

VIRGINIA:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

<b>In re Multi-Circuit Episcopal Church</b>	)	<b>Case Nos.:</b> CL 2007-248724,
<b>Litigation:</b>	)	CL 2007-1235,
	)	CL 2007-1236,
	)	CL 2007-1238,
	)	CL 2007-1625,
	)	CL 2007-5250,
	)	CL 2007-5682,
	)	CL 2007-5683, and
	)	CL 2007-5902
	)	

**CANA CONGREGATIONS' POSITION REGARDING FINAL ORDER**

The Church At The Falls – The Falls Church, a Virginia non-stock corporation, doing business as “The Falls Church”; St. Stephen’s Church, a Virginia non-stock corporation, doing business as “St. Stephen’s Anglican Church”; Truro Church, a Virginia non-stock corporation; St. Paul’s Church, Haymarket, a Virginia non-stock corporation; St. Margaret’s Church, a Virginia non-stock corporation; Church of the Apostles, a Virginia non-stock corporation; Church of the Epiphany, Herndon, a Virginia non-stock corporation (collectively, “CANA Congregations”) submit the following Position Regarding Final Order in accordance with the Court’s direction.

The CANA Congregations have attached hereto as Attachment A a clean version of the proposed Order reflecting the Cana Congregations’ position. The CANA Congregations have attached hereto as Attachment B a marked copy of the Final Order. The marked copy uses bold typeface to indicate language as to which the parties disagree. Attachment B also includes a brief explanation as to which party is sponsoring the contested language.

The differences in the proposed order are as follows:

1. The CANA Congregations seek to relinquish possession of the real and personal property as of April 30, 2012 so that an orderly transition of office space and personnel can take place.
2. The CANA Congregations seek to have the Diocese assume indebtedness (or indemnify them for same) incurred prior to the applicable Ownership Determination Dates.
3. The CANA Congregations seek an April 16, 2012 date for the petitions requested by the Diocese so that an orderly transition of office space and personnel can take place.
4. The CANA Congregations cannot provide representations or warranties as to their non-incorporated predecessors.
5. The CANA Congregations cannot provide representations or warranties as to the trustees.
6. The CANA Congregations are prepared to convey ownership of liquid personal property subject to an accounting or in accordance with their proposed Paragraph E.
7. The CANA Congregations do not agree that the Diocese has exclusive rights to the use of the following terms: “The Falls Church,” “Truro,” “St. Stephen’s,” “St. Paul’s,” “St. Margaret’s,” “Apostles,” and “Epiphany.”
8. The Diocese has requested that the following language appear on Exhibit I which has not yet been finalized. Exhibit I is the description of liquid personal property owned by the CANA Congregations as of the applicable Ownership Determination Date.

To the extent that one or more of the Cana Congregations can demonstrate to the satisfaction of the Bishop of the Diocese that they held funds at the applicable Ownership Determination Date (as defined in Paragraph DD of the Final Order) subject to restrictions which limited the use of such funds to particular purposes which were not for the direct or indirect benefit of the


Congregation, the Diocese, or TEC, leaving no discretion to or for the Congregation or its Vestry, clergy, or other persons associated therewith to use such funds for the benefit of the Congregation, the Diocese, or TEC, and that such funds were disbursed consistent with such restrictions after the applicable Ownership Determination Date, such funds shall be deducted from the amounts due to the Diocese as shown herein.

The Cana Congregations can provide appropriate documentation, testimony, and guidance with respect to the status of their liquid personal property and reserve the right to request an accounting in accordance with the January 10, 2012 Letter Opinion.

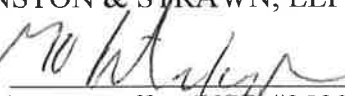
Dated: February 24, 2012

Respectfully submitted,

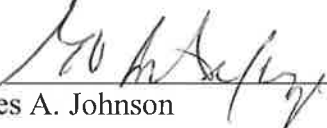
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Haymarket, and St. Stephen's Church and their  
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*Counsel for St. Stephen's Church*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 24<sup>th</sup> day of February, 2012, a copy of the foregoing Cana Congregations' Position Regarding Final Order was sent by electronic mail to:

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\_\_\_\_\_  
George O. Peterson

# **ATTACHMENT A**

VIRGINIA:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

<b>In re Multi-Circuit Episcopal Church</b>	)	<b>Case Nos.:</b> CL 2007-248724,
<b>Litigation:</b>	)	CL 2007-1235,
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	)	CL 2007-5250,
	)	CL 2007-5682,
	)	CL 2007-5683, and
	)	CL 2007-5902
	)	

**FINAL ORDER**

THIS MATTER is before the Court for entry of a Final Order in the cases listed above.

