; and (iii) they became legally binding as of the "Effective Date" of _____, 20__, regardless of the actual date of signing.

IN WITNESS WHEREOF, I signed my name to be legally binding as of the Effective Date.

Secretary

ADDENDUM A

First Free Methodist Church

CONFLICT OF INTEREST POLICY

ARTICLE I. PURPOSE

First Free Methodist Church encourages the active involvement of its directors and officers in the community. To be transparent and deal fairly with actual and potential conflicts of interest that may arise as a consequence of community involvement, First Free Methodist Church adopts the following policy. The purpose of this conflict of interest policy is to protect the interests of First Free Methodist Church as it fulfills its charitable purposes, and when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of First Free Methodist Church or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

ARTICLE II. POLICY

Directors and officers are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director or officer and those of First Free Methodist Church. A conflict of interest exists when a director or officer's loyalties or actions are divided between the interests of First Free Methodist Church and the director or officer's interests. Both the fact and the appearance of a conflict of interest should be avoided.

ARTICLE III. DEFINITIONS

1. Affiliation

An affiliation includes any interests other than financial interests that may influence a director or officer's judgment. An objective test determines whether an affiliation exists between the director or officer and the other person, entity, or organization: whether the involvement or relationship of the director or officer with the other person, entity, or organization is such that it reduces the likelihood that the director or officer can act in First Free Methodist Church's best interests.

2. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, or organizational affiliation, as defined above, is an interested person.

3. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which First Free Methodist Church has a transaction or arrangement,
- b. A compensation arrangement with First Free Methodist Church or with any entity or individual with which First Free Methodist Church has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which First Free Methodist Church is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IV, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE IV. PROCEDURES

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest or organizational affiliation and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest or organizational affiliation and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether First Free Methodist Church can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. The governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in First Free Methodist Church 's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE V. RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest or organizational affiliation in connection with an actual or possible conflict of interest, the nature of the financial interest or organizational affiliation, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE VI. COMPENSATION

- a. A voting member of the governing board who receives compensation, directly or indirectly, from First Free Methodist Church for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from First Free Methodist Church for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from First Free Methodist Church, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VII. PERIODIC STATEMENTS

Each director and officer shall periodically sign a statement that affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that First Free Methodist Church is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

First Free Methodist Church

CONFLICT OF INTEREST POLICY CERTIFICATION

The undersigned hereby acknowledges that the undersigned:

- (a) Has received a copy of the conflict of interest policy,
- (b) Has read and understands the conflict of interest policy,
- (c) Has agreed to comply with the conflict of interest policy, and
- (d) Understands that in order for First Free Methodist Church to maintain its federal tax exemption as a charitable organization, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Please check one of the following boxes:

- I have no conflicts or potential conflicts to disclose.
- I have the following conflicts or potential conflicts to disclose (please describe any relevant organizational, professional or business affiliations as well as financial interests):

Dated: _____

Print Name: _____

Title: _____