

Spiegel & Utrera, P.A.

Counselors & Attorneys at Law

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THANKS FOR INQUIRING ABOUT SERIES LIMITED LIABILITY COMPANY

Just think. Within minutes you can organize right over the phone.

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Listen: We are glad you inquired about our services because there's no reason for you to spend a ton of money to organize when you don't have to.

If you've priced the same identical services locally, you know that being there "in person" is costly. Very costly. Yet the services you receive are no better than those you can get from us directly on the phone.

Let me explain.

We will form your Series LLC with the direction of a Delaware attorney at Spiegel & Utrera, P.A. and we will make certain all clients meet all legal requirements. For one low fee, you get...

- Articles of Organization
- Company minutes
- Company by-laws
- Company book
- Member certificate
- Company seal
- And a preliminary name search.

Included in this fee is the State of Delaware filing fee and our fee. The works!

TAX SAVINGS

To save you time and run around, we can get your Federal Tax Identification Number for you and start the paper work for your State Sales Tax Number.

And that's not all.

If you have a single-member Series LLC, we can even prepare documents to qualify your company for the tax-saving Sub Chapter S status under the Internal Revenue Code provisions. How about more tax savings with a home office lease or car lease?

ASSET PROTECTION, INDEMNIFICATION PROTECTION, CREDITOR PROTECTION AND SERIES LLC PROTECTION

Want Asset Protection? We'll draft a deed or other asset transfer agreement so you can take advantage of Limited Liability. Want Indemnification Protection? We'll draft the agreement and articles in the Articles of Incorporation that provides for it.

What's more, if yours is a multi-member Series LLC, we strongly urge you to get an operating agreement. An operating agreement details the distributions of profits and allocations of losses, duties of the Operating Manager vis-à-vis the Series LLC, protection of tangible and intangible Series LLC property and meetings of the Series LLC. Want Creditor Protection? We can include provisions in your Limited Partnership Agreement so that a creditor of a Limited Partner will not jeopardize the Limited Partnership itself.

It's also very important you have a members' restrictive agreement. Then you can prevent the sale of membership interests to outsiders unless the remaining members agree to it and numerous other thorny issues unique to multiple members. We'll work up these agreements for you, if you wish.

LEGAL AND STRATEGIC BUSINESS ADVICE

Let us help in many ways. For instance, just ask as a member of what we call the General Counsel Club and you can take advantage of our legal and strategic business advice. We'll show you: how to avoid probate...get maximum privacy...seize business opportunities... build a profitable business...prepare business plans...make BIG profits... solve finance, tax and related problems, become a powerful negotiator...

And all this is just for starters. More: How to sharpen your business skills... select the right franchise...avoid costly pitfalls in leases. . .push profit centers.. .set and achieve business goals ON TIME!

Still more: How to pick, manage and inspire employees...develop real estate buying and leasing expertise...acquire real estate with zero down.. .make huge profits off real estate...even make sure your competitors don't steal customers from you.

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P.S. Not sure? Have questions? Call the numbers above today. Let us answer all your questions for you obligation-free. We want to help. Thanks.

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P.S.S.S. Need a Company in New York, New Jersey, California, Illinois, Nevada, Florida or Delaware? We can help. We have offices in Miami, Fort Lauderdale, Tampa, Orlando, New York City, Long Island, New Jersey, Chicago, Las Vegas, Los Angeles and Delaware. Visit our website at www.amerilawyer.com or call 1 8006033900.

SAVE TIME AND MONEY.... SUCCESS STARTS WITH PLANNING!

Spiegel & Utrera, P.A. is a full service law firm that can help you solve most of the problems associated with formation, before they happen. Here are solutions to most of your Family Limited Partnership needs....

MORE SERVICES

Spiegel & Utrera, P.A. General Counsel Club & Registered Agent Service

Let Spiegel & Utrera, P.A. help you grow your business.

Our firm has what we call the "General Counsel Club". Select this valuable service at the time of ordering your LLC and receive an additional one month Bonus so that your first year of service will cover 13 months. PLUS take a \$50 discount, so you pay only **\$89.95 for the first 13 months of service**. You get unlimited telephone consultations all year long on matters relating to legal and strategic business advice. Plus our firm will prepare the Notice and Minutes of your LLC's Annual Meeting of Members and Managers; our firm will comply with all statutes and applicable laws relating to your LLC's Registered Agent & Registered Office; our firm will review all mandatory State LLC filing documents as required by the Secretary of State; our firm will act as your LLC's General Counsel; and you will receive our firm's newsletter, "Entrepreneur's Alert®", which is published six times a year and provides valuable insight into running your business from a legal and business point of view.

