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*Incorporation, LLC Formation (Or for Clean-Up of Your Own Formation)*

*Flat Legal Fee $1,600*

 *(+ $200 Per Additional Owner)*

*Items Listed Here are Included in Flat Legal Fee*

*(See Pages 4-5 for List of Items Not Included)*

*(The $1,600 flat Legal Fee Does Not Include Trademark lawyer’s fees or full formal name search fees, nor the Founder’s Out-of-Pocket Expenses for Filing Fees, Expedite & Service Company Fees, FedEx Fees, County Filing Fees, Business License Fees, Minute Book & Stock / LLC Certificates)*

*(Those Fees are listed separately on the “Filing Fees & Expenses Chart”)*

The flat Legal Fee includes the items listed below. It does not include items listed as “not included” (below), and does not include any other items unless they are listed as “included”. The full flat Legal Fee is due before work is started.

First steps are to choose a name, clear the name for use, secure a good accountant, then form the company. Entity must be formed, and resolutions must be prepared and signed before the company can legally operate, before officers can sign contracts, purchase orders, credit applications, banking documents, or leases, or before it can open the business checking account. Articles of formation and resolutions must be prepared and signed before the company can issue shares to owners, split profits, pay dividends to founding owners, or before owners, Directors, or Managing Members can vote on issues.