UPON CONSIDERATION WHEREOF, and for the reasons stated in the Court’s January 10, 2012, Letter Opinion, which is incorporated herein by reference, the Court ADJUDGES, ORDERS and DECREES as follows:

A. (1) The Episcopal Church (“TEC”) and the Diocese of Virginia (“Diocese”) have contractual and proprietary interests in the real and personal property at issue in this litigation; (2) the defendants The Church At The Falls – The Falls Church, a Virginia non-stock corporation; St. Stephen’s Church, a Virginia non-stock corporation, doing business as “St. Stephen’s Anglican Church”; Truro Church, a Virginia non-stock corporation; St. Paul’s Church, Haymarket, a Virginia non-stock corporation; St. Margaret’s Church, a Virginia non-stock corporation; Church of the Apostles, a Virginia non-stock corporation; Church of the Epiphany, Herndon, a Virginia non-stock corporation (collectively, “CANA Congregations”) do not have either contractual or proprietary interests in the real or personal property at issue in this litigation; (3) the Court finds no merit in the CANA Congregations’ counterclaims for unjust enrichment, quantum meruit and constructive trusts , and the motions of TEC and the Diocese to

strike those claims are granted; and (4) the vestry empowered to elect the directors of The Falls Church Endowment Fund, Inc. is the vestry recognized by the Diocese as the Episcopal vestry of The Falls Church Episcopal Church. Accordingly,

B. The defendant trustees and the defendant CANA Congregations hold, and, until the real and personal property at issue in this litigation is conveyed to the Bishop of the Diocese as required by this Order, will continue to hold, the real and personal property at issue in this litigation subject to the contractual and proprietary rights of TEC and the Diocese. The defendant trustees and the CANA Congregations are enjoined from further use of the real and personal property at issue in this litigation in accordance with the deadlines and terms set forth below, excepting personal property identified on Exhibit L attached hereto.

C. On or before April 30, 2012, (1) the defendant trustees and the CANA Congregations shall quitclaim and release all real estate, fixtures, improvements and appurtenances comprising the properties identified in Exhibit A attached hereto to the Bishop of the Diocese by means of quitclaim deeds. The defendant trustees shall use quitclaim deeds substantially in the form of Exhibit B attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached; and the CANA Congregations shall use quitclaim deeds substantially in the form of Exhibit C attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, and (2) the defendant trustees and the CANA Congregations shall thereupon (except as may otherwise be agreed by the parties) relinquish possession and control over such properties to the Bishop of the Diocese in an orderly fashion. The CANA Congregations and the defendant trustees shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such properties are free and clear of deeds of trust, mechanics' and other



monetary liens, leases and parties in possession, except as set forth in Exhibit A attached hereto. The Diocese shall assume the obligations as of the applicable Ownership Determination Date on all such indebtedness shown on Exhibit A subject to the consent of the lender or otherwise indemnify the CANA Congregations for such obligations before the quitclaim deeds described herein are executed and recorded.

On or before April 16, 2012, the defendant trustees who hold record title to the properties which are described on Exhibit A attached hereto as “Church of the Apostles Property,” “Church of The Epiphany Property,” and “Truro Church Property,” and which lie in Fairfax County, together with the respective CANA Congregations whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit petitions pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Fairfax County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey the respective properties to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grants and conveyances.

On or before April 16, 2012, the defendant trustees who hold record title to the properties which are described on Exhibit A attached hereto as “St. Margaret’s Church Property” and “St. Paul’s Church Property,” and which lie in Prince William County, together with the respective CANA Congregations whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit petitions pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Prince William County, or before the judge of such court in vacation, asking for confirmation of the appointment of such

defendant trustees as trustees, asking for leave to grant and convey the respective properties to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

On or before April 16, 2012, the defendant trustees who hold record title to the property which is described on Exhibit A attached hereto as “The Falls Church Property,” and which lies in the City of Falls Church, Fairfax County, or Arlington County, together with the CANA Congregation whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit a petition pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Arlington County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey The Falls Church Property to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

On or before April 16, 2012, the defendant trustees who hold record title to the property described on Exhibit A attached hereto as “St. Stephen’s Church Property,” and which lies in Northumberland County, together with the CANA Congregation whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit a petition pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Northumberland County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey the St. Stephen’s Church Property to the Bishop of the Diocese and seeking

entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

Such petitions and orders shall be in substantially the same form as Exhibits E and F attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, with such modifications thereto as may be required by the applicable court.

The relinquishment of real and personal property pursuant to this Order shall not make moot any claims the CANA Congregations may raise on appeal to ownership and control of any real and personal property so relinquished.

D. On or before April 30, 2012, the defendant trustees and the CANA Congregations shall (1) convey to the Bishop of the Diocese all of their respective rights, titles and interests in the tangible and intangible personal property identified in Exhibit G attached hereto (other than liquid personal property that is the subject matter of paragraph E of this Order) and excepting after acquired property identified in Exhibit L attached hereto, pursuant to bills of sale and assignments substantially in the form of Exhibit H attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, and (2) deliver and relinquish possession and control over such tangible and intangible personal property to the Bishop of the Diocese in an orderly fashion. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such tangible and intangible personal properties are free and clear of liens and encumbrances, except as set forth in Exhibit G attached hereto (which exceptions will also be set forth in properly completed Exhibits A to the bills of sale and assignments to be delivered to the Bishop of the Diocese by the respective defendant trustees and CANA Congregations). Delivery

of possession of the premises wherein such tangible personal property is situated shall be deemed delivery of possession of all tangible personal property located on such premises at the time of delivery. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, they are not aware of any omitted tangible and intangible personal property held by the CANA Congregations or their trustees on or before the applicable "Ownership Determination Date" (January 31, 2007, in the cases of The Church at the Falls – The Falls Church, Truro Church, Church of the Apostles, Church of The Epiphany, and St. Stephen's Church; and February 1, 2007, in the cases of St. Margaret's Church and St. Paul's Church) or acquired by them after such date with property that was liquid personal property described in paragraph E of this Order held by them on such date. The CANA Congregations shall also represent and warrant to the Bishop of Diocese that to the best of their knowledge, information and belief, after due inquiry, they have conveyed such tangible and intangible personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of the CANA Congregations except as set forth in Exhibit G hereto. Each defendant trustee, solely with respect to such trustee and not the other trustees, shall also represent and warrant to the Bishop of the Diocese that such trustee has conveyed such tangible and intangible personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of such trustee, except as set forth in Exhibit G attached hereto.

