

The following list of do's and don'ts is intended to serve as a checklist to help you maintain the limited liability of your members and to establish other good practices for doing business in the limited liability company form.

A. Hold meetings.

1. Your annual members' meeting is set in your operating agreement.
2. Your operating agreement calls for a member meeting to be held immediately afterwards.
3. Additional special meetings of the members should be held when matters of importance come up such as:
 - a. Entering into a lease of new premises;
 - b. Entering into a substantial funding commitment;
 - c. Entering into a substantial leasing commitment;
 - d. Entering into any other significant contractual agreement;
 - e. Changing a member's salary;
 - f. Filling a vacancy in the board or officer complement;
 - g. Entering into a significant new venture;
 - h. Considering the sale, in whole or in part, of the assets or the dissolution of the business.

B. Develop a planning mechanism.

1. Review each year's activities during the final month of the fiscal year.
2. Budget ahead for the longest period reasonably possible and review and analyze results at least semi-annually.
3. Review the results of 1 and 2 with your CPA to ensure tax planning is properly emphasized.
4. Begin to develop formal long-range planning capacities beyond budgeting if not already in place.

C. Sign all contracts in the name of the company in substantially the following form:

_____, LLC

By: _____

Manager

D. Issue all orders in the name of the company.

E. Keep company and personal interests separate.

1. Do not commingle company and personal funds.
2. Maintain company funds in a company account or accounts separate and apart from any other account.
3. Do not use company accounts for personal loans or other personal purposes.
4. Do not negotiate loans, leases, etc., between the corporation and a principal other than on an arm's-length basis.
5. Do not use company assets continually for personal use.

F. Obtain General Liability Insurance. Carry reasonable insurance on the company, having due regard to the risks inherent in the company's business. In addition, have a reasonable initial capital base in the company.

G. Develop Review Procedures. Set up a review mechanism for decisions made, so that all aspects of a proposed course of action will be considered.