*The $1,600 Legal Fee Includes:*

* **Advice on formation** Issues:
	+ Choice of entity (Corporation, LLC, LP),
	+ State of formation (home state vs. other state (such as Delware),
	+ Discuss corporate liability and limitations of it; discuss ways to inadvertently “undo” the entity protection;
	+ Corporate formalities requirements, discuss piercing the corporate veil.
	+ Discuss means of protecting founders from some unique corporate liabilities in the state statutes, which are re-protected in our attachment to the articles of formation,
	+ Timing of Formation given other plans for your business,
	+ Capitalization of the company, number of shares authorized & issued; price per share; explanation of difference between capital contribution for shares versus expense,
	+ Board of Directors (Managing Members) selection and issues,
	+ Advice on generally not using family members as officers, directors and shareholders, or determining if the situation permits, and
	+ Advice on opening corporate bank account.
* **Referral to a business accountant if needed.** Can also refer you to business banker, business insurance agent, IT professional, if desired.
* **Liaison with Your Own Accountant; Recommend One if you don’t have one; and facilitate discussion with your accountant**, on tax issues. Your accountant must discuss with you tax issues specific to your own business and personal tax situation, and to that of your intended business formation. We obtain from, or send to, your accountant:
	+ The accountant’s choice, and reasons, for your business entity type.
	+ Forwarding to accountant your FEIN, formation documents, stock ledger and corporate filings, so that they can prepare your employer payroll taxes and corporate income taxes, and your personal K-1 or 1099.
* **Name discussion and advice** with you on first choice of name, suggestions on name permutations, and suggestions on additional sources of name checks.
* **Name selection advice, limited,** if the selected name is not available**.** But see your branding professional for name selection!
* **Name checks include:**
	+ Illinois Sec of State (or state of formation), searching relevant permutations of your name selection.
	+ Illinois Trademark Search online on IL Trademark database.
	+ Preliminary online name check with US Patent and Trademark Office.
	+ Advice to you on how to conduct Google searches of your name, and its permutations. Advice on how to search names on Google, and on other free search vehicles.
	+ **The flat legal fee does not include searches on additional sources, or states, nor additional choices of names, and does not include the full formal name search on Thompson’s or CT Corp.**
* **Capitalization Discussion and advice: Allocation of shares, consideration paid for shares, voting percentages.** Discuss your intended business and future financing plans, appropriate share price and number of shares authorized and issued.
* **Prepare BCA 2.10, LLC 5.5 or LP 201 for** Formation, (or Delaware or other state-specific forms), or Amendment to formation. Our filing will include: A detailed addendum to the Articles of formation which addresses anomalies present in case law, and addresses various permutations of voting rights. It also restricts the shares from transfer, as is required for privately held business. If you have already formed your entity, we will file an Amendment to include this addendum and any other changes required.
* **File with state,** plus follow up, acknowledgement and forward filed docs to you for banking.
	+ We file using the “expedited filing” service at the state, through a walk-in service located in the city of the state government office. Corp-Link Services hand delivers our prepared documents for same day filing in Springfield, IL or in your state of formation.
	+ If the Company chooses to file a formation *without* using expedited, walk-in filing service, then the formation can be delayed by the state for a few to several weeks. Filing date becomes unpredictable, and other filings must be put on hold until formation date known.
	+ The state filing fee, expedite fee, walk-in service fees, and FedEx fees are extra, to be paid directly by you, the founder, as are the other filing fees and costs below (see our accompanying chart of filing fees and legal fees).
	+ County Filing no longer required in most Illinois counties. Not included in our flat fee.
* Prepare and File **IRS Form SS-4** application, which applies to the IRS for FEIN # (your company’s tax ID # or Federal Employer ID #). Correspond with your accountant on a few items on the SS-4. Email the filed FEIN to your accountant.
* Discussion of **employee vs. independent contractor**, discussion of **employees and payroll** issues and the effect those issues have on your employer tax returns and filings. Advise to seek an accountant for payroll tax filing requirements.
* Prepare and file Illinois **REG-1 Business Taxpayer** registration with Illinois Department of Revenue to register the entity for Business income tax, employer tax, sales tax, use tax. Similar form required for other states to register you as a state business tax payer, but not included in this flat fee.
* Prepare and file **IRS Form 2553** S Election application. Advice on Electing S Status, and discussion of loss of loss carry-forwards for C Corporation. (2553 not required for C Corp, and not generally required for LLC Formation, but LLC formation requires additional time on other issues, so the legal fees are the same). (Federal Expressed – 3 day)
* **Signing Session** Meeting or Initial Q & A Meeting in person or by phone. A 45 minute meeting or phone discussion is included to walk though documents emailed to signer. Additional time in meeting or on phone will be additional legal fees at $350 per hour.
* Review **Banking Resolution** from your bank, if applicable, or create banking resolutions. Email banker your formation info if email address provided.
* **Order Minute Book and Stock Certificates** or LLC Certificates from outside vendor:
	+ Prepare custom order form, and your color selection
	+ The cost of the corporate minute book and stock certificates, or LLC or LP certificates is extra, to be paid by the company. (See “Filing Fees and Costs” chart)
* Prepare **Stock Ledger, or LLC or LP Issue Ledger**
* **Issue Stock Certificates, or LLC or LP Certificates** to shareholders or partners, including custom printed certificates and legends on the back; inclusion into stock records.
* **Add $200 to legal fees for each additional shareholder beyond the first one.**
* Prepare Initial **Organizational & Operational Resolutions of *Owners*** (Shareholders or Members): Electing *Directors (or Managing Members),* confirming equity issuance, providing for percentage of votes required to pass an issue before Owners.
* Prepare initial **Organizational & Operational Resolutions of *Board of Directors*** *(or Managing Members),* which act as a temporary, interim, mini-operating agreement / shareholder for the business. (These are not the full Operating Agreement or Shareholder Agreement, and they do not cover many issues. But they suffice with covering the very basic need issues, until the company chooses to spend money on a full Operating Agreement). Our Resolutions include the basic needs of who paid what, who owns what, who owns what percentage of the company, and what percentage of vote is required to pass most issues). Our Resolutions include expanded provisions to cover early operational issues and transactions specific to the company, including the following:
	+ Elect Officers
	+ Authorize Officers to execute contracts.
	+ Detail corporate authority to sign documents and contract on behalf of the entity,
	+ Record who invested what, how much, and who owns what percentage (Must have this recorded in case of a break-up),
	+ Authorize equity issuance, and officially issue shares.
	+ Provide for percentage of company owned by each person.
	+ Provide the percentage of vote required to pass an issue.
* Resolutions must be prepared and signed before the company can officially (legally) operate, before officers can sign contracts, purchase orders, credit applications, banking documents, or leases; and before the company can issue shares to owners, or split profits or pay dividends, solicit or accept investors or before any votes by owners or Directors can occur.
* **Explanation** of impact of Resolutions, document execution and corporate authority in general.
* **Assemble Minute Book**, including original formation documents and all filings organized.
* **Signing Session:** A 1/2 hour meeting or phone or email explanation of the Resolutions is included in this fee. Additional time will be charged at $350 per hour.
* Advice on how to sign **Contracts, and corporate formalities.**