E. On or before April 30, 2012, the defendant trustees and the CANA Congregations shall either convey to the Bishop of the Diocese all of their respective rights, titles and interests in all liquid personal property (e.g., cash, cash equivalents, securities and entitlements, instruments, investments, bank and other deposit accounts, certificates of deposit, endowment funds, and contributions and donations of money received on or before the applicable Ownership

Determination Date) or, at the CANA Congregations' election, pay the value of the same into the Court registry pending any appeal, or pay to the Bishop of the Diocese the value of same via cashier's check or equivalent form. The values of such liquid personal property as of the Ownership Determination Date are identified in Exhibit I attached hereto, net of reconciliations and those liabilities incurred as of the Ownership Determination Date but paid thereafter including, but not limited to, payroll, payroll deductions, taxes, withholding, pension contributions, pre-paid tuition, fees and funds belonging to third parties, restricted funds, designated funds, and other liabilities, all of which are identified on Exhibit I attached hereto. Investment accounts owned by the congregations and held by the Diocese shall remain with Diocese. All other investment accounts shall be valued by reconciling any post applicable Ownership Determination Date external withdrawals and external deposits, allowing all external deductions which comply with the restrictions imposed on designated and restricted investment funds all of which are reflected on Exhibit I attached hereto.

To the extent that any accounts are conveyed in any fashion other than by cashier's check or equivalent form, the defendant trustees and the CANA Congregations shall execute appropriate documents to effect such conveyances, including bills of sale and assignments substantially in the form of Exhibit J attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property is free and clear of liens and encumbrances, except as set forth in Exhibit I attached hereto (which exceptions will also be set forth in properly completed Exhibits A to the bills of sale and assignments to be delivered to the Bishop of the Diocese by the respective defendant trustees and the CANA Congregations).

The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property constitutes all liquid personal property acquired and held by the defendant trustees or the CANA Congregations on or before the applicable Ownership Determination Date or acquired after such date in exchange for or with the proceeds from the sale or other disposition of property that was tangible or intangible personal property held by them on such date, with the exception of liquid personal property that was used after such date to acquire tangible or intangible personal property being transferred to the Bishop of the Diocese pursuant to paragraph D of this Order.

The CANA Congregations shall also represent and warrant to the Bishop of Diocese that to the best of their knowledge, information and belief, after due inquiry, they have conveyed such liquid personal property and interest to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of the CANA Congregations, except as set forth in Exhibit I attached hereto. Each defendant trustee, solely with respect to such trustee and not the other trustees, shall also represent and warrant to the Bishop of the Diocese that such trustee has conveyed such liquid personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of such trustee, except as set forth in Exhibit I attached hereto.

F. The parties shall cooperate with each other as may reasonably be required from time to time for the following purposes: (1) to effectuate the provisions of paragraphs B through E of this Order, (2) to seek and obtain appropriate or necessary consents and approvals from third parties with respect to the transfers, conveyances and assignments described in paragraphs C, D and E of this Order, (3) to cause such third parties to acknowledge and recognize such transfers, conveyances and assignments and the Bishop of the Diocese as the owner and

titleholder of the subject properties for all purposes and (4) to transfer certificates of title to all properties that are subject to certificates of title to the Bishop of the Diocese.

G. Upon or prior to delivering the quitclaim deeds, bills of sale and assignments and other documents required pursuant to this Order, the CANA Congregations shall (a) take or cause to be taken all board, corporate and other actions necessary to authorize and approve all actions required of them pursuant to this Order and (b) deliver to the Bishop of the Diocese certificates of their respective secretaries substantially in the form of Exhibit K attached hereto with blanks therein appropriately completed and exhibits thereto appropriately attached.

H. On or before April 30, 2012, the CANA Congregations shall take or cause to be taken all necessary board, corporate and other actions so as to effect a change to the names by which they hold themselves out to the public such that they do not use and shall not use the terms “Episcopal” or “Episcopalian” in their names.

I. The CANA Congregations’ amended counterclaims are dismissed with prejudice in their entirety.

J. The Clerks of the Circuit Courts of Fairfax County, Arlington County, Prince William County, Loudoun County and Northumberland County shall enter this Order in the Civil Order books of such counties in regard to each of the following dockets or cases:

- *The Protestant Episcopal Church in the Diocese of Virginia v. The Church at the Falls – The Falls Church* (Circuit Court of Arlington County, case no. 07-125) (Circuit Court of Fairfax County, case no. CL 2007-5250);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Truro Church* (Circuit Court of Fairfax County, case no. CL 2007-1236);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Church of the Epiphany, Herndon* (Circuit Court of Fairfax County, case no. CL 2007-1235);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Church of the Apostles* (Circuit Court of Fairfax County, case no. CL 2007-1238);

- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Margaret's Church* (Circuit Court of Prince William County, case no. CL 73465) (Circuit Court of Fairfax County, case no. CL 2007-5682);
- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Paul's Church, Haymarket* (Circuit Court of Prince William County, case no. CL 73466) (Circuit Court of Fairfax County, case no. CL 2007-5683);
- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Stephen's Church* (Circuit Court of Northumberland County, case no. CL 07-16) (Circuit Court of Fairfax County, case no. CL 2007-5902); and
- *The Episcopal Church v. Truro Church, et al.* (Circuit Court of Fairfax County, case no. CL 2007-1625)

THIS IS A FINAL ORDER.