Detours and Contradictions

Want more out of your LLC? Then don't miss Lawrence Spiegel's, 223 page *Detours and Contradictions*. Use this book, and all your available resources, to begin the challenging yet fulfilling journey of entrepreneurship. As we'll see... having a marketable idea is only the first step in a lengthy process. Along the way you'll encounter numerous detours and contradictions, risks and rewards. The price of *Detours and Contradictions* is just \$13.50 if you order when forming your LLC. PLUS there is no extra charge for shipping, handling and processing as your book will be shipped with your LLC. **Also, as an added bonus, your copy of Detours and Contradictions will be personally autographed by Lawrence J. Spiegel.**

Charlie's Entrepreneurial Journey

Building your business, or selecting the type of business to start, is easy when using *Charlie's Entrepreneurial Journey* as a guide and applying Lawrence J. Spiegel's thirty eight "Principles of Entrepreneurship" to your business. Spiegel's latest book provides 416 pages of insight into the world of an aspiring entrepreneur named Charlie. Charlie's journey leads him through topics never discussed in business books but essential to success. Topics include: costs associated with Acquiring a Customer, Urgency to Purchase, Saturation Advertising, Success Leaves Tracks and Repetitive Business. Spiegel's "Principles of Entrepreneurship" cannot be found anywhere else. In fact, no one has ever *exposed* the business *secrets* Spiegel discloses. If you are seeking to spark your business you will find an **EXPLOSION** in this book. Order this book at the time of forming your corporation and you will get *Charlie's Entrepreneurial Journey* for \$19.50 which includes shipping, handling and processing, when ordered with the formation of your company. **PLUS Lawrence J. Spiegel will personally autograph your copy of Charlie's Entrepreneurial Journey.**

Mail Forwarding Service

If you have not set up your company office or you want your attorney to receive your company mail, you may use any Spiegel & Utrera, P.A. office address as your mailing address. Our mail forwarding service is only \$15 per month. There is a six month minimum order. There is also an initial postage deposit of \$25, additional postage/shipping, if any, will be billed separately.

Business Checking, Investment Account and Delayed Debit Gold MasterCard

Let Spiegel & Utrera, P.A. help you set up your new business checking account. In addition to a business checking account, the account also comes with an investment account and a delayed debit Gold MasterCard. Depending upon the day in the billing cycle when a charge is made, your account will continue to earn interest for up to 30 days from the date of purchase or until the balance of the debit card for that period is charged to your

account. In addition, with this account you have the ability to make deposits and withdraw funds from over 800 bank locations and other financial institutions in the United States. Multiple delayed debit Gold MasterCard's are available for use by your employees. Internet bill payments are free. No minimum balance is required to maintain your business checking account, however, there is an initial deposit of \$10,000 which is required to open the Business Checking, Investment Account and Delayed Debit Gold MasterCard. If you order your business checking, investment account and/or delayed debit Gold MasterCard from Spiegel & Utrera, P.A. at the time of forming your Limited Liability Company, the fee is \$249.95 to prepare all the necessary documentation and follow up until such time as your business checking, investment account and/or delayed debit Gold MasterCard has been established. If ordered after forming your Limited Liability Company, the fee is \$449.95.

TAX RELATED

Federal Tax ID Number

The equivalent of a social security number for a LLC. You will need it to operate your business and open a bank account for the LLC. We can obtain this number for you and the advantage of allowing us to get it for your LLC, is that we will deliver it with your LLC for only \$35 so you may open your bank account immediately. If you are a Foreign National without a United States Taxpayer Identification Number or a United States Social Security Number, the charge for the Federal Tax ID Number is \$125.

D & B Number - *Start Building Your Business Credit Immediately*

According to Dun & Bradstreet, the D & B number is widely used by both commercial and federal entities and was adopted as the standard business identifier for federal electronic commerce as early as October 1994. The D & B number was also incorporated in the Federal Acquisition Regulation (FAR) in April 1998 as the United States Federal Government's contractor identification code for all procurement-related activities. The D & B number is also known as the D-U-N-S® number and remains with the company location to which it has been assigned even if it closes or goes out of business. With that in mind, it is important to have a physical location for your business when obtaining the D & B number. D & B also states that the D-U-N-S® number also "unlocks" a wealth of valued-added data associated with that entity, including the business name, physical and mailing addresses, trade styles (fictitious name, assumed name, alternate name or DBA), principal names, financial, payment experiences, industry classifications (SICs [Standard Industry Classification] and NAICS [North American Industry Classification System]), socio-economic status, government data and more. The D-U-N-S® number also links members of corporate family trees worldwide. If ordered at the time of forming your company, Spiegel & Utrera, P.A. will obtain your D & B number, also known as your D-U-N-S® number, for \$50. If ordered later, the charge to obtain the D & B number, also known as your D-U-N-S® number, is \$75.

Individual Taxpayer Identification Number (ITIN)

An Individual Taxpayer Identification Number is a tax processing number only available for certain nonresident and resident aliens, their spouses and dependants who cannot get a Social Security Number. It is a 9-digit number, beginning with the number "9", formatted like a Social Security Number (NNN-NN-NNNN). Spiegel & Utrera, P.A. will prepare all the documentation necessary for you in order to obtain your Individual Taxpayer Identification Number. The charge for this service is \$125.

