



WATCH TOWER

BIBLE AND TRACT SOCIETY OF PENNSYLVANIA

OFFICE OF THE SECRETARY AND TREASURER
25 COLUMBIA HEIGHTS, BROOKLYN, NEW YORK 11201-2483, U.S.A.
PHONE (718) 625-3600

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INFORMATION REGARDING OWNERSHIP OF KINGDOM HALLS

¹ The headquarters and place of congregational assembly of each congregation of Jehovah's Witnesses is its Kingdom Hall. Many congregations rent their Kingdom Hall facilities. Others own their own Kingdom Hall property. The Society does not decide if a local congregation should or should not own its own Kingdom Hall. This is a matter that should be decided by the local congregation. Our purpose here is to answer questions that many congregations ask for the sake of congregations of Jehovah's Witnesses who have decided they wish to own Kingdom Hall property and who inquire as to the manner in which they may best take title or hold ownership of the Kingdom Hall land and building.

PRECAUTIONS NECESSARY BEFORE TAKING TITLE

² Once determination is made to acquire property and a resolution is passed by the congregation approving the same, careful consideration should be given to potential environmental hazards, local zoning regulations and building codes and their application to the property before a commitment to purchase is made. It should be determined whether zoning regulations permit use of the property for a church or place of worship. Also, the deed records should be examined to see whether there are any restrictive covenants running with the property making it impossible to use it as a Kingdom Hall. Even if the property is restricted to church use only, this may make it unacceptable, since persons may be unwilling to loan money for the purpose of purchase or construction on such property, and also such restriction may prevent the sale of the property should the congregation wish to sell at some later time. Building codes should be studied to determine the type, style, placement, and possible minimum cost of building permitted to be constructed. Requirements for off-street parking should be looked into. A brother should obtain a copy of the local regulations. These regulations can be acquired from the local zoning department or building department. These free services should be utilized before taking the matter to a local attorney for assistance.

TAKING TITLE

³ It is improper for any congregation to acquire title to Kingdom Hall property in the name of the Society. Only in the event of specific instructions from the Society should such property be deeded to Watchtower Bible and Tract Society of New York, Inc., Watch Tower Bible and Tract Society of Pennsylvania, or International Bible Students Association. Otherwise, the Society does not desire to take title to Kingdom Halls or permit Kingdom Halls to be registered in the name of the Society.

⁴ Title to property bought for the congregation should not be held in the name of one of the overseers or other ministers in the congregation.

⁵ Congregations operate as unincorporated associations. In many states an unincorporated association cannot hold title to real property and therefore there is a need for a trusteeship or incorporated entity. In those locations where title insurance is obtained, please be advised that a subsequent transfer of title, perhaps to another congregation when you depart to build or use another Kingdom Hall, may result in loss of title insurance coverage.

TWO WAYS TO TAKE TITLE

⁶ Generally speaking, there are two ways by which title can be taken by a congregation: (1) trustees in behalf of the congregation and (2) a corporation formed by the congregation. Our comments are general and there are considerable variations from state to state, which, in some cases, may make one arrangement more desirable than the other due to the state laws. Your own attorney can assist you in your discussion of the best procedures.

⁷ A contract to purchase real property or a deed to trustees or to a corporation cannot be made until the trustees have been properly appointed or the corporation has been legally formed.

THE TRUSTEE ARRANGEMENT

⁸ In the event the congregation decides to have trustees hold property for it, the trustees must be appointed by the congregation. This is accomplished by a resolution being made and passed by the congregation appointing three persons as trustees. In selecting trustees, mature ministers who are not likely to move away from the community should be chosen. It is desirable, although not necessary, to appoint overseers or ministerial servants of the congregation to act as trustees. In the event an overseer or ministerial servant who has been appointed a trustee is replaced in his office of elder or as ministerial servant, it will not be necessary to replace him as trustee unless he moves away, is disfellowshipped, or becomes inactive.

⁹ When trustees have been appointed the deed can be made to the named and appointed trustees, followed by the recital: "as trustees for the (name of the congregation)." In the deed a paragraph should be inserted authorizing the congregation to appoint a substitute trustee to act in the place of any trustee who may die, resign, or become disqualified to act as trustee. The declaration of trust signed by trustees should include language recognizing the authority of the congregation to replace trustees. This language should also be included in the certificate of appointment of trustees signed by the Congregation Service Committee.