THE Clerk will send copies of this Order to all counsel of record.

Entered this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

---

Circuit Court Judge Randy I. Bellows



SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

TRURO CHURCH AND RELATED TRUSTEES

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

THE CHURCH AT THE FALLS – THE FALLS CHURCH

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

ST. MARGARET'S CHURCH and ST. PAUL'S CHURCH, HAYMARKET and RELATED TRUSTEES

By: \_\_\_\_\_

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

TRUSTEES OF THE CHURCH AT THE FALLS – THE FALLS CHURCH, *including* William W. Goodrich and Steven Skancke

By: \_\_\_\_\_

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SEEN AND AGREED:

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

SANDRA B. KIRKPATRICK

WILLIAM S. KIRBY

DAWN B. MAHAFFEY

NANCY E. GATES

GEORGE C. FREEMAN, JR.

ANTHONY RABALAIS

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## **ATTACHMENT B**

VIRGINIA:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

<b>In re Multi-Circuit Episcopal Church</b>	)	<b>Case Nos.:</b> CL 2007-248724,
<b>Litigation:</b>	)	CL 2007-1235,
	)	CL 2007-1236,
	)	CL 2007-1238,
	)	CL 2007-1625,
	)	CL 2007-5250,
	)	CL 2007-5682,
	)	CL 2007-5683, and
	)	CL 2007-5902
	)	

**FINAL ORDER**

THIS MATTER is before the Court for entry of a Final Order in the cases listed above.

UPON CONSIDERATION WHEREOF, and for the reasons stated in the Court’s January 10, 2012, Letter Opinion, which is incorporated herein by reference, the Court ADJUDGES, ORDERS and DECREES as follows:

A. (1) The Episcopal Church (“TEC”) and the Diocese of Virginia (“Diocese”) have contractual and proprietary interests in the real and personal property at issue in this litigation; (2) the defendants The Church At The Falls – The Falls Church, a Virginia non-stock corporation; St. Stephen’s Church, a Virginia non-stock corporation, doing business as “St. Stephen’s Anglican Church”; Truro Church, a Virginia non-stock corporation; St. Paul’s Church, Haymarket, a Virginia non-stock corporation; St. Margaret’s Church, a Virginia non-stock corporation; Church of the Apostles, a Virginia non-stock corporation; Church of the Epiphany, Herndon, a Virginia non-stock corporation (collectively, “CANA Congregations”) do not have either contractual or proprietary interests in the real or personal property at issue in this litigation; (3) the Court finds no merit in the CANA Congregations’ counterclaims for unjust enrichment, quantum meruit and constructive trusts , and the motions of TEC and the Diocese to

strike those claims are granted; and (4) the vestry empowered to elect the directors of The Falls Church Endowment Fund, Inc. is the vestry recognized by the Diocese as the Episcopal vestry of The Falls Church Episcopal Church. Accordingly,

B. The defendant trustees and the defendant CANA Congregations hold, and, until the real and personal property at issue in this litigation is conveyed to the Bishop of the Diocese as required by this Order, will continue to hold, the real and personal property at issue in this litigation subject to the contractual and proprietary rights of TEC and the Diocese. The defendant trustees and the CANA Congregations are enjoined from further use of the real and personal property at issue in this litigation in accordance with the deadlines and terms set forth below, excepting personal property identified on Exhibit L attached hereto.

C. On or before **April 30 [DV suggests March 30]**, 2012, (1) the defendant trustees and the CANA Congregations shall quitclaim and release all real estate, fixtures, improvements and appurtenances comprising the properties identified in Exhibit A attached hereto to the Bishop of the Diocese by means of quitclaim deeds. The defendant trustees shall use quitclaim deeds substantially in the form of Exhibit B attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached; and the CANA Congregations shall use quitclaim deeds substantially in the form of Exhibit C attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, and (2) the defendant trustees and the CANA Congregations shall thereupon (except as may otherwise be agreed by the parties) relinquish possession and control over such properties to the Bishop of the Diocese in an orderly fashion. The CANA Congregations and the defendant trustees shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such properties are free and clear of deeds of trust, mechanics' and other

monetary liens, leases and parties in possession, except as set forth in Exhibit A attached hereto.

**The Diocese shall assume the obligations as of the applicable Ownership Determination Date on all such indebtedness shown on Exhibit A subject to the consent of the lender or otherwise indemnify the CANA Congregations for such obligations before the quitclaim deeds described herein are executed and recorded. [DV opposes this language]**

On or before **April 16 [DV suggests March 16]**, 2012, the defendant trustees who hold record title to the properties which are described on Exhibit A attached hereto as “Church of the Apostles Property,” “Church of The Epiphany Property,” and “Truro Church Property,” and which lie in Fairfax County, together with the respective CANA Congregations whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit petitions pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Fairfax County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey the respective properties to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grants and conveyances.

