

THANKS FOR INQUIRING!

***Just think - you can form a Limited Liability Company
right over the phone, or online. It's easy. It's quick.
And you'll save a substantial amount of money.***

Listen, we are glad you inquired about our services regarding the formation and registration of a Company in the State of California. In our experience, the most **tax advantageous** type of company for Non Residents of the United States is the Limited Liability Company (in some Countries this is referred to as "Sociedad de Responsabilidad Limitada). Similar to a Sub Chapter S Corporation for Citizens of the U.S., in a Limited Liability Company, the earnings flow directly to the owners, thereby eliminating Corporate Income Taxes. A regular corporation would be subject to Federal Corporate Income Tax in addition to the State Corporate Income Tax.

Let us explain:

The Limited Liability Company which chooses to be taxed as a Partnership, (hereinafter the "LLC") is **exempt from Federal Corporate Income Taxes**. In recent years, the LLC has become a very popular form of business due to this tax advantage.

For Example:

Regular Corporate Status:
Taxable Income **\$1,000,000.00**
Less Corporate Tax \$340,00.00
Distribution to Owners **\$660,000.00**

Limited Liability Company Status:
Taxable Income **\$1,000,000.00**
Less Corporate Tax \$0.00
Distribution to Owners **\$1,000,000.00**

We will form your Limited Liability Company under the personal direction of a qualified attorney who makes certain that all requirements are met.

For one low fee of \$114.95 you get...

- **Articles of Organization**
- **Company Minutes**
- **Corporate Kit**
- **Membership Certificate**
- **Company seal**
- **And a preliminary name search.**

Included in this fee are the attorney's fee and the State of California filing fee.

The main advantage of the LLC is that it is not burdened with the numerous restrictions imposed on an S corporation. An LLC may have more than 75 members; and as few as one. Its Membership interests may be held by corporations, partnerships, Non Resident Aliens, trusts, pension plans and charitable organizations; the LLC may make special allocations, thereby avoiding the single class of stock requirement applicable to S corporation; and it may own more than 80% of the stock of a corporation and, therefore, may be a member of an affiliated group. When forming an LLC, we strongly recommend the owners obtain the maximum protection permitted by current Laws. The best way to protect yourself is to enter into an Indemnification Agreement and Operating Agreement at the time of the filing of the LLC. For example, you may include in your Articles of Organization a special provision to protect the officers from any actions they take on behalf of the Company called Indemnification. With an Indemnification Agreement, the LLC agrees to indemnify and hold harmless its Operating Managers (those who act as agents of the LLC and represent the LLC's interest in day to day business transactions).

Once the Indemnification Provisions are in effect, the LLC is responsible should there be any legal action taken against its representative for actions taken on behalf of the LLC. In other words, the Company would have to pay any legal fees or liabilities assessed against its Management Staff. The Indemnification Agreement is only \$75.00 when ordered at the time of Organization. Under current California law, an **Operating Agreement is required**. The Operating Agreement sets forth, the business of the Limited Liability Company, its general operation and conduct of its affairs including its rights, powers, preferences, limitations or responsibilities of its members, managers, employees or agents.

For your convenience, we have attached a detailed explanation of the Limited Liability Company Structure, and brief descriptions of some of the most important items. Should you have any questions regarding this matter, please do not hesitate to contact our office by phone at 323 936 3400, toll free at 1 888 520 7800, fax 323 939 5600 or via e-mail at email@amerilawyer.com .

Good luck with your business!

Spiegel & Utrera Staff

Questions? Please call us at:
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Limited Liability Company Detailed Explanation:

The LLC is a hybrid entity that is taxed as a partnership while providing limited liability protection for all of its members. For federal tax purposes, an LLC, like a partnership, is a pass-through entity; thus, its income and losses are taxed only at the member level. It may be composed of only one member or more than one owner. However, all members of an LLC, like the shareholders of an S corporation, have limited liability for the LLC's debts and claims against the LLC. No member will be burdened with the personal liability of a general partner. An LLC taxed as a partnership may also have advantages over an S corporation with respect to the amount of deductible losses. The amount of an S corporation shareholder's deductible losses is limited to the sum of the shareholder's basis in his stock and any loans from the shareholder to the corporation. In contrast, a partner can deduct losses in an amount up to the sum of his basis in the partnership interest, his allocable share of partnership income, and his allocable share of qualifying partnership debt.

