

SUPREME COURT OF TEXAS

Robert Masterson, Mark Brown, George Butler, Charles Westbrook,
Richey Oliver, Craig Porter, Sharon Weber, June Smith, Rita Baker,
Stephanie Peddy, Billie Ruth Hodges, Dallas Christian, and the
Episcopal Church of the Good Shepherd v. the Diocese of Northwest
Texas, the Rev. Celia Ellery, Don Griffis, and Michael Ryan

Masterson v. Diocese of Northwest Texas, 422 S.W.3d 594 (Tex. 2013) · No. 11-0332 · Decided August 30, 2013

SUMMARY

The Texas Supreme Court addresses a dispute over ownership and control of property belonging to an Episcopal parish after a majority of parishioners voted to withdraw from the Episcopal Church and the Diocese of Northwest Texas. The Court holds that Texas courts must apply the neutral-principles methodology to church property disputes rather than choosing between neutral principles and deference. It reverses the court of appeals’ judgment affirming summary judgment for the loyal faction and remands for further proceedings.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Justice Phil Johnson; Justice Hecht; Justice Green; Justice Guzman; Justice Devine; Justice Willett; Justice Boyd; Justice Lehrmann; Chief Justice Jefferson
JURISDICTION	Texas
DECIDED	August 30, 2013
DOCKET	11-0332
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Petition for review of a court of appeals judgment affirming summary judgment for the faction loyal to the Episcopal Diocese and The Episcopal Church.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. A movant must establish entitlement to judgment as a matter of law on the issues pleaded and expressly presented in the summary-judgment motion.
PRECEDENTIAL VALUE	published opinion; binding precedent of the Supreme Court of Texas

PARTIES

Robert Masterson, Mark Brown, George Butler, Charles Westbrook, Richey Oliver, Craig Porter, Sharon Weber, June Smith, Rita Baker, Stephanie Peddy, Billie Ruth Hodges, Dallas Christian, Episcopal Church of the Good Shepherd v. Diocese of Northwest Texas, Rev. Celia Ellery, Don Griffis, Michael Ryan

TOPICS

constitutional law trusts corporate governance dissolution real estate

PRACTICE AREAS

constitutional law trusts corporate law real estate

QUESTIONS PRESENTED

1. What methodology must Texas courts use to resolve property disputes involving religious organizations?
2. Whether the Bishop's recognition of the loyal faction as the continuing Episcopal parish established that faction's right to the corporation's property.
3. Whether the trial court properly granted summary judgment based on deference to ecclesiastical decisions when the Episcopal Leaders did not plead or move for summary judgment under neutral principles of law.
4. Whether corporate governance, title, trust, and property questions involving a religious nonprofit corporation must be resolved under neutral principles of law.

HOLDINGS

1. Texas courts must use the neutral-principles methodology, rather than choosing between deference and neutral principles, to determine non-ecclesiastical property interests involving religious organizations.
2. Questions concerning whether a bishop could recognize a parish, determine its membership, establish its vestry, or recognize vestry members are ecclesiastical matters outside civil-court jurisdiction, and courts must defer to the ecclesiastical authority's decisions on those questions.
3. The Bishop's ecclesiastical determination identifying the loyal faction as the continuing Episcopal parish did not, on the record presented, determine ownership of property titled in the nonprofit corporation.
4. The trial court erred in granting summary judgment because the Episcopal Leaders' pleadings and motion asserted entitlement under deference principles, and deference was not the proper methodology for deciding the property dispute.

KEY QUOTATIONS

"We hold that Texas courts should use the neutral principles methodology to determine property interests when religious organizations are involved. Further, to reduce confusion and increase predictability in this area of the law where the issues are difficult to begin with, Texas courts must use only the neutral principles construct." (at 19)

“Properly exercising jurisdiction requires courts to apply neutral principles of law to non-ecclesiastical issues involving religious entities in the same manner as they apply those principles to other entities and issues.” (at 18-19)

“But although we agree with the court of appeals as to these conclusions, we disagree with its determination that the question of who owns the property is inextricably linked to or determined by them.” (at 22)

FACTUAL BACKGROUND

Good Shepherd was a Texas nonprofit corporation formed as a condition of its acceptance into union with the Episcopal Diocese of Northwest Texas. The corporation held title to several tracts of real property under deeds that did not expressly declare a trust for The Episcopal Church or the Diocese. After doctrinal disagreements, a majority of qualified parish voters voted to amend the corporation's governing documents, withdraw from the Diocese and The Episcopal Church, revoke any trusts, and change the corporation's name. The Diocese recognized a loyal faction as the continuing Episcopal parish and sought possession of the property.

PROCEDURAL HISTORY

The Diocese and Episcopal Leaders sued the Good Shepherd corporation and leaders of the withdrawing faction for title to and possession of church property. The trial court granted the Episcopal Leaders' traditional motion for summary judgment, declaring that the loyal faction represented the continuing parish and that the property was held in trust for the Diocese and The Episcopal Church. The court of appeals affirmed, holding that Texas courts could apply either a deference or neutral-principles methodology. The Supreme Court of Texas reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The case was remanded to the trial court for further proceedings consistent with the opinion, including application of neutral principles of law to the non-ecclesiastical property, trust, and corporate-governance issues.

CASES CITED

- Jones v. Wolf, 443 U.S. 595, 602-10 (1979)
- Serbian E. Orthodox Diocese v. Milivojevich, 426 U.S. 696, 708, 713-14 (1976)
- Brown v. Clark, 116 S.W. 360, 361, 364-65 (Tex. 1909)
- Presbyterian Church v. Hull Church, 393 U.S. 440, 449 (1969)
- Hosanna-Tabor Evangelical Lutheran Church & School v. EEOC, 132 S. Ct. 694, 704-05 (2012)
- Watson v. Jones, 80 U.S. 679, 714, 727-30, 733 (1872)
- Rusk State Hosp. v. Black, 392 S.W.3d 88, 95 (Tex. 2012)
- Valley Baptist Med. Ctr. v. Gonzalez, 33 S.W.3d 821, 822 (Tex. 2000) (per curiam)

- Exxon Corp. v. Emerald Oil & Gas Co., 331 S.W.3d 419, 422 (Tex. 2010)
- G & H Towing Co. v. Magee, 347 S.W.3d 293, 297 (Tex. 2011)
- Heartland Presbytery v. Gashland Presbyterian Church, 364 S.W.3d 575, 589 (Mo. Ct. App. 2012)

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