On or before **April 16 [DV suggests March 16]**, 2012, the defendant trustees who hold record title to the properties which are described on Exhibit A attached hereto as “St. Margaret’s Church Property” and “St. Paul’s Church Property,” and which lie in Prince William County, together with the respective CANA Congregations whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit petitions pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Prince William County, or before the judge of such court in vacation, asking for confirmation of



the appointment of such defendant trustees as trustees, asking for leave to grant and convey the respective properties to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

On or before **April 16 [DV suggests March 16]**, 2012, the defendant trustees who hold record title to the property which is described on Exhibit A attached hereto as “The Falls Church Property,” and which lies in the City of Falls Church, Fairfax County, or Arlington County, together with the CANA Congregation whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit a petition pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Arlington County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey The Falls Church Property to the Bishop of the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

On or before **April 16 [DV suggests March 16]**, 2012, the defendant trustees who hold record title to the property described on Exhibit A attached hereto as “St. Stephen’s Church Property,” and which lies in Northumberland County, together with the CANA Congregation whose joinder to the petitions shall be limited by the qualification that it is only to the extent necessary, the Diocese, and TEC, shall submit a petition pursuant to Va. Code Section 57-8 and Va. Code Section 57-15 to the Circuit Court of Northumberland County, or before the judge of such court in vacation, asking for confirmation of the appointment of such defendant trustees as trustees, asking for leave to grant and convey the St. Stephen’s Church Property to the Bishop of

the Diocese and seeking entry of an order (in the form of Exhibit D attached hereto) confirming the appointment of such defendant trustees and providing for and approving such grant and conveyance.

Such petitions and orders shall be in substantially the same form as Exhibits E and F attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, with such modifications thereto as may be required by the applicable court.

The relinquishment of real and personal property pursuant to this Order shall not make moot any claims the CANA Congregations may raise on appeal to ownership and control of any real and personal property so relinquished.

D. On or before **April 30 [DV suggests March 30]**, 2012, the defendant trustees and the CANA Congregations shall (1) convey to the Bishop of the Diocese all of their respective rights, titles and interests in the tangible and intangible personal property identified in Exhibit G attached hereto (other than liquid personal property that is the subject matter of paragraph E of this Order) and excepting after acquired property identified in Exhibit L attached hereto, pursuant to bills of sale and assignments substantially in the form of Exhibit H attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached, and (2) deliver and relinquish possession and control over such tangible and intangible personal property to the Bishop of the Diocese in an orderly fashion. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such tangible and intangible personal properties are free and clear of liens and encumbrances, except as set forth in Exhibit G attached hereto (which exceptions will also be set forth in properly completed Exhibits A to the bills of sale and

assignments to be delivered to the Bishop of the Diocese by the respective defendant trustees and CANA Congregations). Delivery of possession of the premises wherein such tangible personal property is situated shall be deemed delivery of possession of all tangible personal property located on such premises at the time of delivery. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, they are not aware of any omitted tangible and intangible personal property held by the CANA Congregations or their trustees **or their unincorporated predecessors or any one or more of them [CANA opposes this language]** on or before the applicable “Ownership Determination Date” (January 31, 2007, in the cases of The Church at the Falls – The Falls Church, Truro Church, Church of the Apostles, Church of The Epiphany, and St. Stephen’s Church; and February 1, 2007, in the cases of St. Margaret’s Church and St. Paul’s Church) or acquired by them after such date with property that was liquid personal property described in paragraph E of this Order held by them on such date. The CANA Congregations shall also represent and warrant to the Bishop of Diocese that to the best of their knowledge, information and belief, after due inquiry, they **and the defendant trustees [CANA opposes this language]** have conveyed such tangible and intangible personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of **the defendant trustees and [CANA opposes this language]** the CANA Congregations **or their unincorporated predecessors [CANA opposes this language]**, except as set forth in Exhibit G hereto. Each defendant trustee, solely with respect to such trustee and not the other trustees, shall also represent and warrant to the Bishop of the Diocese that such trustee has conveyed such tangible and intangible personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of such trustee, except as set forth in Exhibit G attached hereto.

**E. [Paragraph E is substantially different in the CANA and DV versions. Both versions are presented below.]**

**CANA proposed language: On or before April 30, 2012, the defendant trustees and the CANA Congregations shall either convey to the Bishop of the Diocese all of their respective rights, titles and interests in all liquid personal property (e.g., cash, cash equivalents, securities and entitlements, instruments, investments, bank and other deposit accounts, certificates of deposit, endowment funds, and contributions and donations of money received on or before the applicable Ownership Determination Date) or, at the CANA Congregations' election, pay the value of the same into the Court registry pending any appeal, or pay to the Bishop of the Diocese the value of same via cashier's check or equivalent form. The values of such liquid personal property as of the Ownership Determination Date are identified in Exhibit I attached hereto, net of reconciliations and those liabilities incurred as of the Ownership Determination Date but paid thereafter including, but not limited to, payroll, payroll deductions, taxes, withholding, pension contributions, pre-paid tuition, fees and funds belonging to third parties, restricted funds, designated funds, and other liabilities, all of which are identified on Exhibit I attached hereto. Investment accounts owned by the congregations and held by the Diocese shall remain with Diocese. All other investment accounts shall be valued by reconciling any post applicable Ownership Determination Date external withdrawals and external deposits, allowing all external deductions which comply with the restrictions imposed on designated and restricted investment funds all of which are reflected on Exhibit I attached hereto.**

