

PERKINS LAW CONSIDER THIS

10 DISCUSSION QUESTIONS FOR VIRGINIA LLC STARTUPS

The Virginia limited liability company (“LLC”) has become a popular choice of entity among small business owners and entrepreneurs for the simplicity, flexibility, limited liability protection, pass-through tax treatment, and other benefits afforded by law. Prudent LLC owners will enter into a written Operating Agreement soon after forming an LLC to memorialize their agreement on a variety of issues. The purpose of this article is to provide an initial list of questions that should be discussed among business partners (and their advisors). The answers to these questions will provide the necessary content for key provisions of the Operating Agreement.

To view the complete article click [here](#).



1 BUSINESS PURPOSE.

Why are we forming this LLC?

2 CONTRIBUTIONS.

Who is contributing what to the LLC (e.g., cash, property, services, etc.)?

3 MANAGEMENT AND CONTROL.

Who will control the decision-making process on a day-to-day basis?

4 COMPENSATION.

Do we want to memorialize any special compensation terms for an owner providing services to the LLC?

5 DISTRIBUTIONS.

How will cash available from business operations or capital events (e.g., a sale of assets or a refinance) be distributed?

6 TAX ALLOCATIONS.

How will profits and losses be allocated among the owners for tax purposes?

7 OWNERSHIP TRANSFERS.

What sort of transfer restrictions do we want to impose on one another to preserve the integrity of the ownership group?

8 LIQUIDATION.

How do we want to handle the process of dissolving and liquidating the business?

9 RESOLVING DISPUTES.

How do we want to resolve disagreements that arise among owners?

10 ENTITY MAINTENANCE.

Who will serve as registered agent of the LLC and coordinate payment of State Corporation Commission annual fees, etc.?