

# Reasons To Unincorporate Your Church

by Everett Ramsey

We learned a lot about incorporated churches from the judge in our school case.

## JUDGE OFF THE RECORD

While being housed in the County Jail on one occasion during the time our church was under siege by the State of Nebraska, the Sheriff came to the general cell where prisoners were housed at 10:00 PM and said, "Reverend, get dressed. You're going with me". See Lessons From Louisville

I felt a little like Nicodemus going to see Jesus by night. We felt the judge was sympathetic with our cause since he sent all his children to Catholic Schools. He understood the desire for private Christian education. The judge had sought a way to release me and the church, but the corporation gave the State Supreme Court the handle to hold us and we didn't know it. The Sheriff came to the cell and unlocked it. He called me and took me by the arm and locked the door behind us. He then led me out the back jail door, across the lawn to the Court House, around to the rear and up the outside stairs to a back door on the third floor. We walked into the Court House and down the hall to an office. The Sheriff knocked and the Judge said, "Come in." The Sheriff had planned to stay in the room with me and the Judge, but the Judge told him to leave. The Sheriff was not happy about that, but he left. I knew at this point that the conversation would be vital and off the record. What happened next surprised me. The Judge said, "Can we pray first before we talk?"

"Of course, I would like that.", I replied. I bowed my head to start to pray, but before I could get my head bowed, the judge was on his knees and as I lowered to my knees, he began to pray. I don't remember his exact words, but he asked for wisdom and guidance to this solution that would be just and fair to all. After he said, "Amen"., I began to pray. My prayer was similar.

When we got up from prayer, he sat in a chair and left me standing. All of these gestures:

1. The meeting late and off the record,
2. Asking the Sheriff to leave,
3. Kneeling to Pray,
4. Sitting, while I stand.

told me something very important. They told me that the Judge had concluded that I was no criminal, I was sincere, I was not violent and I was no physical threat to him. They also gave me an air of confidence in him and his desire to

be fair. The judge then stated that his interest was in trying to find a solution to the impasse in which we found ourselves. The State had already padlocked the church several times. I had been jailed several times and the legislature kept killing all legislative solutions. He asked again if we would close the school. I kindly and respectfully responded that that was not an option. He asked if we would move the school out of his jurisdiction. I again responded, no. He then made a statement that shocked me. "Reverend, I believe you are sincere, but you simply do not understand the law." I responded, "Will you explain it to me?" The Judge said, "The High Court has asked me to have the church property bulldozed and burned as a public nuisance. I don't want to do that." I visibly gasped and asked, "How can they do this to private property, owned by a church?" He then reached for the Court Documents that he had on his desk. He showed the documents to me and asked me to read the parties in the case. I slowly read:

**The State of Nebraska, et, el, Paul Douglas, Attorney  
General of the State of Nebraska.**

**VS.**

**Faith Baptist Church, a Nebraska Corporation.**

He then asked me if that corporation was a heavenly corporation?

I replied, NO.

He asked me, "Who created this corporation, God or the State of Nebraska?"

I had to say, Nebraska.

He then asked me, Who actually owns the property of the Church?"

Again, I had to say, "The corporation."

He asked me if we had Trustees?

I replied that we did.

He then went on to explain that those trustees are actually holding political office for the State to hold in trust for the State all assets of the Corporation.

WOW!

Then he said, **if you will look at your charter from the State, it will include a clause that the corporation has to obey all the laws of the State**. This is what has you snared.

WOW! WOW! WOW!