**To the extent that any accounts are conveyed in any fashion other than by cashier's check or equivalent form, the defendant trustees and the CANA Congregations shall**

**execute appropriate documents to effect such conveyances, including bills of sale and assignments substantially in the form of Exhibit J attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property is free and clear of liens and encumbrances, except as set forth in Exhibit I attached hereto (which exceptions will also be set forth in properly completed Exhibits A to the bills of sale and assignments to be delivered to the Bishop of the Diocese by the respective defendant trustees and the CANA Congregations). The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property constitutes all liquid personal property acquired and held by the defendant trustees or the CANA Congregations on or before the applicable Ownership Determination Date or acquired after such date in exchange for or with the proceeds from the sale or other disposition of property that was tangible or intangible personal property held by them on such date, with the exception of liquid personal property that was used after such date to acquire tangible or intangible personal property being transferred to the Bishop of the Diocese pursuant to paragraph D of this Order. The CANA Congregations shall also represent and warrant to the Bishop of Diocese that to the best of their knowledge, information and belief, after due inquiry, they have conveyed such liquid personal property and interest to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of the CANA Congregations, except as set forth in Exhibit I attached hereto. Each defendant trustee, solely with respect to such trustee and not the other trustees, shall also represent and warrant to the Bishop of**

**the Diocese that such trustee has conveyed such liquid personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of such trustee, except as set forth in Exhibit I attached hereto.**

**DV proposed language: On or before March 30, 2012, either (1) the defendant trustees and the CANA Congregations shall, at their option, either (a) convey to the Bishop of the Diocese all of their respective rights, titles and interests in all liquid personal property (e.g., cash, cash equivalents, securities and entitlements, instruments, investments, bank and other deposit accounts, certificates of deposit, endowment funds, and contributions and donations of money received on or before the applicable Ownership Determination Date) valued as of the applicable Ownership Determination Date or, (b) at the CANA Congregations' election, pay the value of the same into the Court registry pending any appeal together with sufficient sums to pay interest at the rate of 6 percent per annum on the principal amounts for two years from the date of the judgment subject to reconciliation at the conclusion of such appeals, or pay to the Bishop of the Diocese the value of same as of the applicable Ownership Determination Date via cashier's check or equivalent form; or (2) the Court will enter judgments, effective as of March 30, 2012, against each of the CANA Congregations which does not comply fully with either option (1)(a) or option (1)(b), as stated in this sentence, for the amounts stated in Exhibit I attached hereto, with interest at the judgment rate until paid. The values of such liquid personal property as of the Ownership Determination Date are identified in Exhibit I attached hereto.**

**To the extent that any accounts are conveyed in any fashion other than by cashier's check or equivalent form, the defendant trustees and the CANA Congregations shall**

**execute appropriate documents to effect such conveyances, including bills of sale and assignments substantially in the form of Exhibit J attached hereto with all blanks therein appropriately completed and all exhibits thereto appropriately attached. The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property is free and clear of liens and encumbrances, except as set forth in Exhibit I attached hereto (which exceptions will also be set forth in properly completed Exhibits A to the bills of sale and assignments to be delivered to the Bishop of the Diocese by the respective defendant trustees and the CANA Congregations). The CANA Congregations shall represent and warrant to the Bishop of the Diocese that to the best of their knowledge, information and belief, after due inquiry, such liquid personal property constitutes all liquid personal property acquired and held by the defendant trustees or the CANA Congregations or their unincorporated predecessors or any one or more of them on or before the applicable Ownership Determination Date or acquired after such date in exchange for or with the proceeds from the sale or other disposition of property that was tangible or intangible personal property held by them on such date, with the exception of liquid personal property that was used after such date to acquire tangible or intangible personal property being transferred to the Bishop of the Diocese pursuant to paragraph D of this Order. The CANA Congregations shall also represent and warrant to the Bishop of Diocese that to the best of their knowledge, information and belief, after due inquiry, they and the defendant trustees have conveyed such liquid personal property and interest to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of the defendant trustees and the CANA Congregations or their unincorporated predecessors, except as set**

**forth in Exhibit I attached hereto. Each defendant trustee, solely with respect to such trustee and not the other trustees, shall also represent and warrant to the Bishop of the Diocese that such trustee has conveyed such liquid personal property to the Bishop of the Diocese free and clear of liens and encumbrances created by the acts of such trustee, except as set forth in Exhibit I attached hereto.**

F. The parties shall cooperate with each other as may reasonably be required from time to time for the following purposes: (1) to effectuate the provisions of paragraphs B through E of this Order, (2) to seek and obtain appropriate or necessary consents and approvals from third parties with respect to the transfers, conveyances and assignments described in paragraphs C, D and E of this Order, (3) to cause such third parties to acknowledge and recognize such transfers, conveyances and assignments and the Bishop of the Diocese as the owner and titleholder of the subject properties for all purposes and (4) to transfer certificates of title to all properties that are subject to certificates of title to the Bishop of the Diocese.