¹⁰ When it becomes necessary to appoint a substitute trustee, he should be appointed by resolution duly adopted by the congregation. When a substitute trustee is appointed, it is advisable to have a certified or notarized copy of the resolution appointing a substitute trustee kept with the deed. The substitute trustee need not record anything, but when the property is conveyed it will be necessary to have the certified resolutions indicating who the current trustees are. This is in order to keep the title records straight and avoid complications.

¹¹ Consult with your attorney as to the language to be used in the appointment of trustees and in the appointment of substitute trustees if such substitution becomes necessary. Have your attorney advise if anything needs to be recorded in the land records when a trustee is changed.

¹² Everyone who is appointed a trustee or substitute trustee should sign a formally written legal document, a declaration of trust, before a notary public showing that he takes title to the property as a trustee and that he has no personal right, title, or interest in and to the property conveyed to him. It should be recited that neither his estate nor heirs have any interest in and to the property when the trustee or substitute trustee dies. This need not be recorded but should be carefully kept in the congregation's records. Your attorney handling the interests of the congregation in respect to the property can guide you in respect to the language of the declaration of trust so that the congregation will be fully protected legally under the laws of your locality. If you choose to hold title to the Kingdom Hall by the trustee arrangement, you should contact the Legal Department which has prepared sample documents for the trustee arrangements. Once you obtain these documents, you should notify the Regional Building Committee which may be able to assist you to locate a qualified local attorney.

INCORPORATION

¹³ The procedure for the formation of a corporation differs in each state. You will need the services of a local attorney in forming a corporation. He will probably advise you that it should be created under the religious or nonprofit laws of the state where the congregation is

situated. If he does not so advise you, let us know, informing us of the reason why he recommends otherwise or have him explain the situation to us.

¹⁴ As to the name of the corporation, it should be the same as the congregation's name.

¹⁵ The procedure that is required for the formation of a corporation is that a charter or articles of incorporation are properly prepared by an attorney and filed in the office of the appropriate public official in the state where the congregation is situated. The corporation is not created unless and until the charter or articles of incorporation are approved and filed in the office of the secretary of state or recorded in the county clerk's office, where required.

¹⁶ Since the purpose of the congregation in forming a corporation is to hold title to Kingdom Hall property, the charter or articles of incorporation should specifically state the purpose to acquire and hold title to real estate as a meeting place and place of worship for the local congregation of Jehovah's Witnesses. It may also include the right to accept gifts and bequests of personal and real property, and to mortgage its property. If the corporation laws require that the articles of incorporation designate an organization to receive the assets of the corporation in the event of dissolution name: Watchtower Bible and Tract Society of New York, Inc.

¹⁷ After the articles of incorporation or charter have been filed, bylaws prepared by your lawyer may also be necessary, and if they are required in your state for a corporation such as you form, they should be adopted by the corporation. Find out from your attorney if they are necessary.

¹⁸ The corporation may not hold title to Kingdom Hall property of another congregation even upon the request of the other congregation, unless with specific approval of the Society. It is preferable that each congregation hold title to its property in its own name, except where two or more congregations share the same Kingdom Hall. In such a case the corporation will be the instrument of only one of the congregations, preferably the one holding the territory, although not absolutely necessary, as long as the congregation having the title-holding corporation also shares the use of the Kingdom Hall.

¹⁹ If you choose to incorporate, you may contact the Legal Department which has prepared sample articles of incorporation or charters, as well as bylaws for your state. Once you obtain these documents, you should notify the Regional Building Committee which may be able to assist you to locate a qualified local attorney who is experienced in formation of corporations in your state. Use of these samples will reduce the attorney's work.

FINANCING THE KINGDOM HALL

²⁰ Financing the purchase or construction of a Kingdom Hall is the responsibility of all the congregation. Before final plans for a Kingdom Hall are made, the congregation should determine how much money can be contributed by all in the congregation to pay for the Kingdom Hall. If donations are not sufficient, determine how much must be borrowed and what size loan, payable in monthly installments, the congregation can reasonably bear. Therefore it should be determined: (1) how much money can be raised by outright contributions from the members of the congregation, (2) how much can be raised by loans from members of the congregation, (3) how much will be necessary and advisable to borrow elsewhere and (4) how much the congregation can and will pay monthly to retire all loans. To determine this, slips of paper can be distributed, giving everyone the privilege and opportunity to indicate the amounts.

