



TEXAS LIMITED LIABILITY COMPANY FORMATION CHECKLIST

1. **Management of the LLC:** The LLC will be governed by its (check only one):
- Managers (recommended)
 - Members

2. **Name of the LLC:** Fill in the proposed company name and two alternate names for the LLC. LLC names must include limited liability company or limited company or an abbreviation. **Use exact punctuation, capitalization, and spacing.**

First Choice: _____
 Second Choice: _____
 Third Choice: _____

3. **Assumed Names of LLC:** In the event that the LLC will be operated or that its business will be conducted under a name other than the complete legal name which appears on the Certificate of Formation, an assumed name certificate should be filed for the use of the operating name (e.g. ABC, LLC uses letterhead or enters into contracts as "ABC Medical Associated" or "ABC"). Please list any assumed names that the LLC will use.

4. **Purpose of the LLC:** Fill in the kind of business or assets the LLC is being formed to operate or hold. If the LLC is going to operate a business, be sure to indicate the specific types of merchandise or services produced or provided.

5. **Identification of Members:** Fill in the full legal name, complete mailing address, and number of Units/Percentage Interest of ownership in the LLC to be issued to of each of the Members of the LLC. Also, fill in the capital contributions made to the company and the amount or description of additional capital contributions, if any, required to be made by the Member. If additional space is needed, include on a separate sheet.

Name:	Address:	Number of Units/ Percentage Interest:	Initial Capital Contributions:	Any Additional Required Capital Contributions:



6. **Identification of Managers (Managing Members):** Fill in the full legal name and complete mailing addresses of each of the initial Managers of the LLC (or managing Members if the LLC will be managed by its Members). If additional space is needed, include on a separate sheet.

Name:	Address:

7. **Identification of Officers:** Fill in the full legal name and complete address of the persons who should serve as the respective officers of the LLC. At a minimum, the LLC must have a President and a Secretary. A person can serve in more than one capacity.

Officer:	Name:	Address:
President:		
Vice President:		
Secretary:		
Treasurer:		

8. **Duration of the LLC** (check only one option):

- Perpetual existence (default treatment)
- Definite term (e.g. 5 years) (fill in time period): _____
- Specified termination dated (fill in termination date): _____
- Specified termination event (fill in termination event): _____

9. **Registered Agent:** Fill in the complete legal name and mailing address of registered agent. The registered agent may be an individual or an existing company, but must have a brick and mortar address within the State of Texas (a PO Box may not be used as a registered address). The registered agent's role is to accept mailings from the State of Texas and to accept service of process with respect to any lawsuits which may be filed against the LLC.

Name: _____
 Street Address: _____
 City, State, Zip: _____

10. **Start Date of the LLC** (cannot be sooner than the date on which the LLC's certificate of formation is filed with the Texas Secretary of State):

- Date of filing Certificate of Formation
- Other (fill in date): _____

11. **Fiscal Year:** A calendar year fiscal year for the LLC is standard and will often be required by the IRS. Please select the desired fiscal year for the LLC (check only one).

- Calendar year
- Other (fill in the fiscal year start date): _____

12. **Default Interest Rate:** If any Member is required to pay money to the LLC or to another Member, but fails to do so, what rate of interest should be charged until such sums are paid?

13. **Distributions to Members.**

Should distributions of net cash be required to be made to the Members? Yes No

If yes, when should such distributions be made (e.g. quarterly)? _____

14. **Annual Reports:** Will the LLC be required to present to the Members annual audited financial statements? Yes No

15. **Compensation of Managers/Managing Members:** How should Managers be compensated by the LLC in return for their services in managing the LLC? (check only one)

- No compensation
- Compensation as determined by the Members from time to time
- Calculated or predetermined compensation (e.g. a certain sum per year, a percentage of revenues or net profits, etc.). Please describe in detail any methods of calculation:

16. **Member Voting:** Voting by Members may be by Members or by Units (ownership interests) held by Members. Please choose one option for each of the following categories related to voting by the Members of the LLC.