G. Upon or prior to delivering the quitclaim deeds, bills of sale and assignments and other documents required pursuant to this Order, the CANA Congregations shall (a) take or cause to be taken all board, corporate and other actions necessary to authorize and approve all actions required of them pursuant to this Order and (b) deliver to the Bishop of the Diocese certificates of their respective secretaries substantially in the form of Exhibit K attached hereto with blanks therein appropriately completed and exhibits thereto appropriately attached.

H. **[Paragraph H is substantially different in the CANA and DV versions. Both are presented below.]**

**CANA proposed language: On or before April 30, 2012, the CANA Congregations shall take or cause to be taken all necessary board, corporate and other actions so as to**



**effect a change to the names by which they hold themselves out to the public such that they do not use and shall not use the terms “Episcopal” or “Episcopalian” in their names.**

**DV proposed language: On or before March 30, 2012, the CANA Congregations shall cease holding themselves out to the public by names that include the terms “The Falls Church,” “Truro,” “St. Stephen’s,” “St. Paul’s,” “St. Margaret’s,” “Apostles,” and “Epiphany.”**

I. The CANA Congregations’ amended counterclaims are dismissed with prejudice in their entirety.

J. The Clerks of the Circuit Courts of Fairfax County, Arlington County, Prince William County, Loudoun County and Northumberland County shall enter this Order in the Civil Order books of such counties in regard to each of the following dockets or cases:

- *The Protestant Episcopal Church in the Diocese of Virginia v. The Church at the Falls – The Falls Church* (Circuit Court of Arlington County, case no. 07-125) (Circuit Court of Fairfax County, case no. CL 2007-5250);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Truro Church* (Circuit Court of Fairfax County, case no. CL 2007-1236);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Church of the Epiphany, Herndon* (Circuit Court of Fairfax County, case no. CL 2007-1235);
- *The Protestant Episcopal Church in the Diocese of Virginia v. Church of the Apostles* (Circuit Court of Fairfax County, case no. CL 2007-1238);
- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Margaret’s Church* (Circuit Court of Prince William County, case no. CL 73465) (Circuit Court of Fairfax County, case no. CL 2007-5682);
- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Paul’s Church, Haymarket* (Circuit Court of Prince William County, case no. CL 73466) (Circuit Court of Fairfax County, case no. CL 2007-5683);
- *The Protestant Episcopal Church in the Diocese of Virginia v. St. Stephen’s Church* (Circuit Court of Northumberland County, case no. CL 07-16) (Circuit Court of Fairfax County, case no. CL 2007-5902); and

- *The Episcopal Church v. Truro Church, et al.* (Circuit Court of Fairfax County, case no. CL 2007-1625)

THIS IS A FINAL ORDER.

THE Clerk will send copies of this Order to all counsel of record.

Entered this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

---

Circuit Court Judge Randy I. Bellows

SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

TRURO CHURCH AND RELATED TRUSTEES

By: \_\_\_\_\_

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Steffen N. Johnson  
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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

THE CHURCH AT THE FALLS – THE FALLS CHURCH

By: \_\_\_\_\_

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

ST. STEPHEN'S CHURCH and RELATED TRUSTEES

By: \_\_\_\_\_

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

CHURCH OF THE APOSTLES and CHURCH OF THE EPIPHANY and RELATED TRUSTEES

By: \_\_\_\_\_

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

ST. MARGARET'S CHURCH and ST. PAUL'S CHURCH, HAYMARKET and RELATED TRUSTEES

By: \_\_\_\_\_

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SEEN AND OBJECTED TO, all exceptions noted, for the reasons previously stated in motions and briefing and at oral argument and trial:

TRUSTEES OF THE CHURCH AT THE FALLS – THE FALLS CHURCH, *including* William W. Goodrich and Steven Skancke

By: \_\_\_\_\_

Thomas C. Palmer, Jr., Esquire  
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SEEN AND AGREED:

THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA  
SANDRA B. KIRKPATRICK  
WILLIAM S. KIRBY  
DAWN B. MAHAFFEY  
NANCY E. GATES  
GEORGE C. FREEMAN, JR.  
ANTHONY RABALAIS  
MARGARET HORSMAN  
DAVID G. KILPATRICK  
ROBERT REAMY  
SUSAN C. STUBBS

By: \_\_\_\_\_

Bradfute W. Davenport, Jr. (VSB No. 12848)  
George A. Somerville (VSB No. 22419)  
Andrea M. Sullivan (VSB No. 41944)  
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THE EPISCOPAL CHURCH

By: \_\_\_\_\_

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SCHEDULE OF EXHIBITS TO FINAL ORDER

- Exhibit A - Description of Real Property
- Exhibit B - Form of Quitclaim Deed for Trustees
- Exhibit C - Form of Quitclaim Deed for Defendant Church Corporations
- Exhibit D - Form of Order for Church Properties
- Exhibit E - Form of Petition for Church Properties
- Exhibit F - (omitted)
- Exhibit G - Description of Tangible and Intangible Personal Property  
(Other Than Liquid Personal Property)
- Exhibit H - Form of Bill of Sale and Assignment – Tangible and  
Intangible Personal Property
- Exhibit I - Description of Liquid Personal Property
- Exhibit J - Form of Bill of Sale and Assignment – Liquid Personal Property
- Exhibit K - Form of Secretary’s Certificate for Defendant Church Corporations
- Exhibit L - Description of After-Acquired CANA Congregational Property

