

## Comparison of Unincorporated Association with Corporation

(under Massachusetts law; other state's laws may vary)

Unincorporated Association	Corporation
<ul style="list-style-type: none"> <li>• Suited to low-risk or non-permanent projects</li> </ul>	<ul style="list-style-type: none"> <li>• Suited to endeavors that may incur risk and/or activities intended to be ongoing for a long, indefinite period of time</li> </ul>
<ul style="list-style-type: none"> <li>• Formation is simple and informal: 2 or more persons organize for a common purpose, e.g., a "club" (most basic level)</li> </ul>	<ul style="list-style-type: none"> <li>• Formation is formal process with state filings required</li> </ul>
<ul style="list-style-type: none"> <li>• No governmental filing or approval is needed to form or to dissolve</li> </ul>	<ul style="list-style-type: none"> <li>• Must file Articles of Organization with State</li> <li>• Filing fees are required</li> </ul>
<ul style="list-style-type: none"> <li>• No bylaws or constitution are required (unless seeking tax-exempt status), but recommended</li> </ul>	<ul style="list-style-type: none"> <li>• Bylaws required and Board of Directors (at least 3 officers and one director) required; subject to MA nonprofit corporation laws</li> </ul>
<ul style="list-style-type: none"> <li>• No separate legal existence apart from its members; therefore, individual members may have exposure to personal liability</li> </ul>	<ul style="list-style-type: none"> <li>• Limited liability, meaning that, generally, Directors &amp; Officers are protected from liability for the acts of the corporation</li> </ul>
<ul style="list-style-type: none"> <li>• Cannot receive or hold property, or title to property, in association's name</li> </ul>	<ul style="list-style-type: none"> <li>• Can hold property in its own name</li> </ul>
<ul style="list-style-type: none"> <li>• No perpetual duration</li> <li>• Exists only as long as there are members</li> <li>• Can be easily dissolved</li> </ul>	<ul style="list-style-type: none"> <li>• Indefinite existence – it does NOT "go away" unless action is taken to make it "go away"</li> <li>• Governmental approval required to create or dissolve (e.g., filings with state)</li> <li>• Voluntary dissolution requires court action</li> <li>• Involuntary dissolution by State costly to revive</li> </ul>
<ul style="list-style-type: none"> <li>• No ability to contract; e.g., may not enter a lease in organization's name</li> </ul>	<ul style="list-style-type: none"> <li>• Can contract in its own name (including leases)</li> </ul>
<ul style="list-style-type: none"> <li>• Banks, creditors, and other vendors may be reluctant to conduct business with it</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial body of law to guide.</li> <li>• Can sue or be sued</li> <li>• Can conduct financial business in its own name</li> </ul>
<ul style="list-style-type: none"> <li>• No annual filings required</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reporting requirements</li> </ul>