IRS Section 1244 LLC Membership Interests

This is another powerful tax provision which can be used by almost all LLC's taxed as a corporation. This special provision of the Internal Revenue Code allows you to deduct as an ordinary loss, rather than as a capital loss, a loss on the sale, trade or worthlessness of the stock in your LLC taxed as a corporation. The amount you can deduct as ordinary loss is up to \$50,000 per year or \$100,000 per year, if filing a joint return with your spouse. Generally, without 1244 stock, your loss would be limited to \$3,000 per year or \$6,000 per year, if filing a joint return with your spouse. An LLC taxed as a corporation that issues 1244 stock and elects to be an S corporation gives its shareholders the best of both possible worlds from a tax stand point. The issuance of 1244 stock costs only an additional \$50 when ordered with the formation of your LLC and comes with all the necessary documents, including corporate resolutions, 1244 plan and special stock certificates.

DELAWARE BUSINESSES

Delaware Business Registration

Whenever a LLC is filed in the State of Delaware, the LLC is required to file a Delaware Business Registration to obtain a Delaware Business License. We can initiate the documentation to register your business for you and deliver it with the LLC. The cost at the time of incorporating is \$100.

Delaware Department of Labor Registration

This is used to withhold Delaware Unemployment Taxes from your LLC's payroll. Generally, any employer who (a) pays wages of \$1,500 or more during any calendar quarter or (b) employ at least one person 20 days during such calendar year, must register and pay unemployment taxes on those wages. If you have any employees on the payroll, including yourself, you will need to register. We can initiate the paperwork for this registration for you and deliver it with the LLC. The cost at the time of incorporating is only \$35.

Delaware New Hire Reporting

Federal law requires all Delaware employers to report basic information about employees, who are newly hired, rehired, or who return to work after a separation from employment. You must submit a report for each newly hired employee. **Failure to report new hires within 20 days of their hire date may result in civil penalties.** We can provide you with a package of 6 New Hire Registration Forms for \$35. The forms are customized with your LLC's information, and you may re-use them for each person you employ.

SERIES LLC OPTIONS

Initial Series LLC Operating Agreement

A Series LLC Operating Agreement is crucial. It is entered into by the Member(s) and the LLC. The Series LLC Operating Agreement is designed to take advantage of the Series LLC concept by creating one or more series of interests, which will allow diverse business objectives. Furthermore, the Operating Agreement can provide for the future creation of additional classes or groups of members or managers not previously outstanding within a series and also can provide so that taking any action, including the amendment of the LLC Operating Agreement, requires the vote or approval of the members or managers or class or group of members or managers. A draft of this Agreement will be prepared as part of our service so that you may review the Agreement and make changes and discuss it with one of our attorneys. Normally, the fee to prepare such a comprehensive agreement of this nature would be \$2,000 or more. However, your cost is only \$349.95 with up to 4 members (additional members are \$50 each) if prepared in conjunction with the Series LLC formation process, \$449.95 thereafter for up to 4 members (additional members are \$50 each).

Additional Series Operating Agreement

Delaware law permits tremendous additional flexibility with a special type of LLC known as a *Series LLC*. The Series LLC is an entity where an LLC is formed (let's call it the "parent") and designated series (let's call them the "babies") of members, managers or limited liability company interests, each having separate rights, powers or duties with respect to specified property of the LLC, may be created "underneath" the "parent" LLC. This allows separation of ownership and liability for different business lines while retaining unified management. By doing so, each series can be treated, in many important respects, as if it is a separate and distinct business entity, restricting creditors' legal recourse to the assets of that particular series alone. Each of the series of assets in a series LLC can operate independently of the LLC in general and any other series and avoid their liabilities. Your initial Series LLC operating agreement includes one series. Additional series are \$349.95 if ordered at the time of formation of the Series LLC for up to 4 members (additional members are \$50 each), \$449.95 thereafter for up to 4 members (additional members are \$50 each).

Series LLC Members Restrictive Agreement for a Series Limited Liability Company IRA Account
We strongly recommend you enter into a Member Restrictive Agreement. This agreement is entered into by the Members and the LLC to enumerate and describe the rights and obligations of the Members to each other and to

the LLC. More particularly, it affords a right of first refusal where in the event a Member wants to transfer their Membership interest it requires approval and/or a buyout by the other Members.

A draft of this agreement will be prepared as part of our service, so you may review the Agreement, make changes and discuss it with one of our Attorneys. Please bear in mind that this Agreement is customized specifically for your LLC. Normally, the fee to prepare such a comprehensive agreement of this nature would be \$1,500 or more. However, your cost is only \$150 if prepared in conjunction with the formation of your LLC.

