

Maas Law Firm LLC Checklist

Why form an LLC?

There are lots of good reasons to form an LLC including (1) using the liability barrier to minimize personal exposure and maximize asset protection; (2) organizing and managing one or more businesses; (3) tax benefits including pass-through taxation; (4) achieving a measure of anonymity; (5) investor credibility in marketing and doing creative transactions; and (6) in the case of a series company, compartmentalization and insulation of assets and liabilities within separate series. This last item provides significant benefits to investors who own multiple properties.

Date: _____

Client(s): _____

Phone(s) #: _____

Email: _____

I. Proposed LLC name and two alternates. LLC names must include Limited Liability Company. (example: Investor Unlimited, LLC)

1. _____
2. _____
3. _____

II. Who will be the **Registered Agent**? _____

Their Address: _____

III. **Members:** _____ % Ownership (100%)

- | | |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |

Cost: \$1,000 – Includes all filing fees, legal document preparations, and printed binder with Formation documents, and Articles of Incorporation. \$85 extra for out of country mailing LLC docs. Turn around time is normally 7-10 business days. Payment can be made by phone (**210-468-1831**). To begin the formation, fill out this form and email to victor@maaslawfirm.com and then call us to process payment.

Sign: _____

More general information on Texas LLC:

The first goal of an LLC is to provide owners and members of the LLC with limited personal liability. The second goal is to confer upon the owners the preferential income tax treatment of a pass-through entity.

Federal Pass-Through Tax Treatment - LLCs were created specifically to take advantage of the favorable federal tax treatment of a pass-through entity. Under this type of treatment, an entity would not be taxed for any income it earned or generated. Instead, all taxable revenues and expenses would be passed through to the owners of the entity who would then be responsible for the payment of the tax, if any, on those revenues and expenses. In addition, you have:

1. Continuity of life. Upon the death, retirement, resignation, insanity, bankruptcy or expulsion of a member of the entity, the entity continues to exist in exactly the same configuration.
2. Free transferability of interest. An owner of the entity has the right and power to transfer substantially all of its ownership interest in the entity to a non-owner without obtaining the consent of the other owners.
3. Centralized management. Those persons authorized to make key management decisions do not include all of the owners of the business entity.
4. Limited liability. All owners of the entity are not personally liable for the debts, obligations, and liabilities of the entity.
5. Flexible Organizational Structure. An LLC can be a business entity with the flexibility to conduct its business affairs in the manner most advantageous for its owners. How the LLC is to be organized, managed, controlled, financially structured (especially with respect to capital contributions, sharing of profits and losses, distributions, etc.), merged, terminated, dissolved, and liquidated. See chapter 10 for a more detailed analysis of Operating Agreements of LLCs.

Membership - Generally, any individual, corporation, partnership (general or limited), trust, business trust, association, estate, or other LLC can be a member of a LLC. In Texas, all you need is one member to start an LLC. An LLC can only be formed by the filing of the proper documents, usually called Articles of Organization, with the proper governmental agency.

Operations - A LLC does not have to be operated by its members and can instead have centralized management. The LLC can elect officers who operate and manage the LLC but who are not owners of the LLC.

SUMMARY OF LIMITED LIABILITY COMPANYS:

- Limited liability for all members
- Flow-through income tax treatment (federal and state)
- More flexible in structure and organization
- More flexible with respect to capital structure
- More flexible with respect to distributions and allocation of profits and losses
- More flexible with respect to termination and existence
- More flexible with respect to the transfer of membership interests