

**Title:** Dissolution

**Question:** Why have a dissolution statement in your by-laws or constitution?

**Explanation:** Richard R Hammar, author of *Pastor, Church & Law*, urges churches to make sure that legal language is used in their by-laws to protect themselves in a court of law. Here we look at what a Dissolution Clause can do for a churches by-laws. At Converge MidAmerica we recommend all churches have a dissolution statement in their by-laws. There are two parts of the recommended dissolution clause. We recommend that all Dissolution clauses give the congregations the right to dissolve the assets of the church, and a clause outlining where the assets go after the dissolution. Dissolution clauses allow churches to have the action plan in place if the church needs to close for whatever reason and prevent any disputes from happening. The distribution of assets should be laid out in two parts. The first part would be a designated location for the assets to go. The 2<sup>nd</sup> part, would be a backup location in case the first location is not available.

**Sample Statement:** Dissolution

**1.1     *Right To Dissolve.***

The Members of the Church, by the required affirmative vote, may dissolve the Church.

**1.2     *Disposition of Property upon Dissolution.***

**12.2.1 *Disposition to the Converge MidAmerica.*** If the Church dissolves or ceases to function as a Church, then, after the satisfaction of all obligations, debts, and liabilities of the Church, all of the assets of the Church, including its personal and real property, appurtenances, and effects, shall inure to the benefit of, and become the property of, the Converge MidAmerica if the Converge MidAmerica, at that time, exists and is willing and able to accept the assets of the Church under the conditions of § 501(c)(3) of the Code.

**12.2.2 *Disposition to the Converge Worldwide.*** If the Church dissolves or ceases to function as a Church, and if the Converge MidAmerica has dissolved or is unwilling or unable to accept the assets of the Church under the conditions of § 501(c)(3) of the Code, then, after the satisfaction of all obligations, debts, and liabilities of the Church, all of the assets of the Church, including its personal and real property, appurtenances, and effects, shall inure to the benefit of, and become the property of, the Converge Worldwide, if the Converge Worldwide, at that time, exists and is willing and able to accept the assets of the Church under the conditions of § 501(c)(3) of the Code.