Member Divorce Protection Provisions in the Series LLC Members Restrictive Agreement for a Series Limited Liability Company IRA Account

Unfortunately, many eager entrepreneurs anticipate a successful business venture but never contemplate the “down side.” What happens if a member gets divorced? Will the membership interest remain with the member or get awarded to the spouse as part of the divorce settlement? What happens if member tries to convey or assign their membership interest to a spouse or former spouse to meet their obligations? A carefully drafted provision in the members restrictive agreement should afford a right of first refusal when a Member wants to transfer their membership interest by requiring a buyout of the membership interest by the other Members. Such a provision will protect the current members from potential ownership by divorced spouses or other possible sources of ownership conflict. For example, assume a company set up by husband John Smith, wife Pocahontas Smith, and son Al Smith. All are Members, and son Al is married to Patti Smith. What happens if Al and Patti Smith file for a divorce? Provisions in the Members Restrictive Agreement require that in the event of the filing of a divorce involving a Member of the company, a notice is sent to the other Members offering them a right of first refusal, which allow them to purchase Al Smith’s membership interest to avoid having Patti Smith as a member, especially after a nasty divorce. Furthermore, even if none of the Members want to buy the membership interest at issue, any transfer of membership interest would require unanimous consent of the other Members. Let us draft these special provisions to protect your company from divorce for an extra \$75 when ordered with the Members Restrictive Agreement at the time of formation or \$150 thereafter.

Series LLC Management Agreement

For greater certainty and to forestall potential disputes, the Members and Managers of an LLC may want the Operating Manager to enter into written Management Agreement between the LLC and its Manager(s). The Management Agreement should be drafted in such a way so that it conforms with the provisions of the LLC Operating Agreement and, in addition thereto, it will:

- Spell out the terms of employment, such as the duties, responsibilities and compensation of the LLC Manager(s).
- It states that the Manager(s) will not compete against the LLC for a specific period of time after leaving the LLC;
- Prohibit the Manager(s) from disclosing any of the LLC’s business records, computer data, trade secrets, methods of operation, et cetera;
- Prevent the Manager(s) from soliciting customers or clients of the LLC;
- Prevent the Manager(s), after leaving the LLC’s, from soliciting the LLC’s employees to work elsewhere.

The cost of the Management Agreement is just \$150, if ordered at the time of forming your LLC.

Sub Chapter S Tax Status for Single Member Series LLC

We strongly recommend that if you have a single member Series LLC, you elect to be taxed as a Subchapter S corporation. The reason is that when you have a single member limited liability company, if you do not elect to be specifically taxed as a corporation, the IRS taxes you automatically as a sole proprietor. This option is not in your best interest, as you will have to file Schedule C with your personal IRS form 1040 tax return which will have a much higher chance of being audited and you will not have the opportunity to take as many tax deductions as a Series LLC taxed as a corporation.

If you are a single member Series LLC, and the single member is an individual who is a citizen or permanent resident of the United States of America, or a Sub-S Corporation, our office can prepare the necessary

documentation for you Series LLC to elect to be taxed as a Corporation. We will also prepare the necessary documentation for the Series LLC to be taxed as an S Corporation, in order to receive the maximum tax benefits available to you. The fee for our office to prepare all your documentation is \$125.

If you are a single member Series LLC and the single member is an individual who is not a citizen or permanent resident of the United States of America, nor a Sub-S Corporation, our office can prepare the necessary documentation for your Series LLC to elect to be taxed as a Corporation. The fee for our office to prepare all your documentation is \$50. If you instead wish to be taxed as a partnership, then we would recommend that you consider adding another member, it could be a parent, a sibling, a child, or perhaps by forming another corporation to be the other member. The other member could have a very small percentage of ownership interest in the Series LLC and you could limit their ability to vote, it is therefore also important to prepare and enter into an Operating Agreement between the members, and Series LLC to clearly spell out all the terms and conditions between the members and the LLC.

Non-Voting Membership Interests

Allowing differences in voting rights is particularly advantageous to entrepreneurs who need to attract additional capital, but who also want to retain voting control over their LLC. For example, as a founding Member, you may want to have all of the voting membership interests so as to participate in the management of the LLC and control its operations, while transferring all of the non-voting membership interests to others so that they may share in the appreciation value and earnings of the LLC. Seasoned business-owners will instinctually recognize the value of such an agreement. We'll draft a special provision for your Articles of Organization and issue special certificates for non-voting membership interests. This item costs only an additional \$74.95 if ordered at the time of formation. Also, it's likely you'll want to protect yourself with a Members Restrictive Agreement.

Dual Class LLC

The Spiegel & Utrera, P.A. Lawyers Dual Class LLC is designed after IRS proposed regulations which allow an LLC to be deemed a partnership for Federal Income Tax purposes to have members/owners qualified as limited partners for Self Employment ("SE") tax purposes. The use by Spiegel & Utrera, P.A. of a Dual Class LLC ownership to distinguish between a manager and a non-manager class of ownership is used to allow the non-manager membership class to be treated as a limited partner class. More importantly, the Spiegel & Utrera, P.A. Dual Class LLC is structured to admit both active management providing members in addition to more passive, capital contributing members. For those LLC members who could qualify as both, they would own a portion of each class of the Spiegel & Utrera, P.A. Dual Class LLC.

The Spiegel & Utrera, P.A. Dual Class LLC is divided as follows:

Class A General Member Units: The smaller manager class receives a priority preferred return of income (for example, a management or sales fee arrangement) that is contingent on the profitability of the LLC. It may not be a fixed compensation amount or it will constitute a guaranteed amount which is prohibited.

