

Limited Liability Company Frequently Asked Questions

Here are some answers to questions we receive frequently from the public about Limited Liability Companies (LLC). We provide this for informational purposes only. It does not constitute legal advice.

1. [What is a limited liability company?](#)
2. [What are the advantages and disadvantages of making your business a limited liability company?](#)
3. [What are the differences of a “limited partnership \(LP\),” a “limited liability partnership \(LLP\),” and an “LLC?”](#)
4. [How many people are required to form a non-profit corporation; a limited liability company or a business corporation?](#)
5. [How many people are required to form a limited partnership?](#)
6. [How do I organize my LLC in North Carolina?](#)
7. [Who is authorized to sign documents on behalf of a LLC?](#)
8. [How much will it cost to file my company’s Articles of Organization?](#)
9. [How will I know when my Articles of Organization have been filed?](#)
10. [Do I have to hire an attorney to organize an LLC?](#)
11. [Can the Secretary of State’s office answer questions regarding the legitimacy of an LLC?](#)
12. [What do I do once my Articles of Organization have been filed with the Department of the Secretary of State?](#)
13. [If my company is already organized in another state or nation, what do I have to do in order to conduct business in North Carolina?](#)
14. [How much will it cost me to file my Application for Certificate of Authority?](#)
15. [Can I change my Articles of Organization after they’ve been filed?](#)

16. [If a mistake has been made on a document that has already been filed, is there a way to correct it?](#)
 17. [I want to stop doing business, is there anything I need to file with the Secretary of State's Office?](#)
-

1. What is a limited liability company?

A limited liability company (LLC) is an unincorporated separate entity that is a cross between a corporation and a partnership with certain advantages to both of them. The owners are referred to as “members” and the company can have from one to an unlimited number of members. Members can be natural persons, sole proprietorships, corporations or any other form of entity whether for profit or nonprofit.

An LLC can also be defined by comparing it to other business entities. An LLC is similar to:

1. A general partnership with limited liability;
2. A limited partnership where all owners can participate in management and still retain their limited liability protections;
3. An S corporation without the ownership, distribution, voting and tax restrictions;
4. A closely held family corporation with pass through tax benefits;
5. A sole proprietorship with owner's liability protection; and
6. An entity that can raise initial capital without the restrictions placed on newly-formed corporations.

Limited liability companies are the entity of choice across the United States. There are more LLCs formed than any other entity. Limited liability companies are regularly used for estate and gift planning; real estate development and holding; asset protection; joint ventures; capital formation; family businesses; and as an all purpose business form.

2. What are the advantages and disadvantages of making your business a limited liability company?

This Agency cannot advise on matters such as this. For an explanation of the differences, please contact an attorney or tax adviser.

3. What are the differences of a “limited partnership (LP),” a “limited liability partnership (LLP),” and an “LLC?”

An LP has both general and limited partners.

An LLP, also called a registered LLP (RLLP), is a type of general partnership. An LLP does not have “limited partners,” and the general partners have limited liability.

An LLC has some of the characteristics of partnerships and some of the characteristics of corporations. An LLC may be organized to avoid “double taxation” which frequently accompanies a corporation. The owners of an LLC are called members. LLCs are managed by the members or by managers who may or may not be members. Members and Managers enjoy “limited liability.”

4. How many people are required to form a non-profit corporation; a limited liability company or a business corporation?

One or more.

5. How many people are required to form a limited partnership?

Two or more (1 limited partner and 1 general partner).

6. How do I organize my LLC in North Carolina?

First, you must file your company’s Articles of Organization with the Corporations Division. Make sure the following information is provided in your filing:

The name of your company

Your company’s name must include at least one of the following endings: Limited Liability Company, LLC, Ltd. Liability Company, etc.

Duration

The duration of an LLC is considered to be perpetual.

Organizers

The Articles of Organization must be executed by all Organizers. The articles must state the name and address of each person executing the Articles of Organization and must also state whether each of those person is executing the document in the capacity of a member or an organizer. If a person elects to submit the form L-01, which is the form provided on our Agency’s website, then all individuals listed in item 3 of the Articles must execute the document.

The Articles of Organization may identify the initial members of the LLC.

The street address and county of your registered agent office and the name of your registered agent

The Registered Office is the business address for the Reg. Agent. The Registered Office must be located in NC and have a physical address. If the mailing address of your registered office

differs from its street address, provide both in your filing. A street address must be provided for the initial registered office.

