

LIMITED LIABILITY COMPANY
INFORMATION ORGANIZER

(MULTIPLE MEMBER LLC)

(Use for business and investment LLCs with two or more Members)



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The attorney with whom you are working at Durrell Law Group generally serves as the organizer of the LLC to avoid a delay in filing the Articles with the State. Would you prefer that someone else serves as the organizer? Yes ___ No ___

If yes, provide the name and address of the organizer:

Members:

Member Name & Address	Name of Representative (if member is a business entity)	Duties (if applicable) (* denotes Member selected to serve as Tax Matters Partner)	Initial Contribution	Profit Sharing Percentage

Married Couple Members: (complete only for married couple Members)

Will husband/wife members hold:

- _____ one joint interest
- _____ two separate interests

If a joint interest, will it be held with a right of survivorship (in event of death)? Yes ___ No ___

If a joint interest, who is authorized to vote? ___ Husband ___ Wife ___ Either

Members generally have no obligation to make any contribution to the LLC in addition to the initial contribution listed above. The absence of this obligation is key to a Member enjoying limited liability for claims against the LLC. Will the Members have an obligation to make additional contributions to this LLC? Yes ___ No ___

If so, please explain: _____

If additional capital may be needed, do you want to provide for:

- Dilution _____ Loan _____ Both _____ Neither _____
- Dilution Ratio: _____ Loan Interest Rate: _____

Profits (and losses) are generally allocated based upon stated profit sharing ratios. Occasionally, an LLC will use special allocations to deviate from the stated profit sharing ratios. Will any item of income or deduction be allocated among the Members in different ratios than the profit sharing ratios reflected above?

If so, please explain: _____

Securities (Blue Sky Laws) Exemption Issues:

The issuance of membership interests is subject to securities laws. Even membership interests issued by closely-held or family-held LLCs must be exempt from securities registration. To assist us in determining which exemption will apply, please complete the following:

Describe any Family Relationship Between Members: _____

Do you have a Written Business Plan? Yes ___ No ___

If yes, provide a copy.

Have membership interests in the LLC been offered to anyone other than the members listed above? Yes ___ No ___

If yes, explain: _____

Have membership interests been offered to anyone outside of Alaska or have any other activities taken place outside of Alaska in conjunction with the organization of this company? Yes ___ No ___

If yes, explain: _____

Management:

An LLC can be managed by its members or by one or more managers.

Member Managed: A member-managed LLC is similar to a general partnership where the partners manage the business and own the partnership (the role of the members is similar to the role of the partners).

Manager Managed: A manager-managed LLC is similar to a corporation where the board of directors manages the business, but the shareholders own the corporation (the role of the managers is similar to the role of the directors and the role of the members is similar to the role of the shareholders).

Select a management structure: _____Member Managed _____Manager Managed

Member Managed: (Complete only if you selected Member Managed)

Management decisions of the LLC will be determined by a majority vote of the members (based upon percentage of interest), unless a greater percentage is required under the Operating Agreement. Consider whether any of the following decisions should require greater than a majority vote of the members. If so, reflect the greater percentage (generally known as a supermajority) that should be required:

_____ Amending the Articles of Organization;

- _____ Amending the Operating Agreement;
- _____ Dissolving the LLC;
- _____ Merging the LLC with another LLC;
- _____ Admitting a new Member (and the terms of admission);
- _____ Entering into a contract with a Member (or Member-controlled business);
- _____ Engaging in new or different business activities;
- _____ Selecting the insurance company;
- _____ Determining whether to make cash distributions to the Members;
- _____ Determining whether disproportionate distributions may be made;
- _____ Determining whether and under what terms to lend money to a Member;
- _____ Determining whether and under what terms to borrow money from a Member;
- _____ Determining whether to indemnify a Member;
- _____ Entering into a contract with a value greater than \$_____ (specify amount);
- _____ Borrowing money in excess of \$_____ (specify amount);
- _____ Selling, mortgaging, leasing, exchanging or otherwise disposing of any real property;
- _____ Purchasing, leasing, exchanging or otherwise acquiring any real property;
- _____ Compromising any claim due to the Company;
- _____ Filing a lawsuit or commencing an arbitration involving the LLC;
- _____ Other_____

Manager Managed: (Complete only if you selected Manager Managed)

The initial Managers will be listed in the organizational documents. Thereafter, Managers generally may be removed or appointed by a majority vote (based upon percentage of interest) of the Members.

Manager Name	Address

Management decisions of the LLC will be determined by a majority vote of the managers (based upon one vote per manager). Consider whether the Members should retain control over any of the following decisions. If so, reflect the percentage vote of the members (based upon percentage of interest) that should be required:

- _____ Amending the Articles of Organization;
- _____ Amending the Operating Agreement;
- _____ Dissolving the LLC;

- _____ Merging the LLC with another LLC;
- _____ Admitting a new Member (and the terms of admission);
- _____ Entering into a contract with a Manager (or Manager-controlled business);
- _____ Removing Managers and appointing successor Managers;
- _____ Setting Manager compensation;
- _____ Engaging in new or different business activities;
- _____ Selecting the insurance company;
- _____ Determining whether to make cash distributions to the Members;
- _____ Determining whether disproportionate distributions may be made;
- _____ Determining whether and under what terms to lend money to a Member;
- _____ Determining whether and under what terms to borrow money from a Member;
- _____ Determining whether to indemnify a Member or Manager;
- _____ Entering into a contract with a value greater than \$_____ (specify amount);
- _____ Borrowing money in excess of \$_____ (specify amount);
- _____ Selling, mortgaging, leasing, exchanging or otherwise disposing of any real property;
- _____ Purchasing, leasing, exchanging or otherwise acquiring any real property;
- _____ Compromising any claim due to the Company;
- _____ Filing a lawsuit or commencing an arbitration involving the LLC;
- _____ Other_____

Employees:

Will the LLC have employees? Yes ___ No ___

If yes: The highest number of employees in the next 12 months? _____

First date that wages will be paid: _____

Will any member be an employee of the company? Yes ___ No ___

If so, we need to discuss the concept of guaranteed payments and self-employment tax issues.

Tax:

An LLC with two or more members is almost always taxed as a partnership, but in rare cases elects to be taxed as a corporation (S corporation or C corporation). An LLC with only one member is a disregarded entity for tax purposes – it files no tax return and its income and deductions are reflected on the tax return of its sole member.

If the LLC will have two or more Members, will the LLC be taxed as a partnership? Yes ___ No ___

If not, please explain: _____

On the list of Members, denote with an * which Member will be designated to serve as the tax matters partner.

The LLC must have a calendar year-end if taxed as a partnership. If taxed as an S Corporation or a C Corporation, will the LLC have other than a calendar year-end? Yes ___ No ___

If yes, the fiscal year-end will be _____

Dispute Resolution:

Disputes among the Members generally would be resolved through litigation unless we expressly provide otherwise.

Should we instead require arbitration and/or mediation to resolve disputes? Yes ___ No ___

Covenant Not to Compete:

Should the members be prohibited from competing with the business of the LLC? Yes ___ No ___

If yes, should the prohibition continue after the Member no longer has an interest in the LLC? Yes ___ No ___

Will the member interest be freely transferable? Yes ___ No ___

If no, the attorney and client should discuss preparing a Buy-Sell Agreement (complete the separate Buy-Sell Agreement Organizer)