Class B Limited Member Units: This portion of the LLC membership interests is the cash contributing members' interest and is structured as a non-manager class qualifying for limited partner status. This class receives a cumulative preferred-priority return of profits based on their unreturned capital contributions, whereas the smaller active manager class would not.

The cost of adding the additional features required of the Spiegel & Utrera Dual Class LLC is just \$300 for up to 4 members, additional members are \$50 each, if ordered at the time of forming your LLC and, as an added bonus, it includes the required Dual LLC Operating Agreement.

Dual Class Management Agreement

Every Dual Class LLC must enter into a written Management Agreement between the LLC and its Manager(s), the Manager(s) are generally Class A member(s) of the Dual Class LLC. The Management Agreement should be drafted in such a way so that it conforms with the provisions of the Dual Class LLC Operating Agreement and, in addition thereto, it will:

- Spell out the terms of employment, such as the duties, responsibilities and compensation of the LLC Manager(s).

- It states that the Manager(s) will not compete against the LLC for a specific period of time after leaving the LLC;
- Prohibit the Manager(s) from disclosing any of the LLC's business records, computer data, trade secrets, methods of operation, et cetera;
- Prevent the Manager(s) from soliciting customers or clients of the LLC;
- Prevent the Manager(s), after leaving the LLC's, from soliciting the LLC's employees to work elsewhere.

The cost of the Management Agreement is just \$150, if ordered at the time of forming your Dual Class LLC.

Special Purpose Limited Liability Company for Self-Directed IRA Account

The strategy for using a Spiegel & Utrera, P.A. Special Purpose LLC for Self-Directed IRA Account involves forming an LLC with the self-directed IRA as an owner (or "member") of the LLC. Funds are transferred to the LLC which, in turn, purchases and holds title to real estate. The creation of a self-directed IRA or IRA LLC enables you to choose what you would like to invest your money in. When you are the manager of an LLC, you have "checkbook control." That means that every time you are going to invest in a new property you don't have to have the custodian approve the transaction.

However, a special purpose LLC formed for a self-directed IRA owner has to comply with the Internal Revenue Code, Employee Retirement Security Act of 1974 (ERISA) and corresponding regulations. Such self-directed IRA owner is solely responsible for avoiding prohibited transactions and should seek the counsel of licensed attorneys and accounting professionals.

For example, if you, your wife and children have an existing LLC in which you are the only owners (e.g., 100% ownership by disqualified persons) then your IRA cannot invest in that LLC. You could, however, create a new LLC and have both your IRA and the existing LLC invest into it as founding members at the same time.

The cost of adding the additional features required of the Spiegel & Utrera, P.A. Special Purpose LLC for Self-Directed IRA Account is just \$518.90 for up to 4 members, additional members are \$50 each if ordered at the time of forming your LLC and, as an additional bonus, it includes the required Special Purpose LLC for Self-Directed IRA Account Operating Agreement.

Special Purpose Limited Liability Company for Self-Directed 401(K)

Why Limit your 401(k) investments when you can have self-direction? A strategy involves forming a single-owner limited liability company ("LLC") with a 401(k) Plan. Plan funds would be used either to purchase real estate or other assets directly or to create a holding company which in turn would purchase such assets. When you are the administrator of the LLC's 401(k) Plan, you have "checkbook control". That means that every time you are going to invest in a new property you don't have to have the plan custodian approve the transaction. You will want to contact a financial advisor to help you select and set up the right 401(k) Plan for you.

The operating agreement for your LLC would allow your self-directed 401(k) Plan to choose what you would like to invest your money in. The operating agreement for the Special Purpose Limited Liability Company for Self-Directed 401(k) Account has to comply with the Internal Revenue Code, Employee Retirement Security Act of 1974 (ERISA) and corresponding regulations.

As a result of such laws, the 401(k) Plan cannot invest in foreign-owned assets or transactions involving a "disqualified person". Disqualified persons include the 401(k) account owner, the spouse of the 401(k) account owner, the 401(k) account owner's descendants, ascendants and spouses of descendants. That means a father, mother, grandfather, grandmother, son, daughter, grandson, and granddaughter of the 401(k) owner are disqualified. However, a brother, sister, uncle, aunt or cousin are not disqualified. Also the court in *Rollins V. Comm'r, T.C. Memo 2004-260*, ruled that a prohibited transaction was created when an entity that was owned partially by an IRA made a loan to another entity that was owned (33%) by the IRA owner! Of course, you should seek the counsel of licensed attorneys and accounting professionals before proceeding.

The cost of adding the additional features required of the Spiegel & Utrera, P.A. Special Purpose LLC for Self-Directed 401(K) is just \$518.90 for up to 4 members, additional members are \$50 each if ordered at the time of

forming your LLC and, as an additional bonus, it includes the required Special Purpose LLC for Self-Directed 401(k) Operating Agreement.

PROTECT YOURSELF!