How the taxes work is simple. For example, each of 10 individuals contribute \$100,000 to a newly formed entity to acquire an office building. The entity borrows from a bank an additional \$5,000,000 as the balance of the building's \$6,000,000 purchase price. If the entity is taxed as an S corporation, each shareholder's loss deductions are limited to \$100,000. However, if the entity is an LLC taxed as a partnership, each member can deduct losses up to \$600,000 (\$100,000 basis plus \$500,000 share of entity's debt). These losses may then be used by the individuals to offset other income they may have from other sources.

State of California Limited Liability Company Franchise Tax Requirement:

The Franchise Tax Board of the State of California states:

Every limited liability company which is doing business in California or has filed Articles of Organization or an Application for Registration with the Secretary of State's Office is subject to the annual limited liability franchise tax of \$800. A domestic LLC has until the 15th day of the 3rd month after the month in which its articles of organization were filed with Secretary of State to pay the first year annual tax. Thereafter, the annual tax is prepaid for the privilege of doing business in California and is due on the 15th day of the 4th month after the beginning of the taxable year. LLCs must file form FTB 3522, Limited Liability Company Tax Voucher, to pay the annual tax. The tax must be paid for each taxable year until a Certificate of Cancellation is filed. Questions regarding franchise tax requirements must be directed to the Franchise Tax Board.

SPIEGEL & UTRERA, P.C. is your **one** source for business legal services.

Operating Agreement & Franchise Tax Requirement

In the State of California, an **Operating Agreement** is **required** and should be adopted in conjunction with the filing of the Company.

California Corporations Code Section 17050, part A states:

"In order to form a limited liability company, one or more persons shall execute and file articles of organization with, and on a form prescribed by, the Secretary of State and, either before or after the filing of articles of organization, the members shall have entered into an operating agreement."

In a one Member LLC, the Operating Agreement sets forth, the business of the Limited Liability Company, its general operation and conduct of its affairs including its rights, powers, preferences, limitations or responsibilities of its members, Officers, employees and agents.

In addition to the provisions stated above, if the LLC has more than one member, the operating agreement functions as a partnership agreement between the owners. The agreement is entered into by the owners to define their duties and responsibilities to each other and to the Company.

Just look at it's many provisions:

- Provides a framework for the settlement of disputes between owners.
- Prevents an owner from transferring the owner's Membership Interest to a third party without first offering it to existing owners.
- Provides a framework for the purchase and transfer of an ownership interest in the Company by the remaining Members in the event a Member dies, or becomes disabled.
- Prevents an owner from competing against the Company both now and as an ex-owner for a stated period of time.
- Requires owners to maintain the confidentiality of all customer names and other Company records.
- Prevents an owner from impairing the goodwill of the Company.
- Prevents an owner from soliciting customers of the Company except for the Company's business.

Obviously, this is a very thorough Contract. It is drafted by our attorneys and used by business owners such as yourself. This agreement is very versatile and an absolute necessity for a company with multiple owners. Remember the old adage, "An ounce of prevention is worth a pound of cure."

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Once your Limited Liability Company order is received, one of our attorneys will contact you directly to discuss any further questions you may have.

Single Member LLC for U.S. Citizens or Permanent Residents.

If you are a single member 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 LLC to elect to be taxed as a Corporation. We will also prepare the necessary documentation for the 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.

Single Member LLC for NON U.S. Citizens or Permanent Residents.

If you are a single member 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 LLC to elect to be taxed as a Corporation. The fee for our office to prepare all your documentation is \$125. 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 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 LLC to clearly spell out all the terms and conditions between the members and the LLC.

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 if ordered at the time of forming your LLC and, as an added bonus, it includes the required Dual LLC Operating Agreement.

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). Provided the Manager(s) are LLC member(s),
- It states that the Manager(s) will not compete against the LLC for a specific period of time after leaving the LLC;

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- 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.

