



# CompuRecycling Center, Inc.

501(c)(3) NonProfit Agency \* Delta Business Alliance

*Technical Resource Agency*

*P O Box 4135 \* Greenville, MS 38703*

*Website: [compurecyclingcenter.org](http://compurecyclingcenter.org) Email: [compurecyclingcenter@gmail.com](mailto:compurecyclingcenter@gmail.com)*

***Telephone: 662 335 2060***

***Fax: 662 335 2013***

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## How To Setup An LLC?

Many small business owners decide to set up an LLC for the liability protection it provides. An LLC, or limited liability company, exists separately from its owners (known as members), and the owners are therefore not personally responsible for business debts. LLCs are generally easier to set up and more flexible than corporations, and they tend to have fewer ongoing reporting requirements.

### How to Start an LLC

To form an LLC, you'll need to file paperwork with the state where your business is located. Every state has its own rules and procedures, but there are several steps you'll need to follow to get your LLC up and running, no matter where you live.

#### Step 1: Choosing a Name for Your LLC

Most states don't allow two different business entities to have the same name. So you can't, for example, have "Joe's Donuts, LLC" and "Joe's Donuts, Inc.," even if they're located in different cities. Many states also restrict companies from using certain words in their names, such as "bank."

You can search existing business names online in many states to determine whether your proposed LLC name is available. You should always check name availability in your state before filing LLC paperwork.

In addition to state law restrictions, it's wise to research whether other similar businesses in your area are using the same name or a similar name. Choosing a unique name can help avoid confusion and trademark infringement claims. You might also consider whether a domain name is available that matches your business name.

#### Step 2: Reserving a Name (optional)

If the LLC name you've selected is available, but you aren't going to be filing your LLC documents right away, you may want to reserve the name. Nearly every state allows you to reserve a name by filing a form and paying a name reservation fee. The length of the reservation period, filing fees, and renewal policies vary from state to state.



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## **Step 3: Choosing a Registered Agent**

Almost every state requires its LLCs to name a registered agent (also sometimes called a statutory agent). A registered agent is a person who agrees to receive lawsuits, subpoenas and other official documents on behalf of the LLC and to pass them along to the appropriate person at the LLC.

Most states allow anyone who is a state resident over age 18 to serve as a registered agent—including a member or officer of the LLC. There are also companies that provide registered agent services for a fee.

## **Step 4: Prepare an LLC Operating Agreement**

An LLC operating agreement is the roadmap that describes how your LLC will be run. It specifies such things as the ownership interests and voting rights of the members, how profits and losses will be allocated, how meetings will be held, how the business will be governed, the rights of the members if one of them dies or leaves the business, and the way the company will be dissolved if it goes out of business.

The operating agreement typically isn't filed with the state and may not be required by your state's laws. However, it is an important way for business owners to define their rights and responsibilities and minimize future disagreements. However, it's important to consult with an attorney during the preparation process.

## **Step 5: File Organizational Paperwork With the State**

Each state has its own form and procedure for establishing an LLC. In general, you must file articles of organization that list such things as:

- The name and address of the LLC
- The length of its existence, if not perpetual
- The name and address of the registered agent
- The purpose for which the LLC was formed

The paperwork usually must be signed by the person forming the LLC, and in some states, the registered agent must also sign.

In most states, you'll file LLC formation documents with the secretary of state, but some states have a different department that handles business filings. All states charge a filing fee, but the LLC cost varies from state to state.



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## **Step 6: Obtain a Certificate from the State**

After the LLC's formation documents are filed and approved, the state will issue a certificate or other document that confirms that your LLC formally exists. Once you've received the certificate, you can take care of business matters like obtaining a tax ID number and business licenses and setting up a business bank account.

## **Step 7: Register to Do Business in Other States (optional)**

If your LLC does business in more than one state, you may need to register to do business in other states. To do this, you'll need to fill out and submit paperwork that's similar to the paperwork you filed when you formed your LLC. You'll also need a registered agent in each state where you are authorized to do business.

An LLC is a popular and flexible business option that works well for many small business owners. In most states, LLCs are relatively easy to set up and maintain. However, it's important to consult with an attorney during the filing process.