Indemnification Agreement

We strongly recommend that you include special provisions in your Articles of Organization and additional agreements which trigger this important protection requiring the Company to indemnify and hold harmless its Officers from any actions they take on behalf of the Company. If an Officer is ever sued for actions taken on behalf of the Company, these provisions require that the Company be held responsible, as agreed upon by the Officers and the Company. These important provisions and agreements cost only an additional \$75 when ordered with your Company.

Lender's Agreement & Promissory Note

Initially an LLC needs a cash infusion. Additionally, the LLC may require a continuing advance of funds for some time. Its important to minimize the amount of money a member is required to pay for the membership in the LLC because the members could be held personally liable by the LLC and/or the creditors of the LLC for not contributing all the funds the members had initially agreed to contribute to the LLC. How does the LLC get the money? After the initial purchase of its membership interests, generally, the LLC has two choices for obtaining additional money: (1) members can contribute additional funds for their membership interest (not the preferred method as previously stated) or (2) loan money to the LLC. Lending money to the LLC is the preferred method to advance money to the LLC because the lender is seen as a creditor of the LLC. The lending of money to the LLC is accomplished with a Lender's Agreement and a Promissory Note. Both of these instruments together provide for an initial amount of a loan to the LLC and also provide for future advances of money the lender might make to the LLC. In the event of failure of the business, the loan will be fully tax deductible by the lender as a bad debt. The fee for the Lender's Agreement and Promissory Note, if ordered at the time of the formation of your LLC, is only \$75.

Security Agreement for LLC

Once you have decided to use the Spiegel & Utrera, P.A. Lenders Agreement and Promissory Note, the next step is to collateralize the personal property assets of the company in favor of you, the lender with a Security Agreement. A Security Agreement is a contract between a lender and borrower. The Security Agreement gives the lender a security interest and the right to repossess personal property that a borrower has offered as collateral if a note is not paid per its agreed terms. This right is superior to all subsequent creditors provided the lien given by the Security Agreement is perfected. The Security Agreement available from Spiegel & Utrera, P.A. is complete and includes provisions relating to type of collateral being secured, address where collateral will be kept, executing further documents, events that shall constitute a default, assignment of secured collateral by holder, a listing of events that would constitute default by the borrower and the rights of the lender should the borrower default. Provided you have ordered the Spiegel & Utrera, P.A. Lenders Agreement and Promissory Note, the fee for the Security Agreement, if ordered at the time of forming your LLC, is an additional \$75.

Perfecting the Lien Created by the Security Agreement - Uniform Commercial Code

Liens against personal property are perfected differently than liens on real property. The use of the phrase "personal property" does not mean property owned personally by the owner of a business. Instead, the term refers to all property used inside or outside of a business (with the exception of real property) including equipment, furniture, inventory, etc. To perfect a lien against personal property used in a business, strict adherence must be followed pursuant to the Uniform Commercial Code, documentation must be created, executed and filed with the appropriate government agencies. Once recorded, the Uniform Commercial Code makes a lien valid and serves as notice that the lien exists. Usually, the first recorded lien takes priority. Provided you have ordered the Spiegel & Utrera, P.A. Lenders Agreement and Promissory Note and the Spiegel & Utrera, P.A. Security Agreement, the documentation required to perfect the lien under the Uniform Commercial Code is \$75, if ordered at the time of forming your LLC.

Service Agreement

If your LLC is a service business, you'll need a Service Agreement.

The bedrock foundation of many service businesses is a customized written agreement entered into with its customers. Many franchises sold for tens of thousands of dollars are business formats revolving around a Service Agreement. The key with a Service Agreement is to make it work as a marketing tool offering the business services in the widest variety of formats to your customers. For example, a one-time use customer needs to be converted to a monthly, quarterly or annual type repeat customer. At Spiegel & Utrera we want to help you get, and keep, your customers while looking professional and at the same time maximizing each sale with a friendly service agreement. A Service Agreement starts at \$367.95 up to \$897.95 depending upon its complexity if ordered at the time of forming your LLC. We will prepare a draft of your Service Agreement and deliver the draft by fax or email to you for your review. Once you have had an opportunity to review the Service Agreement we will meet over the telephone to discuss the various aspects of the draft Service Agreement. Thereafter, Spiegel & Utrera will make changes to the Service Agreement to finalize it. Once the Service agreement has been finalized and delivered to you, you should take it to your printer to be printed and padded so it will always look professional and non-negotiable.

TAX SAVING LEASE AGREEMENTS

Home Office Lease

Agreement detailing the leasing of office space by a homeowner or tenant with a LLC for use as the LLC's principal place of business. The typical tax savings under this agreement can exceed \$1,200 per year. The Home Office Lease is only \$150 when ordered with your LLC, and as an added bonus to our clients, we draft the Lease in such a manner that it is automatically renewable from year to year at no additional charge. We do not recommend a home office lease for a single owner corporation or single owner limited liability company or a where husband and wife file a joint tax return and are the only owners of the corporation or limited liability company.

