

FREQUENTLY ASKED QUESTIONS ABOUT FORMING NEW BUSINESSES

QUESTION - How do I choose which business entity type to form?

ANSWER – Business formation entity choice involves considerations related to control, liability, taxation, and administration. The business owner will consider the relative merits of several entity types—such as corporations (including “S” and “C” corporations), limited liability companies (member-managed or manager-managed), limited partnerships (including LLLPs), and general partnerships—and with our help, determine the entity that may be most appropriate under the circumstances.

QUESTION- What happens after I select the type of business entity?

ANSWER – Once an entity is chosen, we prepare documents to create the entity (including, for example, articles of incorporation or organization; bylaws or an operating agreement; and other governance documents) and file the necessary paperwork with local, state, and federal authorities to ensure that the entity will be recognized under law. The next step involves defining specific roles and responsibilities of principals and officers/managers, the relationship amongst the owners of the business, organizing and implementing a management structure for business assets and operations, protecting assets from creditors, preventing of disputes and other problems, and complying with laws (including federal tax laws) as they relate to the business.

QUESTION - What should I do before the initial meeting and what do I need to bring?

ANSWER - We ask that you carefully review our Welcome Pre-Assessment Kit (PAK) before our initial meeting or teleconference. The Welcome PAK includes our Business Formation Client Questionnaire, firm resume, an example of our standard engagement agreement, and directions to our offices. The Questionnaire is only a few pages in length and asks for pertinent personal, business, and financial information; we ask that you kindly complete it as thoroughly as possible and send it back to us at your earliest convenience.

QUESTION - How much will this cost?

ANSWER - Like most legal services, the costs for a business formation or any other business legal project depends on what is needed. At the conclusion of the initial meeting you will be given an estimate for the legal fees, which is typically a project fee estimate. Project fees generally will not include standard expenses we incur in connection with the

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business legal matter, such as postage, the cost of materials, state filing fees associated with the business formation, courier fees, overnight or other non-standard shipping costs, long-distance telephone charges and the like. On the whole, you will find our fees and billing practices are in line with lawyers who specialize in our practice areas.

Even though our services are competitively priced, you can only get the MENDEN, FREIMAN & ZITRON, LLP level of service at one place. We pride ourselves on offering our clients the highest degree of personalized service and attention. It is all about *your* business formation and ongoing representation, not a “cookie cutter” solution. Every relevant detail of your proposed business is thoroughly considered in our business formation process. We keep our clients informed about trends and changes in the law through frequent communications and our informative website. Simply put, we are interested in long-term relationships with our clients, not just a mere business transaction.

The following illustrates our typical fees for certain types of business formation:

- If you select an “S” corporation for your choice of business entity, we charge about \$1,350 (excluding filing fees and expenses) for the complete business formation project. The formation includes Articles of Incorporation, Bylaws, Organizational Consent Actions, Share Subscription Agreements, Stock Certificates, the Corporate Minute Book, and the applicable federal tax forms to complete the “S” election and obtain an EIN, among other ancillary legal documents.
- If you select a single-member LLC for your choice of business entity, we charge about \$1,050 (excluding filing fees and expenses). The formation includes Articles of Organization, the Operating Agreement, Consent Actions, the LLC Record Book, and applicable federal tax forms to obtain an EIN (where appropriate), among other ancillary legal documents.
- If you select a multiple-member LLC for your choice of business entity, we charge between \$1,450 and \$4,950 (excluding filing fees and expenses). In the case of multiple-member LLC’s, we can build specific buy-sell language into the Operating Agreement that would mirror the complexity of a standard buy-sell agreement.

If at the conclusion of your consultation you decide not to engage us for legal services, you will only be charged, by the hour, for the amount of time spent with you during this initial

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meeting.

QUESTION - When is payment expected?

ANSWER - We customarily require payment of the estimated cost of the project at the beginning of the engagement. At the conclusion of our initial meeting or teleconference, the scope of your project will have been identified, fees will have been discussed, and you will have given us the go-ahead. Or, if you decide not to engage us beyond the initial meeting, we will expect full payment for the amount of time we spent with you during this meeting. *We would ask that you bring a check to the initial meeting, or be prepared to submit one shortly after the initial teleconference, to enable us to have sufficient funds to immediately begin incurring expenses on your behalf.*

QUESTION –What can I do to help keep expenses down?

ANSWER - The anticipated fees will be quoted to you at the conclusion of our initial meeting. Although we seldom vary from the estimated fee, some circumstances might arise to cause project fees to increase:

- You change your mind about certain decisions after we have initiated our work.
- You request excessive telephone or in-person conferences.
- You are non-responsive to our requests for information critical to the implementation of your business formation matter.
- We are required to respond to special or unusual requests from third parties, such as your financial advisor or accountant.
- You ask us to assume certain tasks or responsibilities that were originally assumed by you at the time we provided your fee estimate.

You can help us keep the costs for your formation to a minimum by being prepared for our scheduled meeting or teleconference, and by promptly and accurately completing those tasks for which you assume responsibility.

QUESTION - How long will this process take from “start-to-finish”?

ANSWER - We generally like to complete the process within 3 to 4 weeks from the time you engage us, however, project time will vary. We will provide a time estimate at the initial meeting.

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QUESTION - Who should you call with questions?

ANSWER - We WELCOME questions! Call us at (770) 379-1450. Feel free to share your question with any member of our Business Matters Team and we will work collectively to get you an accurate and prompt answer. All members of our team hold your personal information in the strictest confidence. Very often our legal assistants or paralegals are capable of immediately addressing your questions.

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