

Establishing An Agency Agreement With The United Methodist Foundation Of Arkansas

An Agency Agreement is a contract between the local church and the United Methodist Foundation of Arkansas. It authorizes the Foundation to manage the account on behalf of the church. The agreement spells out details and conditions like management fees, types of investments, procedures for deposits and withdrawals.

The Agreement specifies who is authorized at the local church to issue instructions to the Foundation.

SAMPLE AGENCY AGREEMENT

NAME OF PRINCIPAL ("Principal"):

DATE OF AGREEMENT:

AGENT: **The United Methodist Foundation of Arkansas**

PERSON(S) AUTHORIZED TO SIGN INSTRUCTIONS FROM PRINCIPAL:

INITIAL DEPOSIT:

SPECIAL INSTRUCTIONS (distributions, etc.):

I. PURPOSE: The Principal assigns to the Agent certain property for management purposes.

The Agent shall hold, manage, and control the property in the Fund, and any other property coming into the possession of the Agent, pursuant to the power and authority given to it in this agreement, for the uses and purposes, and upon the terms and conditions, as stated.

The Fund shall be used exclusively for religious, charitable, or educational purposes, as such terms are used in Section 170, 501 (c)(3), 2055 and 2522 of the Internal Revenue Code of 1954, as amended or any successor law thereto.

II. AGENT'S POWERS: The Agent shall have full power and authority to manage and control the funds, and to sell, exchange, assign, transfer or otherwise dispose of all or any part, upon such terms and conditions as it may see fit, subject to the provisions of the Agent's investment policy as approved by the Agent's Board of Directors. It may invest and reinvest all or part of the Fund in such stocks, common and preferred, debentures, shares or participations in any common or mutual fund, units in common investments pools administered by the Agent, bonds, notes, or securities or other property, real or personal, within or without the State of Arkansas, as it may in its sole

discretion select. It may make and change such investments from time to time and it may continue to hold any stocks, securities, or other property received by it hereunder. The Agent may determine whether any property coming into its hands shall be considered as a part of the principal or income of the Fund, and may apportion between principal and income any loss or expenditure in connection with the Fund as it may seem equitable. The Agent may register securities in the name of a nominee.

III. ACCOUNTING BY AGENT: The Agent shall render periodic accounting by first class mail to the Principal. The Agent may include an accounting of the funds in any financial statements it renders to the Arkansas Annual Conference.

The Fund shall be included in the Agent's annual external audit, and a copy of the auditor's report shall be available to the Principal upon request.

IV. ADDITIONAL ASSIGNMENTS: The Principal may make additional assignments of property to the Agent and allow others to also make assignments, and such assignments shall be administered according to the terms of this agreement. The Principal and Agent reserve the right to refuse any additional assignment.

Additional assignments of assets which are to be invested in the Agent's Growth Investment Pool (GIP) or Income Investment Pool (IIP) will first be placed in the Agent's Money Market Investment Pool, and then GIP or IIP units will be purchased as of the first day of the next calendar month.

The Principal reserves the right to establish separate funds with the Agent, each to be administered by the terms of this agreement. The Agent shall be instructed in writing to establish such separate funds and to administer such under the terms of this agreement.

V. WITHDRAWALS: The Agent may withdraw funds at any time subject to the following conditions:

- a. All requests for withdrawal must be written and must be signed by the person(s) authorized by this agreement to represent the Principal.
- b. Requests for withdrawal of accumulated income amounts will be honored expeditiously.
- c. Requests for withdrawal of principal amounts will be honored within 15 days after the first day of the month following the Agent's receipt of the request.

VI. COMPENSATION OF AGENT: The Agent shall be entitled to collect an account service fee according to the policy established by the Agent's Board of Directors. Multiple accounts are aggregated for account service fee purposes. The Agent shall also charge the Fund for any extraordinary legal or accounting services incurred in serving the Principal. The account service fee may only be raised subject to the approval of the Agent's Board of Directors, and only after the Principal has received 90 days advance notice.

VII. BOND AND LIABILITY OF AGENT: The Agent shall not be required to give any bond or other security. The Agent shall not be liable for any mistake or error of judgment in the administration of the Fund, except for willful misconduct, so long as it continues to exercise its duties and powers in a fiduciary capacity primarily in the interest of the beneficiary hereunder.

VIII. SUCCESSOR AGENT: If the Agent resigns, is removed or ceases to exist and function, then the Principal shall serve as Successor Agent and shall have all the duties and powers assumed and conferred in this agreement upon the Agent. The appointment of a successor Agent shall be made by a duly acknowledged instrument.

IX. GOVERNING LAW: This agreement has been executed and delivered in the State of Arkansas and shall be construed and administered according to the laws of the State.

X. AMENDMENT OF AGREEMENT: The Principal may propose amendments to the agreement at any time, but any amendment is subject to the approval of the Agent. If a change in the governing instrument is required to conform to the regulations of the Internal Revenue Service or the State of Arkansas, the Agent is expressly authorized to amend the agreement solely to conform thereto and Court approval may, but need not, be obtained.

In Witness whereof the Principal and Agent have executed this agreement.

PRINCIPAL:

BY: _____

DATE: _____

BY: _____

DATE: _____

AGENT:

UNITED METHODIST FOUNDATION OF ARKANSAS

BY: _____

DATE: _____

James B. Argue, Jr.
President & CEO