One vote per:	<input type="checkbox"/> Member	<input type="checkbox"/> Unit		
Vote of the Members/Units required for fundamental actions: (e.g. amending the Company Agreement, mergers, conversions, terminations, sales of the LLC, admitting new members, etc.)	<input type="checkbox"/> Unanimous	<input type="checkbox"/> Majority	<input type="checkbox"/> 2/3	<input type="checkbox"/> 3/4
Vote of the Members/Units required for non-fundamental actions: (e.g. election of Managers, compensation of Managers, etc.)	<input type="checkbox"/> Unanimous	<input type="checkbox"/> Majority	<input type="checkbox"/> 2/3	<input type="checkbox"/> 3/4

17. **Manager/Managing Member Voting:** Managers/Managing Members run the day-to-day business operations of the LLC. Please select one choice in each of the following categories regarding how Managers may vote to act on behalf of the LLC.

Vote of the Managers/Managing Members required for fundamental actions: (e.g. amending the Company Agreement, mergers, conversions, terminations, sales of the LLC, admitting new members, etc.)	<input type="checkbox"/> Unanimous	<input type="checkbox"/> Majority	<input type="checkbox"/> 2/3	<input type="checkbox"/> 3/4
Vote of the Managers/Managing Members required for non-fundamental actions: (e.g. election of officers, compensation of officers, general business decisions etc.)	<input type="checkbox"/> Unanimous	<input type="checkbox"/> Majority	<input type="checkbox"/> 2/3	<input type="checkbox"/> 3/4

18. **Tax Matters Member:** Fill in the full legal name and social security number of the Member who will be responsible for communicating with the IRS regarding tax matters affecting the LLC.

Name:	Social Security Number:

19. **Employees of the LLC:** Fill in the following information with respect to employees that the LLC expects to hire in the 12 month period beginning at the LLC's formation.

Highest number of Agricultural employees expected in the next 12 months: _____
 Highest number of Household employees expected in the next 12 months: _____
 Highest number of Other employees expected in the next 12 months: _____
 Do you expect to pay \$4,000 or less in wages in the next calendar year? Yes No

20. **Federal Income Tax Treatment** (check only one):

Disregarded Entity. A LLC can be a disregarded entity only if: (a) the LLC has only one Member; or (b) the LLC has only two Members who are husband and wife. If the entity is taxed as a disregarded entity for Federal Income Tax purposes, then the entity will not be required to file a separate federal income tax return and all of the LLC's income and/or losses will be reported annually on Schedule C of the Member(s)' IRS Form 1040.

Partnership. A LLC with more than one Member can be taxed as a partnership for Federal Income Tax purposes. A LLC taxed as a partnership for Federal Income Tax purposes is a "flow through" entity, meaning that the LLC does not pay taxes on its income. Instead, the LLC's income and losses "flow through" and are taxed directly to the Members of the LLC. A LLC which is taxed as a partnership for Federal Income Tax purposes is required to file an annual IRS Form 1065 informational return that informs the IRS how much income or loss the LLC earned. The annual IRS Form 1065 must be accompanied by a Schedule K-1 completed for each of the Members which lets the IRS know how much of the LLC's income or loss the IRS can expect to be reported by each of the Members.

S-Corporation. A LLC may elect to be treated as a S-Corporation for Federal Income Tax purposes. A LLC taxed as a S-Corporation is a "flow through" entity meaning that the LLC does not pay taxes on its income. Instead, the LLC's income and losses "flow through" and are taxed directly to the Members of the LLC. A LLC taxed as a S-Corporation for Federal Income Tax purposes does not enjoy as much flexibility in distributions and allocations of income to Members as a LLC taxed as a partnership for Federal Income Tax purposes, but does provide potential self-employment tax savings in high margin businesses. A LLC which is taxed as a S-Corporation for Federal Income Tax purposes is required to file an annual IRS Form 1120s

informational return that informs the IRS how much income or loss the LLC earned. The annual IRS Form 1120s must be accompanied by a Schedule K-1 completed for each of the Members which lets the IRS know how much of the LLC's income or loss the IRS can expect to be reported by each of the Members.

C-Corporation. A LLC may elect to be treated as a C-Corporation for Federal Income Tax purposes. A LLC taxed as a C-Corporation will directly pay taxes on any income which it earns, and is required to file an annual IRS Form 1120. Any distributions to Members of the LLC would be subject to additional tax at the Federal dividend tax rate. An LLC that is anticipating a broad investor base may find taxation as a C-Corporation for Federal Income Tax purposes attractive, because it eliminates any phantom income potential for its investors (phantom income results when a Member of an LLC is required to pay taxes on the LLC income, but does not receive distributions of cash from the LLC with which to pay the tax).

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