

Formation of a Limited Liability Company in the District of Columbia

A Guide for Business Owners

Introduction

Limited liability companies (LLCs) are corporate entities that combine the characteristics of corporations and partnerships. Like a corporation, the LLC protects its owners from the liabilities and debts of the business. Like a partnership, the LLC passes its profits and losses to its owners, who report them on their personal tax returns. This guide covers the basic steps in the process of forming an LLC in the District of Columbia under the Uniform Limited Liability Company Act of 2010 (D.C. LLC Act), which governs the formation, operation, and dissolution of LLCs in the District.¹

In D.C., the **Corporations Division of the Department of Consumer and Regulatory Affairs (DCRA)** registers domestic and foreign business entities, including LLCs, that are formed under the D.C. LLC Act or that conduct business in the District. The certificate of incorporation for your LLC, as well as other corporate filings, will need to be filed with the Corporations Division.

***Please note:** This guide is provided for informational purposes only. It does not provide legal advice for any individual situation and should be used in conjunction with, and not as a substitute for, qualified legal counsel. This guide reflects the laws of the District of Columbia as of the date it is written. As such, you should verify that the information contained in this guide remains current.*

Online Registration and Resources

- Create a free online account with the [D.C. Department of Consumer and Regulatory Affairs, Corporations Division](#). Registration with the Corporations Division is required to gain access to a number of online resources and to file online with the Corporations Division.
- Helpful information and LLC forms to be filed with the Corporations Division are [available](#) on the “Corporate Registration” website of the Corporations Division.

¹ The D.C. Bar Pro Bono Program would like to thank and acknowledge Kasey Levit Robinson of the law firm of Gibson, Dunn & Crutcher LLP for her gracious assistance in helping to prepare this guide. Without her assistance, developing this guide would not have been possible.

1. Naming Your LLC

Under D.C. law, the name of an LLC is required to contain the words “limited liability company” or “limited company,” or the acronyms “LLC,” “L.L.C.,” “LC,” or “L.C.” In addition, the name of the LLC must be distinguishable from the names of all other domestic or foreign business entities registered in the District of Columbia and all reserved names.

It is important to check the availability of a business name both in order to satisfy the requirement under D.C. law to have a distinguishable name and to verify that your business will not violate another company’s trademark.

To do an initial check on the availability of a name, you may create a free online account on the [DCRA Corporations Division’s Web site](#) and search its business filings database. Also, companies can reserve names they intend to use in the near future, so you will need to check the database of reserved names to make sure that some other business has not reserved rights to the name. Because a business may operate under a trade name that differs from the name under which it is registered, you should also search the Corporations Division’s [database of trade names](#) in use in D.C., under the link for “Trade Name Registration.” In addition, you should check the [database of trademarks](#) registered with the U.S. Patent and Trademark Office (PTO). You may also wish to consult with a trademark lawyer on issues regarding business names.

Once you have found an available name, you may reserve exclusive use of the name for 120 days by filing a Name Reservation Registration & Transfer Form with the Corporations Division, either [online](#) or by mail, for a filing fee of \$50. *See Exhibit A* for the Corporations Division’s name reservation form. This process may be useful if, for example, you wish to reserve a business name while you consider other possible names and prepare and file the certificate of organization for the LLC.

Just because you register your LLC under one name does not mean you have to use that name with customers. You can conduct business under a trade name (or “fictitious name”) that is different from the registered corporate name of your business. If you wish to conduct business under a trade name, you will need to [register](#) the trade name with the District under the link for “Trade Name Registration,” and in any other state where your LLC will do business. The fee for registering a trade name in the District is \$55.

2. Preparing and Filing the Certificate of Organization

In order to form an LLC, you must prepare and file a signed certificate of organization (also known as the “articles of organization”) for the LLC. *See Exhibit B* for instructions on drafting the certificate and the Corporations Division’s fill-in-the-blank form, which may be used as the certificate of organization. The LLC must have at least one owner, called a “**member**,” and the certificate of organization must state:

- The name of the LLC;
- The address of its initial principal office; and

- The name and address of the LLC’s registered agent in the District.²

The LLC is formed once it has at least one member and the certificate of organization is filed. (The certificate of organization may provide for a delayed effective date.) The certificate of organization may be filed with the Corporations Division [online](#) or by mail. The filing fee is \$220. The Corporations Division also accepts walk-in filings on an expedited basis for a fee of \$100 for one-day service, or \$50 for three-day service. According to the Corporations Division’s Web site, mail-in and online filings are processed by the division within 15 business days from the date the filing fee is received and processed.

- Most forms relating to LLCs, including the certificate of organization, may be filed [online](#) or by **mail** at:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
(202) 442-4400

- A complete **list of fees** related to LLC forms and filings is available on the Corporations Division [Web site](#).