Motor Vehicle Lease

If you use your vehicle for business purposes, it is usually much more advantageous to keep the vehicle in your name and lease the vehicle to the LLC. The typical tax savings under this type of arrangement ranges between \$1,500 and \$3,000 per tax year. As an added bonus to our clients, we draft the lease in such a manner that its automatically renewable from year to year at no additional charge. We can prepare the lease for only \$150 when ordered with formation of your LLC. We do not recommend a motor vehicle lease for a single owner corporation or single owner limited liability company or where a where husband and wife file a joint tax return and are the only owners of the corporation or limited liability company.

Office Equipment Lease

A lease which details the leasing of office equipment by a business. Once again, by leasing equipment to the LLC, you create a legitimate business expense for the LLC and a Tax Deduction. Typically, the tax savings under this type of arrangement can exceed \$1,000 per tax year. As an added bonus to our clients, we draft the lease in such a manner that it's automatically renewable from year to year without additional charge. The cost for an Office Equipment Lease is only \$150, when ordered with the formation of your LLC. We do not recommend an office equipment lease for a single owner corporation or single owner limited liability company or a where husband and wife file a joint tax return and are the only owners of the corporation or limited liability company.

EMPLOYEES / INDEPENDENT CONTRACTORS

Employee Benefits and Policies

If you are using employees in your business, it is important to have written Benefits and Policies. Let us prepare your Employee Benefits and Policies. Unlike the Employment Agreement, the Employee Benefits and Policies creates an understanding of the entitlements of the employee relative to the policies of the business and provides

protection for the business. The Employee Benefits and Policies will be customized for your business and are designed to cover:

- Vacation
- Absences, including vacation, sick time, time off for injury, death in family, jury duty, excused absence, military leave and emergency situations
- Holidays
- Equal Employment Opportunity
- Drug and Alcohol Abuse Policy
- Payday and Pay Period
- Overtime
- Internet and Email Policy
- Sexual Harassment
- 90-Day Training/Probation Period
- Forfeiture of Commission, Incentive Compensation and Bonuses relating to failure to complete the initial employment period
- Business Hours
- Moonlighting Restrictions
- Honesty
- Pornography at Work
- Medical Insurance
- COBRA
- Timecards
- Departure from Employment with Notice or Without Notice
- Dress at Work
- Business Cards
- Parking
- Keys
- Alterations or Modifications
- Other benefits and/or policies which may be of special interest to your business

By having the customized Employee Benefits and Policies, the business has clearly communicated to its employees the Employee Benefits and Policies in effect at the business and how the Employee Benefits and Policies are to be followed so that there are no surprises. For example, relating to an employee who leaves the business without giving adequate notice who then would only be entitled to be paid at the minimum wage for any time due and owing and forfeiting any vacation days, sick days, commissions, incentive compensation and/or bonuses.

The Employee Benefits and Policies may be re-used by the business as it hires additional employees. The cost of the Employee Benefits and Policies is just \$167.95 if ordered now with the formation of your company.

Employment Agreement

If you are using employees in your business, it is important to have a written Employment Agreement to document the conditions of Employment. An Employment Agreement can be very advantageous for a business and should be required for all employees, whether new or existing. It creates a clear understanding of the arrangement between the employee and the LLC and provides protection for the business. The Employment Agreement also contains other important provisions:

- It spells out the terms of employment, such as the duties, responsibilities and compensation of the employee.
- It states that the employee will not compete against the LLC for a specific period of time after leaving its employment.
- It prohibits the employee from disclosing any of the LLC's business records, computer data, trade secrets, methods of operation, et cetera.
- It prevents the employee from soliciting customers or clients of the LLC.
- It prevents an employee, after leaving the LLC's employment, from soliciting the LLC's employees to work elsewhere.

The Employment Agreement is prepared in such a way that you can use it over and over again to avoid additional costs in the future. By having this Employment Agreement, the LLC is given substantial clout in preventing an employee from joining a competitor, or competing against the LLC and disclosing business secrets to anyone. The Agreement may be re-used by the LLC as it hires additional employees, the cost of the Employment Agreement is just \$150 if ordered with the formation of your LLC.

Independent Contractor Agreement

There are many reasons for using Independent Contractors, however, simply verbally stating that a worker is an Independent Contractor is not enough according to the IRS. Certain criteria must be met. The IRS considers 11 factors in three specified areas: Behavioral Control, Financial Control and Type of Relationship. So, before you engage the services of an Independent Contractor, it is essential that you document that relationship with a written Independent Contractor's Agreement. Otherwise the IRS could hold your Company and you personally liable for the Independent Contractor's Income Tax, Social Security, Medicare Tax and Federal Unemployment Tax- which should have been withheld. As a signatory on the check used to pay the Independent Contractor, you could be held personally liable for these taxes. The Independent Contractor's Agreement also contains other important provisions:

- It spells out the duties, responsibilities and compensation of the Contractor.
- It states that the Contractor will not compete against the Company for a specific period of time thereafter the project is completed.
- It prohibits the Contractor from disclosing any of the Company's business records, computer data, trade secrets, methods of operation, et cetera.
- It prevents the Contractor from soliciting customers or clients of the Company.
- It prevents the Contractor, after leaving the Company, from stealing the Company's employees.