Principal Office Address

A principal office is the location where the business has its office or where the business records are kept. If the company has a principal office upon creation, the address must be included in the Articles. The annual report requires a principal office location.

7. Who is authorized to sign documents on behalf of a LLC?

A document submitted on behalf of a domestic or foreign limited liability company must be signed:

1. By a manager, or company official of the LLC;
2. If the LLC has not been formed or if the LLC has never had any members, by an organizer;
or
3. If the LLC is in the hands of a receiver, trustee, or other court-appointed fiduciary, by that fiduciary.

8. How much will it cost to file my company's Articles of Organization?

The fee for Articles of Organization is \$125. Payments should be made to NC Secretary of State.

9. How will I know when my Articles of Organization have been filed?

Once your Articles of Organization have been filed, you will receive a certified copy of them from this office by e-mail if a cover sheet was provided including the e-mail address or by regular mail if the e-mail address was not provided.

10. Do I have to hire an attorney to organize an LLC?

No, but you should consult an attorney if you have any legal questions concerning your company, such as taxation, liability of the owners and other issues not directly related to filing the Articles of Organization.

11. Can the Secretary of State's office answer questions regarding the legitimacy of an LLC?

No. This office can only tell a client how long a company has been organized and if it is in good standing with the agency. For questions on legitimacy, the client should contact the Attorney General's Office, Consumer Protection Office, <http://www.ncdoj.gov/Consumer.aspx>.

12. What do I do once my Articles of Organization have been filed with the Department of the Secretary of State?

Yes, There are several more steps you'll need to take before you can actually begin operating as an LLC. We recommend that you consult your tax adviser and attorney. That way, you can make sure you do everything you need to.

[Click here](#) to download for a check list on the early steps to get in LLC up and running.

13. If my company is already organized in another state or nation, what do I have to do in order to conduct business in North Carolina?

You will need to file an Application for Certificate of Authority with the Corporations Division of the Department of the Secretary of State. (Form L-09) You should include the following information in your application:

The name of your company

You should provide the name of your company exactly as it appears on file in the state or country where your company was originally organized. If that name is not available in North Carolina, you should choose a fictitious name under which your company will conduct business in this state.

If your company chooses to use a fictitious name, you will need to file a copy of the resolution adopting the fictitious name chosen by your company's managers.

The name of the state or country in which your company was originally organized

The street address of your principal office in the state or country under whose law it is governed.

This must be an actual geographic location. We will not accept a Post Office Box number.

The mailing address of your principal office if it is different from the street address

This address may be a post office box.

The street address and county of your registered office

Your registered agent office must be located in the state of North Carolina. The address provided must be the actual physical location of your registered agent office.

The mailing address of your registered office if mail is not delivered to the street address.

This must be a North Carolina address.

The name of your company's registered agent.

The names, titles and business addresses of your company's current managers.

A Certificate of Existence or similar document

This document will have to be authenticated by the Department of the Secretary of State or by the official who has custody of the corporate records in the state or country in which your company was originally organized. In either event, the certification date must be no more than six months old. The Certificate of Existence must also be an original. We will not accept photocopies or fax copies.

14. How much will it cost me to file my Application for Certificate of Authority?

The filing fee for an Application for Certificate of Authority is \$250.

15. Can I change my Articles of Organization after they've been filed?

Yes, you can. You should file an Amendment of Articles of Organization (Form L-17). The Articles of Amendment must be signed by a company official, or if there are no company officials, by an organizer of the company. Only one signature is required and we do not require a company seal or notarization on Articles of Amendment. There is a \$50.00 fee for filing Articles of Amendment. Please note that the names of the initial organizers cannot be changed by filing articles of amendment.

16. If a mistake has been made on a document that has already been filed, is there a way to correct it?

Yes. You may file Articles of Correction (Form BE-02) indicating:

- The name of the entity;
- The type of business entity;
- The day the document was filed;
- The type of document or an attachment of a copy of the document filed;
- Statements as to what the errors were on the document; and
- How to correct those errors or an attachment of a corrected document.

The filing fee for Articles of Correction is \$10.

17. I want to stop doing business, is there anything I need to file with the Secretary of State's Office?

Yes, you will need to file Articles of Dissolution with the Secretary of State's Office (Form L-07). All forms are available from the website under "Print Corporation Forms" by entity type. There are a few documents used across entity types which are located under the Business Entity link.

[Return to Top](#)