***Extras***

* **Add $200 per shareholder for additional shareholders beyond the first one.**
* **Add Legal Fees of an additional $1,400 (on top of the $1,600) for a company intending to raise capital through investors, to friends, family, angels, or VCs, or for a Fund.**
* **Add Legal Fees of an extra $1,000 for a medical corporation, or other professional practice for which an IL Dept. Professional Regulation licensing is required.**

***Additional Charges for Filing Fees and Expenses***

* Additional Filing Fees and expenses totaling $468 for IL corporations, or $779 for IL LLCs, $481 for Illinois LP, $499 for Delaware LP or LLC (see details on “Filing Fees and Expenses” chart, and expenses mentioned in line items above), are required to be paid by the founder separately.

***NOT Included in the $1,600 Legal Fee; These are Extras at an Additional Charge:***

*(These items are not included in the flat legal fee. We will handle them if you request. We will charge time by the hour for these items, at $350 per hour.)*

* Additional name checks if first choice of name is already being used
* Additional name discussion beyond the first name choice.
* Additional phone conference, additional meeting or addition email advice beyond the 45 minute phone advice or signing meeting.
* Complications by pre-existing entity, or by more than one entity
* Filing a Name reservation with the state, other than formation
* Filing an Assumed Name for nick name, short name, or tag line
* Qualification to Do Business in any other state
* Filing in counties if required (not normally required)
* Filing the Illinois (or other states) Unemployment Tax Registration (have your accountant do this)
* Filing the employee registrations on the national “New Hire Registration”.
* Filing later payroll tax registration, if you have chosen to select no employees initially.
* *Business Licenses in Counties, Villages or Cities*
* *Professional Licensing for a business offering a service or profession (such as any profession regulated by the Illinois Department of Professional Regulation or by the Illinois Supreme Court, any Real Estate Licensing, Medical or Health Care Licensing, Insurance Licensing, Mortgage Broker Licensing, Investment Advisor, Broker Dealer, Architect, Landscaper, Interior Designer, etc.)*
* Organizational Minutes if unique transactions have occurred, or other occurrences such as raising capital, incurring debt, or other custom transactions or items.
* Nondisclosure or Noncompete Agreement (reviewing one from your former employer, or creating one for your new business)
* Shareholder Agreement
* LLC Operating Agreement or Bylaws. (Use the “Organizing & Operating Resolutions” we provide as an interim substitute.)
* Additional layers of entities, parent companies, holding companies, general partner or managing member entity (either existing or to-be-formed) add complexity and increase the legal fees.
* Additional rounds of bringing in owners, partners or investors.
* Issuing additional shares after the initial issuances.
* Additional classes, or types, of ownership.
* Dividend-paying stock or interests.
* Transfers of shares to other owners, and preparing transfer ledgers for same.
* Minutes of transactions other than formation.
* Annual Minutes and Annual Meetings.
* Annual Reports.
* Negotiate or prepare Contracts.
* Negotiate Resolutions with bank, directors, insurance agents or others.
* Order stock certificates for additional classes.
* Subscription agreement or Pre-Organization Subscription agreement.
* Responding to Due Diligence of Directors or other parties.
* Insurance Issues.
* Securities Issues (selling stock to people outside of your family).
* Securities filings required if you have securities issues.
* Advising on Payroll tax Issues, Classification of Employee vs. Subcontractor.
* Disagreements or disputes among owners or shareholders.
* Filing the local business license
* Zoning or Land Use, or property revisions to comply with zoning or land use laws
* Lease review for office space
* Documents required for a company intending to raise capital through investors, to friends, family, angels, or VCs, or for a Fund. The PPM, Executive Summary, Business Plan Review, investor agreement or Subscription Agreement, Reg D filings with SEC, investor negotiations, and other documents. For the investor preparation that is all hourly at $350, and $150 respectively, and $125 for legal assistant