Optional Services

General Counsel & Registered Agent Service

Our firm has what we call the "General Counsel Service". For an annual fee of only \$139.95, you get unlimited telephone consultations all year long on all your legal matters, both business and personal, plus our firm will prepare the Notice and Minutes of your corporation's Annual Meeting of Shareholders or Directors or your LLC's Annual Meeting of Members or Managers; our firm will comply with all statutes and applicable laws relating to your corporation's or LLC's Registered Agent & Registered Office; our firm will review all mandatory State corporation or LLC filing documents as required by the Secretary of State; our firm will act as your corporations' or LLC's General Counsel; 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. Select this valuable service at the time of ordering your corporation or 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.

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 regular price of Detours and Contradictions is \$16.50 but if you order when forming your LLC, the price is just \$13.50, almost a 20% saving. 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.**

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 is only \$367.95 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.

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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 may be a minimum opening balance depending upon the features that you select. 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 OPTIONS

Federal Tax ID Number

The equivalent of a social security number for an 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.

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 Corporate Stock / 1244 LLC Membership Interests

This is another powerful tax provision which can be used by almost all corporations and 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 corporation or 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. A corporation or 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 corporation or LLC and comes with all the necessary documents, including corporate resolutions, 1244 plan and special stock certificates.

California Unemployment Tax Account Number

This number is used to withhold California Unemployment Taxes from your Company's payroll. If you have any employees on the payroll, including yourself, you will need this account number. We can initiate the paperwork for this account number for you and deliver it with the Company. The cost at the time of incorporating is only \$35.

California Sales Tax Number

If you sell goods or taxable services, this is your Seller's Permit and Registration as a retailer with the State of California. This account number also allows you to buy goods for resale or export and not pay any State sales tax. The fee to initiate the paperwork for you to obtain this number is \$35. when included as part of your incorporation package.

California Statement of Information - Limited Liability Company

Every California limited liability company shall file an initial Statement of Information with the State of California within 90 days after filing its original Articles of Organization. A limited liability company is required to file this statement even though it may not be actively engaged in business at the time this statement is due. Failure to file this Statement of Information by the due date may result in the assessment of a \$250 penalty. The fee to have Spiegel & Utrera, P.C. complete and file your limited liability company's initial Statement of Information with the State of California is \$100 if ordered along with the formation of the limited liability company.

Certified California Limited Liability Company Statement of Information

Many times Limited Liability Companies are requested to provide to banks, government agencies and licensing authorities certified copies of the Initial California Limited Liability Company Statement of Information. Save time, obtain your certified copy of initial California Limited

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Liability Company Statement of Information as part of the organization process. The charge for the certified copy of the initial California Limited Liability Company Statement of Information is \$195 if ordered at the time of formation of your Limited Liability Company.

California Retailer's Resale & Exemption Certificates

State and local tax laws require that vendors have in their files properly executed Exemption Certificates given to them in good faith by all of their customers who claim California Sales Tax Exemption. We can prepare a set of Exemption Certificates for you to give to vendors from whom you intend to buy goods for either resale or export to be exempt from paying State or local sales taxes. The fee for a set of 6 Re-Usable Certificates is only \$35. when ordered in conjunction with the Company.

California New Hire Reporting

Federal law requires all California employers to report basic information about employees, who are newly hired, rehired, or who return to work after a separation of 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.** *There may be a \$24 fine per each newly hired employee or, if the State determines there is a conspiracy between employer and employee not to report the penalty can be up to \$500 per newly hired employee.* We can provide you with a package of 6 New Hire Registration Forms for \$35. The forms are customized with your Corporation's information, and you may re-use them for each person you employ.

California Limited Offering LLC Membership Exemption Registration (Mandatory Under California Law)

The owners of an LLC may be referred to as Members or Owners. Documents indicating the ownership of an LLC may be referred to as membership certificates or securities. These terms simply signify the percentage of ownership you have in your LLC. A person cannot own an LLC without being issued membership interests.

