

SMALL BUSINESSES:

When starting up or purchasing an existing business, there are some legal matters that are involved:

1. **Entity:**

Should you operate as a Corporation (C Corp or SubS), a partnership, or an LLC? I have provided some information about use of Limited Liability Companies (LLC), their advantages and disadvantages.

2. **Owners' Agreement:**

If there is more than one owner of the business, should there be a "Buy-Sell Agreement" between the owners with restrictions on transfers, and protections for the other owners in case of divorce, bankruptcy, incompetency, etc?

3. **Sale or purchase of a Business;**

Normally the assets, rather than the shares, of a business are sold or purchased. If the Seller is carrying back part of the sale price, the Seller wants to be sure he/she is being protected if there is a default in the payments such that the Seller must take back the business. And the Buyer wants to avoid being so tied up with liens (for financing the purchase) that the Buyer cannot obtain short-term financing for on-going business operations, or selling assets (such as their home). I have provided a checklist of important matters that should be taken into account for a Business Asset Sale.