²¹ Promissory notes can be given to the members of the congregation who loan money. These unsecured notes can be executed by the Congregation Service Committee as the congregation's promise to pay.

²² If the congregation is unable, through diligence, to finance entirely within the congregation, it may request a Kingdom Hall Loan Survey (Form S-83) from the Regional Building Committee. It is important that there be evidence of local support of the Kingdom Hall project in order to assist the Society in approving financial assistance.

APPLY FOR EXEMPTION FROM TAXES

²³ Almost every state provides for the exemption from the payment of taxes on real property used for a meeting place or place of worship by a congregation. Application for exemption must be made in the time and manner provided for by local law and practice. Inquire at the office of your local tax assessor or tax collector. In some few states the law does not allow for exemption unless the property is owned by a corporation. Also, if part of the property is rented exemption may not be granted, but the application can be made for exemption from taxes on the part used by the congregation. The law usually allows a minister, or a caretaker,

to reside on the premises without affecting the exemption if no rent is charged. Ask your local tax assessor. You may wish to have your attorney handle the matter for the congregation. Even after tax exemption has been obtained, check yearly with the taxing authorities to make sure the Kingdom Hall property is still exempt and no assessments have been levied.

²⁴ If the congregation decides to make housing available to its ministers, we recommend the congregation limit the housing to full-time ministers, preferably elders, of the congregation regularly using the Kingdom Hall. There should be no written or oral obligation to pay rent in exchange for the housing. Contributions to the congregation are acceptable but should be voluntary and in no way related to the housing available to members of the congregation. All occupants should clearly understand that no rent is paid in exchange for the housing. This understanding points to the need to select occupants with a high level of spirituality who appreciate this arrangement. Under this arrangement no income is earned on property renovated or acquired through a debt to your lender.

RELATIONSHIP BETWEEN CONGREGATION AND TITLEHOLDERS

²⁵ The titleholders (either trustees or a corporation) have the same relationship to the congregation as any other instrument, equipment, or property necessary to carry out the work of the congregation. All such instruments or tools are used to serve the congregation in harmony with the theocratic arrangement.

²⁶ The mere fact that a legal corporation or trustee arrangement has been made does not mean that a separate organization has been formed that can function separately and apart from the congregation and be used to guide and direct its policies. The titleholders are merely special servants of the congregation in whom is vested legal title to the Kingdom Hall. Titleholders as such do not act as a part of the congregation service committee to operate the Kingdom Hall or run the business of the congregation. They have absolutely nothing to do with the use to be made of the property and cannot determine who is going to live on the property or what kind of work is to be done in it.

²⁷ The operation of the Kingdom Hall, making of repairs and improvements, payment of expenses and obligations and all other business in connection with owning and maintaining the property are all under the direction of the theocratic organization through the elders and ministerial servants appointed through the Society. Consult the counsel and instructions provided by the Society for guidance in matters of service and organization. If there are legal functions that the titleholders need to perform, they should act in harmony and willing cooperation with the congregation service committee.

²⁸ Payments for expenses, maintenance, notes, and all other obligations incurred as the result of the ownership and maintenance of the Kingdom Hall are to be paid out of the congregation's funds, contributed in the regular way. In actual practice the corporation (if one is used) will never have any funds, since all money belongs to the congregation and is to be placed in the regular congregation bank account opened as an unincorporated association even though the congregation has a corporation for title-holding purposes.

²⁹ It should be understood that any brothers who contribute or loan large or small sums of money for the acquisition and maintenance of the Kingdom Hall do not have any voice in its management, other than as members of the congregation. Brothers who loan money have the right to expect the payment of their indebtedness and good business management. If a corporation is used the officers are not paid any salary, but they, as any other member of the congregation, are entitled only to be reimbursed for expenses authorized by the congregation.

If any congregation contemplating the ownership of its Kingdom Hall property has further questions after carefully considering the foregoing, it should feel free to write fully to the Society for additional information that may be needed. We are very much interested in your efforts to have good Kingdom Hall facilities.

Watch Tower B. & T. Society

OF PENNSYLVANIA