All membership interests issued by California LLC's must comply with the LLC Securities Laws of the State of California. The regulations governing LLC Securities are very strict. Whenever you form an LLC and you decide who the owners of the LLC will be, you are determining who the members of the LLC will be as listed on the membership certificates we include with your LLC Records Book. Your LLC must file a "Notice of Transaction" with the State of California, advising the State that newly created membership interests have been issued. **The registration of the membership interests in your LLC is mandatory and in order to comply with California State law, the Notice of Transaction must be registered with the State of California within 15 days of the issuance your membership interests in the LLC; otherwise, the State of California can fine you up to \$2,500.** As long as the initial value of the securities or membership interest is less than \$25,000, we can file your registration along with your LLC formation documents for an additional \$75.

Please note: *State filing fees vary for LLC membership interests at higher amounts, you may increase the value at any time, however as long as the initial value is under \$25,000 you may take advantage of the lowest filing fee the state offers.*

Allow Your LLC to be Taxed as a Regular Corporation

If you are not a Citizen or Permanent Resident of the United States or do not qualify to be taxed as an S Corporation, this is the most tax advantageous type of LLC you can have in California. A regular LLC is subject to a California LLC Initial Prepaid \$800 Franchise Tax and Annual California LLC fee which can be as much as \$11,790. A California LLC structured to be taxed as a Regular Corporation does not pay any Federal Corporate Income Tax, so the earnings of the LLC flow directly to the owners. The fee to prepare the documents for your California LLC to select to be taxed as a Regular Corporation is \$125 if ordered at the time of forming your LLC and you must order an LLC Operating Agreement which is \$99.95 because it is in part through the Operating Agreement that we are able to structure your LLC to avoid the Initial Prepaid LLC California Franchise Tax of \$800 and the Annual California LLC fee which can be as much as \$11,790 per year.

Allow Your LLC to be Taxed as an S Corporation

If you are a Citizen or Permanent Resident of the United States, this is the most tax advantageous type of LLC you can have in the California. A regular LLC is subject to a California LLC Initial Prepaid \$800 Franchise Tax and Annual California LLC fee which can be as much as \$11,790. A California LLC structured to be taxed as a Sub-Chapter S Corporation does not pay any Federal Corporate Income Tax, so the earnings of the LLC flow directly to the owners. The fee to prepare the documents for your California LLC to select to be taxed as an S Corporation is \$125 if ordered at the time of forming your LLC and you must order an LLC Operating Agreement which is \$99.95 because it is in part through the Operating Agreement that we are able to structure your LLC to avoid the Initial Prepaid LLC California Franchise Tax of \$800 and the Annual California LLC fee which can be as much as \$11,790 per year.

SPEED OF SERVICE OPTIONS

REDDI LLC

If you need a LLC immediately, we have many California LLC's, both current year and aged, which are ready for delivery. This is the best option for clients who need a LLC within 2 business days. For more information and a complete list of all our Reddi or Shelf LLC's call our office at (888) 520-7800 for details.

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2 BUSINESS DAY LLC

If you need your LLC formed urgently, for an additional \$560.00, we can expedite the preparation of the LLC records and file your LLC within 24 hours. The State of California under this process guarantees the LLC will be filed and completed by their office within 24 hours. Once our office receives your filed documents we prepare the rest of your LLC Records including your LLC Seal, and ship to you in 2 business days. If you request under this class of service, we will also fax your filed articles of organization to you on the 2nd business day of your order.

5 BUSINESS DAY LLC

If you need your LLC formed quickly, for an additional \$460.00, we can expedite the preparation of the LLC records and file your LLC. Our office receives your filed documents within 5 days of their filing, then we prepare the rest of your LLC Records including your LLC Seal, and ship to you in 5 business days. If you request under this class of service, we will also fax your filed articles of organization to you on the 5th business day after your order.

10-20 BUSINESS DAY CORP

If you need your LLC formed quickly and economically, for an additional \$75 we can expedite the preparation of the company records and file your LLC within 24 hours. Once our office receives your filed documents back from the Secretary of State, we prepare the remainder of your LLC records, including your LLC seal, and ship to you right away. Please bear in mind that the 10-20 business day LLC is always subject to the processing schedule of the State of California. If you request this class of service, we will also, upon your request, fax or email your filed Articles of Organization to you.

