

## COURSE OUTLINE

Informal Poll – who is in the class

Business owners?

Starting a business?

Buying a business?

- I. Comparison of Legal Entities**
- II. How to Create a Legal Entity**
  - Forms enclosed
- III. Who Should be the Owner(s) of the Entity**
  - H & W – will both need to guarantee the debt
  - Unemployment benefits
  - Bankruptcy/creditor issues
- IV. How to Keep the Entity in Effect (Memos to new CLs in the packet)**
  - File annual reports (or dissolved after 2 years)
    - [www.michigan.gov/dleg](http://www.michigan.gov/dleg), then click Commercial Services & Corporations
    - 10% of BRAG did not exist
  - Segregate assets – EIN – separate bank account
  - Annual meeting minutes
  - Resolutions for unusual activities
    - Borrowing money
    - Leasing
    - Big purchases (i.e., real estate)
    - New members/shareholders
    - Amending Articles, By-Laws, Operating Agreement
  - Separate Biz and Personal Activities (how to sign a contract)
    - THE ABC Co, by \_\_\_\_\_, its President
    - ABC, LLC, by \_\_\_\_\_, its Member/Manager
- V. Tax Issues to Consider**
  - Register with State
  - MBT
  - Self-employment tax
  - Unemployment tax
  - Unemployment benefits (not avail. To an owner)
- VI. Intellectual Property protection**
- VII. Other Documents Needed to Protect the Entity**
  - EIN
  - By-Laws/Operating Agr
  - Shareholder Agreement (**Schmid example – never updated**  
**Cipriano example – gave away ownership interest**  
**LLDien – no voluntary W/D)**

Contracts with your Customers

- Do they exist?
- How are you paid? When?
- Remedies if not paid
- Attorney fees
- Interest
- Construction liens
- Residential leases

Contracts with your Sales Force

**Accu-Rite example**

- \$6,000/month + commission
- 1 year term guaranteed
- Non-compete and non-solicitation ended at end of K

Contracts to buy/sell a biz

- Landlord approve of new tenant?
- Liens on the pers. Property
- Inter-family "loans"

**VIII. Drafting your Own Contracts**

- 4 corners of the document
  - All warranties and reps must be included
  - All deadlines must be included
- Construed against the drafter
- Boilerplate – **Rizzo example** (Texas Sec. of State).
- Statutes of Frauds – real estate
- Construction lien lang.
- Residential leases