I did not have to be a genius to know what we had to do. I asked the judge for 2 weeks before he took action and I would make the necessary changes to end the problem. I was released for a two week period and I began right away to dig up the corporate charter and all the By Laws and Constitution as well as the State Statutes related to Church Corporations. To my great surprise, there are no statutes related to church corporations. In order to get incorporated, you have to admit that you are not a church, you are a business for religious or not for profit purposes; but still a business. I began to educate the church people and put together the documents to end the not for profit corporation. It shocked us to find that in the corporate papers there is a clause that forces you to give all your assets to another "not for Profit" business in order to unincorporate. This meant that we would lose all our property when we unincorporated. But wait, God gave us an answer. I discussed it privately with

churches in seminars on unincorporation. Not unlawful or shady, but best used with discretion. One of the benefits of this battle was that I became a very good paralegal on church and State issues. I was even asked to lecture at the University of Nebraska on the subject. We did find a way to get unincorporated. We filed the papers with the Secretary of State. We were issued a Certificate of Dissolution (Divorced the State) We then filed all this with the Court. The Judge was ready to drop all charges and let the matter die. But the State Supreme Court pushed by the Department of Education, the Attorney General and NEA refused to drop the case, so I was ordered back to jail and the Judge resigned from the case. He saw the political injustice that would ensue.

There were no incorporated churches in the United States until the late 1800s. In fact, many States maintained laws against incorporating churches, including the State of Virginia. During our battle in the 1980s, Jerry Falwell was trying to incorporate his church so he could indebt the church by selling interest bearing bonds to raise money. This alone should send up a red flag. The standard for law in the early Colonies was the Bible and Blackstone an expert in Jurisprudence from England during the formation of this nation.

Below is what Mr. Blackstone has to say about corporations:

***“An artificial person.....created under the authority of the laws of a state or nation” - Blackstone Law Dictionary, Fourth Edition, West Publishing Company***

The forming state usually requires a statement in the Bylaws that, “The corporation will obey all the laws of the State”.

The Courts have ruled that corporations do not have the Constitutional protections offered to natural individuals who have natural rights.

## **FREEDOM VS LIBERTY**

There is a vast difference between freedom and Liberty. The Scriptures speak of Liberty in the Lord. Freedom is a misnomer as it is defined today; and is not a synonym for Liberty. Freedom in its ultimate expression today is nothing more or less than rebellion against God first, society second and anarchy in general. Our forefathers understood the difference; very few do today. The way to install a dictator is to foment anarchy which is easiest done by promoting freedom of will. The thirteen Colonies originated in these United States understood the terms, jurisdiction and balance of power. They understood that man is inherently evil, seeks unrestricted power and wealth, therefore any single generation of people is only a few years from tyranny at all times. These original Colonists understood the division of God’s jurisdiction to Individuals, the Church and The State. Not one of these divisions could ever have total control or tyranny would exist.

**The individual** is restricted by the laws of God, the power of the Spirit and

the Word through the church and if this doesn't work, then the sword in the hand of the State.

**The State** is to be restricted by the Laws of God through its judges, through the power of the Word of the Lord through the church and finally by the right of the people to throw off ungodly authority.

**The church** is to be the guardian of the Word, preacher to the conscience of the State and the individual. The church does not have the power of the Sword; the individual can use the power of the purse to reduce the power of the church. The State is not to cede its sword to the church.

It must be understood that this system will only work if each branch remains in its jurisdiction and this can only happen if the citizenry consists of people who are covenanted with God and obedient to His law. This is where the break down has come.

As more and more followers of false gods are admitted to this nation, our government, the people are less and less able to demand that the government and the church follow God's laws. Also, God's covenant people learn more of the ways of the heathen which is a sin in itself. (Jer. 10:2)

What happens when the church goes outside its jurisdiction and takes the Sword? We have the Crusades, the Martyrs during the Dark Ages written about by Foxx and the wars of Northern Ireland and the wars with the Muslims where the state and the church are one. You have tyranny to the individual.

What happens if the State fails to recognize the laws of God? You have multiculturalism and which promotes aborticide, homosexuality and eventually war against the church and people of Jesus Christ. Tyranny!

What happens if the church fails to preach the Word and the Government fails to uphold the Laws of God, the people become anarchists against God first, the church, and then the government.

Our forefathers did the best they could to lay out a map of these jurisdictions and how to make them cooperate, but not dominate. That is why Benjamin Franklin said, "We gave you a Republic, if you can keep it". He also said that Liberty can only remain with a people that remain moral, righteous and vigilant.

## **HOW CORPORATIONS CAME TO CHURCHES**

This is how the corporation came to the churches. We learned it from the heathen.

