

Comparison of Unincorporated Association with Corporation

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

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