REGULAR SERVICE

The LLC Package is complete and includes Certificate of Organization, LLC Book, LLC Seal, Preliminary Name Search, State Filing Fees, and Attorneys Fees. Any additional documents or agreements you may order will also be delivered with your LLC Records book. We complete your documents the same day you place your order and speak with us. Then your documents are immediately sent to the State of California for filing. The State of California 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 2 to 4 weeks. So if you need your LLC 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 Corps** which are ready for immediate delivery.

PROTECT YOURSELF!

Lender's Agreement & Promissory Note

Generally, members of an LLC must note in their Corporate Records book, their initial capital contributions to determine their membership interest in the Limited Liability Company. We strongly recommend that our clients minimize contributions made into their LLC since the possibility exists that they could be held personally responsible for failure to make that initial capital contribution. One of the ways to put additional money into the LLC and still have a leg up on creditors is to enter into a lender's agreement and promissory note. This allows Owners to designate funds advanced to the company as loans instead of capital contributions. By executing a Lender's Agreement and Promissory Note immediately after organizing, you can allow for initial and future advances of funds to the company and these funds would be considered money owed to the members by the LLC instead of being considered capital contributions. The fee for a Lender's Agreement and Promissory Note at the time of incorporating is only \$75.

Indemnification Agreement

We strongly recommend that you include special provisions in your Articles of Organization and Company paperwork which significantly increase the Officers' protection in the Company and which require 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 hold the Company responsible, as agreed upon by the Members and Officers. Adding these provisions costs only an additional \$75. if ordered at the time of Incorporation.

Apostille

A Notarized copy of the Articles of Organization is \$ 275. This is usually used to provide proof of Incorporation when doing business with Foreign Countries.

Questions? Please call us at:

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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 Company 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 Company for a specific period of time after leaving its employment.
- It prohibits the employee from disclosing any of the Company's business records, computer data, trade secrets, methods of operation, et cetera.
- It prevents the employee from soliciting customers or clients of the Company.
- It prevents an employee, after leaving the Company's employment, from soliciting the Company's employees.

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 Company is given substantial clout in preventing an employee from joining a competitor, or competing against the Company and disclosing business secrets to anyone. The Agreement may be re-used by the Company as it hires additional employees, the cost of the Employment Agreement is just \$150.

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 after 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's Agreements, including a breakdown of the 11 factors the IRS analyzes and Industry examples provided by the IRS, please refer to document 239 of this Free Faxback Service. We can provide an Independent Contractor's Agreement that covers all the legal requirements and many business advantages for your Company for only \$150.

TAX SAVING LEASE AGREEMENTS

Home Office Lease

Agreement detailing the leasing of office space by a homeowner or tenant with a Company for use as the Company'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 Company, and as an added bonus to our clients, we draft the Lease in such a manner that it is automatically renewable.

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 Company. The typical tax savings under this type of arrangement ranges between \$1,500. and \$3,000. per tax year. We can prepare the lease for only \$150. when ordered with your Company.

Office Equipment Lease

A lease which details the leasing of office equipment by a business. Once again, by leasing equipment to the Company, you create a legitimate business expense for the Company and a Tax Deduction. Typically, the tax savings under this type of arrangement can exceed \$1,000. per tax year. The cost for an Office Equipment Lease is only \$150. when ordered with your Company.

Questions? Please call us at:

(323) 936-3400 (714) 568-1600 (415) 421-7000 (619) 296-3600 (408) 885-9800 (888) 520-7800
Los Angeles Santa Ana San Francisco San Diego San Jose Toll Free

LEASE/AGREEMENT CONSULTATIONS

Avoid costly mistakes, **always**, *always*, always have any type of Contract/Lease or otherwise legally binding agreement reviewed by an Attorney BEFORE you sign it. We offer Consultations at our Los Angeles office 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.

Commercial Lease Reviews: (including Business Spaces such as: Offices, Stores, Warehouses, and Commercial Lofts)

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

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. In our review we address issues such as:

- Rentable vs. Usable Space
- Reasonable Rental Rates
- Free Rent
- Best Length of Lease
- Options to Extend the Lease & Purchase 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
- Renewal Terms
- Zoning Issues
- Landlord buildout costs
- Signage Protection
- Change of Control of Tenant

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