For a detailed explanation of the Benefits of using Independent Contractor Agreements, including a breakdown of the 11 factors the IRS analyzes and Industry examples provided by the IRS, please refer to document 239 of

Spiegel & Utrera's Free Faxback Service, call (800) 303-3300 and follow the prompts. We can provide an Independent Contractor's Agreement that covers all the legal requirements and many business advantages for your Company for only \$150 if ordered with the formation of your LLC.

LEASE/AGREEMENT CONSULTATIONS

Avoid costly mistakes, **always**, *always*, always have any type of Agreement/Lease or otherwise legally binding agreement reviewed by an Attorney BEFORE you sign it. We offer Consultations at all of our offices and over the phone for \$100 per half hour or a fraction thereof. For your convenience, you can fax us the documents that need to be reviewed and the attorney can advise you over the phone. Some of the topics you may wish to discuss include:

Real Estate Purchase Reviews: Review of purchase/sale agreements associated with the purchase of real property.

Business Purchase Review: Review of purchase/sale agreements associated with the purchase or sale of a business.

Commercial Lease Reviews: Including Business Spaces such as: Offices, Stores, Warehouses, and Commercial Lofts.

Our staff has many years of experience representing Tenants. Having your lease reviewed BEFORE you sign on the dotted line can save you thousands of dollars.

Have you considered:

- Rentable vs. Usable Space
- Reasonable Rental Rates
- Free Rent
- Best Length of Lease
- Options to Extend the Lease & Purchase of the Premises
- Leasing contiguous space for expansion
- Assignment and Subletting
- Caps on Rent increases and expenses demanded by Landlords
- Repair Responsibilities
- Exclusivity of Tenant's Business
- Early Termination Rights
- Personal Guarantees (should you or should you not sign one?)
- Renewal Terms
- Zoning Issues
- Landlord build out costs
- Change of Control of Tenant
- Signage Protection

SHIPPING INFORMATION

Company Packages generally weigh approximately 4 pounds and are available for Pick up at our office or may be shipped to you via Ground (2-3 business day) Service for a charge of \$17.95 or via Overnight Delivery for a charge of \$30.95. Please note, shipping and handling charges outside Delaware will vary.

SPEED OF SERVICE OPTIONS

SAME DAY SERIES LLC SERVICE

If you need your LLC formed very urgently, for an additional \$700 (due to higher state filing fees) we can expedite the registration of the LLC and the preparation of the LLC records and the LLC package will be ready the same day. Please be aware that your order must be finalized with full confirmed payment and oral communications between yourself and our office prior to 1:00 p.m., Delaware time, the day of the shipment.

NEXT BUSINESS SERIES DAY LLC

If you need your Company formed urgently, for an additional \$200, we can expedite the registration of the Company, the preparation of the Corporate Records and the Corporate Package will be ready on the next business day.

3 BUSINESS DAY SERIES LLC

If you need to incorporate fast, we offer a 3 Day Incorporation Service for an additional \$125. We will expedite the registration of the Company, the preparation of the Corporate Records and the Corporate Package will be ready on the 3rd business day.

REGULAR SERVICE SERIES LLC

The Company Package is complete and includes Certificate of Organization, By-Laws, Company Book, Company Seal, Preliminary Name Search, State Filing Fees, and Attorneys Fees. Any additional documents or agreements you may order will also be delivered with your Company Records book. We complete your paperwork the same day you place your order and speak with us. Then your documents are immediately sent to the State of Delaware for filing. The State of Delaware files the documents received from us according to their own work flow schedule. This process varies depending on the time of year but generally takes 4 to 6 weeks. So if you need your company sooner select one of our expedited services.

An Important Note about our RUSH SERVICES

We offer two levels of rush service. When you opt for one of our rush services, we guarantee to promptly deliver your Limited Liability Company to the State for processing, however, if the State is backlogged, you may experience a delay in receiving your documents. We strive to have all rush orders ready as soon as humanly possible, however if time is of the essence you may opt for one of our Reddi LLC's which are ready for immediate delivery.

OTHER SERVICES: *Please call for pricing and ordering.*

Voting Trust: Allows a group of members of a LLC to vote as a unit.

Stock Options: Provides the opportunity to purchase membership interests in your LLC at a pre-determined price and is frequently used to control blocks of Ownership.

Trademark: Protection of a name, symbol, or slogan used by a LLC.

Copyright: Protection of literary, dramatic, musical, or artistic works.

Franchise Agreement Review: Review of agreements associated with the purchase of a franchise.

Spiegel & Utrera, P.A. also has Private Stock Offerings, Buy-Sell Agreements, Contracts, Registered Agent Services, Non-Profit Corporations, Articles of Religion, Limited Liability Companies, Limited Partnerships, Limited Partnership Agreements, Fictitious Name Registrations, Trademark Searches, Trademark Registrations, Copyright Registrations, and More!

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