### **Churches incorporate for basically three reasons:**

1. To avoid responsibility and accountability for their deeds (liability).

2. To make the church eligible to borrow money and go into debt.
3. To get tax exemption to increase giving.

**None of these reason are Scriptural.**

The corporation is a creature of the State. The Church is to be the body of Christ. A State corporation by its very nature is the wife of the state and must be obedient to her husband, the State. If the State says, "Stop preaching against abortion", she must. If the State says to stop preaching against Sodomy and same sex marriage, she must. If the State says you cannot endorse righteous candidates for office then you must not". As you can see, the State has a right to regulate and control its children and its creations. This is done by Law, public policy and bureaucratic control.

By the way, church corporations are taxable corporations, unless they ask for exemption. This gives the State and Federal governments more power to control the churches. Most corporate churches ask for tax exemption from State sales Tax. This is not so bad. Tax exemption can be obtained by unincorporated churches. Unincorporated churches don't need the sales tax exemption, but States have put such an onerous burden on the business people that they cannot afford to sell to the church without a document from the State.

**FEDERAL TAX EXEMPTION, 501C3 AND 508C1A**

But the IRS is a different animal. The IRS code consists of two specific sections:

In the 501C3 code, churches may apply for tax exemption. This brings you under reporting rules, restrictions on activity and halting of preaching the truth in many cases.

Can you imagine the Churches of the Revolution being under the IRS and 501C3? The revolution would never have happened. It was the preaching in the pulpits that rallied the people to resist a wicked king.

The government today wants to get the churches under its thumb to control them. But you know what, churches are automatically exempt and do not have to incorporate or file for exemption. See the code below.

...churches are automatically exempt [from taxes on contributions/donations they receive] and do not have to incorporate or file for exemption...

**508C1A**

According to IRS Code § 508(c)(1)(A):

Special rules with respect to section 501(c)(3) organizations.

(a) New organizations must notify secretary that they are applying for recognition of section 501(c)(3) status.

(c) Exceptions.

(1) Mandatory exceptions. Subsections (a) and (b) shall not apply to—

(A) churches, their integrated auxiliaries, and conventions or associations of churches.

This is referred to as the “mandatory exception” rule. Thus, we see from the IRS’ own publications, and the tax code, that it is completely unnecessary for any church to apply for tax-exempt status. In the IRS’ own words a church “is automatically tax-exempt.”

## **Churches Are “Automatically Tax-Deductible”**

And what about tax-deductibility? Doesn’t a church still need to become a 501c3 so that contributions to it can be taken as a tax deduction? The answer is no!

According to IRS Publication 526: In the words of Steve Nestor, IRS Sr. Revenue Officer (ret.):

**“I am not the only IRS employee who’s wondered why churches go to the government and seek permission to be exempted from a tax they didn’t owe to begin with, and to seek a tax deductible status that they’ve always had anyway. Many of us have marveled at how church leaders want to be regulated and controlled by an agency of government that most Americans have prayed would just get out of their lives. Churches are in an amazingly unique position, but they don’t seem to know or appreciate the implications of what it would mean to be free of government control.”**

But what if you are already incorporated and under the 501C3 code? Can you get out? Yes, but it is not easy. One church did and lost its buildings and properties; wrongfully, but they still lost.

If you are in the pot and want out, read the page on this site about How to unincorporate. You can write me below and I will try to give you direction if time permits. I may be able to refer you to someone who can help if I can’t. If your church has property, you will need someone to guide you through this process if it is possible.

Our battle was finally won in part because we listened to a good judge who educated us and we unincorporated and got out of tax exemption. You can never restore Christ as head of your church as long as your church is tied to the law of an earthly king.

SOURCE: <http://www.everettramseydd.com/unincorporate.html>

## **Related Material On Unincorporating A Church:**

Unincorporate Your Church - With Care!

Unbiblical Incorporation Of Churches

Church Freedom and The Corporation Sole

501c3 Myths

The Truth About Church Incorporation

IRS Double-talk About Incorporating Your Church

501c3: The Devil's Church

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