

Michigan LLC LEGAL CHECKLIST

The legal **cheat sheet** for starting your LLC.



LARA Corporations
Online Filing System
Department of Licensing and Regulatory Affairs

1

FILE YOUR ARTICLES OF ORGANIZATION:

You can find and file the Articles of Organization online for a fee of \$50.00 with the LARA Online Filing System (COFS). The Articles essentially register your business with the State of Michigan. It is considered the originating document of your entity for legal purposes. The Articles are relatively short and simple to fill out. You will have to have a resident agent assigned and give their contact information. More often than not, this is your name and contact information as the business owner. There are, however, reasons to not want to list your name and address. In that event, you can hire a company to be the resident agent for your company. I recommend adding limited liability provisions in the section that allows for additional articles.



2

GET AN OPERATING AGREEMENT:

The operating agreement is the agreement between the members of the company and the company itself. It has provisions outlining how the company will be managed, who the members are, what percentage of the company each member holds, voting rights, dissolution, etc. There are form operating agreements online, but unlike the Articles of Organization (which some can complete on their own), I recommend hiring an attorney to draft the operating agreement for you.

Why an LLC?

- ◆ **Limited Liability:** in the event of a dispute, only LLC assets are subject to liability (not your personal assets).
- ◆ **Tax Flexibility:** you can be taxed as an individual or company.
- ◆ **Flexibility of ownership structure:** you have the ability to shape membership however you wish. You can make it hard to get in and hard to get out or flexible, depending on your goals. Membership can be divided into classes with different voting or ownership rights.

3

GET AN EIN:

An EIN is the tax number for your entity. You will need an EIN to set up a bank account or obtain any business financing. However EINs are also useful to prevent your social security number from being known by additional parties, helps establish credit, and eases the process of hiring new employees.

4

OPEN BUSINESS BANK ACCOUNT:

You should have separate accounting practices for your personal and business finances. Take your EIN and Articles to a bank to get a business account. Use the bank account to deposit all business income, as well as for all business expenses. A subscription to an accounting program is also useful to track your tax liability and deductions.