**EXHIBIT A**

**DESCRIPTION OF REAL PROPERTY**

**Prepared by the Diocese and subject to CANA  
Congregations review**



**EXHIBIT B**

**FORM OF QUITCLAIM DEED FOR TRUSTEES**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT C**

**FORM OF QUITCLAIM DEED FOR DEFENDANT  
CHURCH CORPORATIONS**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT D**

**FORM OF ORDER FOR CHURCH PROPERTIES**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT E**

**FORM OF PETITION FOR CHURCH  
PROPERTIES**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT F**  
**(OMITTED)**

## **EXHIBIT G**

### **DESCRIPTION OF TANGIBLE AND INTANGIBLE PERSONAL PROPERTY (OTHER THAN LIQUID PERSONAL PROPERTY)**

## **Exhibit G (Tangible and Intangible Personal Property)**

This Final Order encompasses any and all tangible and intangible personal property owned by the CANA Congregations as of the applicable Ownership Determination Dates. To the extent that there is any individually owned personal property located on the CANA Congregation premises, that property is excluded from the scope of the Final Order. The congregation specific inventories and/or property descriptions attached hereto include but are not limited to the following (unless otherwise excepted or if no such property was owned), which are intended to be descriptive and encompass reasonably related items even if not specifically identified:

1. Parish Registers and other documents reflecting membership;
2. Cemetery plats and records;
3. Historical documents, archives, and photographs;
4. Sacred objects such as chalices, plates, cups, bowls, censers, and linens associated with worship;
5. Altar items, altar ware, sets, candles, and candle holders;
6. Crosses and crucifixes;
7. Eucharistic items;
8. Holy water items and Baptismal Fonts;
9. Artwork, stained glass, prints, certificates, and plaques;
10. Clergy robes and vestments not individually owned;
11. Prayer books, hymnals, and Bibles not individually owned;
12. Pillows, cushions, and kneelers;
13. Statuary items and stations;
14. Pulpits, pews, and altar chairs;
15. Library materials and books;
16. Episcopal Signage;

17. Office equipment, including but not limited to computers, hard drives, software, copiers, and facsimile/telephone systems;
18. Non-privileged vestry and other committee and congregational meeting minutes and records;
19. Vehicles, titles, registrations, and maintenance records;
20. Musical equipment, instruments, and sheet music;
21. Sound equipment, including but not limited to microphones, speakers, and soundboards;
22. Kitchen equipment, including but not limited to kitchenware, microwaves, and stoves;
23. Audiovisual equipment, including but not limited to projectors, televisions, and VCRs;
24. Furniture, furnishings, and antiques not individually owned;
25. Sunday school materials;
26. Nursery and preschool toys, games, playground equipment, and educational tools;
27. Tools, machinery, and lawn care equipment;
28. Building maintenance equipment;
29. Fixtures, trade fixtures, goods and inventory of all kinds.
30. Copies or originals, as available, of all documents, materials and records relating to the ownership, operation, use and/or financing of the real property to be conveyed by the Churches, including, without limitation, fixture, equipment and other property inventories, title insurance policies and underlying recorded and unrecorded title documents, surveys and plats, other contracts, site plan approvals, building permits, certificates of occupancy, other permits, license and approvals, loan documents, including, without limitation, all security agreements and deeds of trust, plans and



specifications, warranties, maintenance contracts, O & M manuals, termite and other wood-boring insect reports and warranties, physical condition reports, environmental site assessments, wetlands assessments, geotechnical and other soil reports, utilities records and information, insurance policies, and leases, subleases, licenses and other agreements with respect to possession or use.

31. Negotiable and non-negotiable instruments; promissory notes; money and securities; certificates of deposit; safe deposit boxes, keys, and items therein; stock certificates, ownership interests in joint ventures and partnership agreements; and any and all financial records, instruments, items and assets defined and recognized by the Virginia Uniform Commercial Code;
32. Causes of action, rights of action, choses in action, and claims of every type, manner or description;
33. Insurance policies and claims excepting any Directors & Officers policies and any policies or claims related to this litigation;
34. Non-privileged files, whether physical or electronic, including any in storage and/or on backup disks;
35. Passwords and keycodes for any master key system or other accounts;
36. Keys to all doors, file cabinets, desks, and vehicles;
37. Contracts, agreements, purchase orders, leases, license agreements, letters of intent, and/or other documents memorializing any agreement(s) maintained by, relating to or associated with the church; and
38. Intellectual property, general intangible property, and related proprietary rights, interests and protections, however arising (excepting any such property, rights, interests and protections that are owned by individuals).

**EXHIBIT H**

**FORM OF BILL OF SALE AND ASSIGNMENT –  
TANGIBLE PERSONAL PROPERTY**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT I**

**DESCRIPTION OF LIQUID PERSONAL  
PROPERTY**

**EXHIBIT J**

**FORM OF BILL OF SALE AND ASSIGNMENT –  
LIQUID PERSONAL PROPERTY**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT K**

**FORM OF SECRETARY'S CERTIFICATE  
DEFENDANT CHURCH CORPORATIONS**

**Prepared by the Diocese and subject to CANA  
Congregations review**

**EXHIBIT L**

**DESCRIPTION OF AFTER-ACQUIRED CANA  
CONGREGATIONAL PROPERTY**