3. Designating a Registered Agent

As noted above, in order to register with the Corporations Division, the LLC must designate and maintain a registered agent. The main function of a registered agent is to accept service of process and other legal papers on behalf of the LLC if it is sued. When applying for a D.C. business license, information about the registered agent also will be required. The registered agent must have a physical street address in the District—not a P.O. Box or address outside D.C. Typically, if the LLC’s office is within the District, one of the LLC’s members or another person within the LLC serves as the registered agent for the LLC. The registered agent also may be:

- Another person who resides in D.C.;
- A business entity with an office in D.C.; or
- A commercial registered agent (a company that charges a fee to serve as a registered agent) that is registered in D.C.

² If an LLC will be divided into designated subunits or “series,” which operate as separate entities and which are liable only for their own liabilities and not those of other series, then a statement to that effect must be included in the certificate of organization. In addition, within 90 days from the date the certificate is filed, the organizers of the LLC must sign and file a notice stating that the LLC has at least one member and the date on which the LLC acquired the initial member or members.

4. Preparing an Operating Agreement

Why have an operating agreement?

An operating agreement is a written agreement between the owners (called “**members**”) of the LLC that governs the management of the LLC. An operating agreement serves a similar purpose as corporate bylaws or a partnership agreement and is similar in some respects to a shareholder agreement. See Exhibit C for a sample operating agreement for a single-member LLC.

Although an operating agreement is not required under D.C. law and need not be filed with the Corporations Division, an LLC should have an operating agreement for several reasons, even if the LLC has only one member:

- An operating agreement helps to establish the separate existence of the LLC from the personal affairs of its owner(s), distinguish a single-member LLC from a sole proprietorship (which is not afforded limited liability status), and protect the limited liability status of the LLC.
- An operating agreement documents the rules and procedures that govern the management, operation, and finances of the LLC. Particularly for a multimember LLC, an operating agreement may be useful to prevent misunderstandings about the affairs of the LLC and the rights and obligations of its members.
- The LLC laws in D.C. contain certain rules that govern the operation of an LLC unless the members agree to have other rules apply. An operating agreement may alter these default rules that govern the management of LLCs. Unless the operating agreement provides otherwise, these default rules will apply. For example:
 - LLCs are managed by their members unless the operating agreement provides that certain persons (called “**managers**”)—who may but need not be members—are responsible for managing the business. As a result, if you intend to delegate management responsibilities to a manager or managers, the operating agreement should reflect the LLC’s management structure and provide for the appointment and removal of managers.
 - Under D.C. law, profits and losses are shared equally among the members of the LLC, regardless of the amount each member invests in the business. If the members of the LLC do not invest equally in the business, they may not find it appropriate to allocate profits equally. With an operating agreement, the members would be able to avoid the default allocation and provide, for example, for profits to be allocated in proportion to their respective ownership interests in the business.

What should the operating agreement include?

The operating agreement typically covers a range of topics related to the management of the LLC, as discussed below. Many of these items are of particular relevance to a multimember LLC, which has a more complex operating structure than a single-member LLC.

- **Purposes:** The purposes for which the LLC is formed and the nature of the business to be conducted.
- **Members:** The initial members of the LLC.
- **Members' Capital Investments:** The capital contributions, including any contributions of money, services, or property, that each member has agreed to make and the provision for any additional contributions required to be made.
- **Members' Percentage Ownership Interests:** The members' ownership interests in the LLC, which usually are in proportion to their respective capital investments.
- **Allocation of Profits and Losses:** How profits and losses will be shared among the members.
 - As a default rule under D.C. law, profits and losses are shared equally among the members. The operating agreement may alter the default allocation to provide, for example, for profits and losses to be allocated to the members in proportion to their respective ownership interests in the LLC, or according to another specified method of allocation. If, however, the LLC will allocate profits and losses to its members in a manner that does not correspond to the actual contributions of the members, you should consult a tax professional about the tax-related rules and restrictions that will apply.
- **Distributions of Profits:** Whether, when, and in what amounts available profits allocated to each member will be distributed (paid out) to the members, as opposed to being retained in the LLC as operating capital.
 - Payments to LLC members may be made either as distributions of profit or as guaranteed payments. Payment by distribution of profit means that members may draw on the LLC's profits, when profits are available, at any time. Guaranteed payments are similar to a salary in that they are paid out to members in specified amounts at regular intervals.
- **Members' Voting Rights:** Whether each member is entitled to one vote, or whether the members have disproportionate voting powers based on their respective ownership interests in the LLC or on some other basis.
- **Series:** Whether the LLC will be divided into designated subunits or "series," which operate as separate entities and which are liable only for their own debts, obligations, and liabilities and not those of other series in the LLC.
 - The LLC may designate one or more classes or "series" of members, managers, or interests of the LLC that each has separate assets and liabilities from those of other series in the LLC and operates independently, with its own name, operating agreement, and books, records, and accounts. The certificate of organization should

- provide that a series will be treated as a separate entity distinct from the umbrella LLC, other series of the LLC, and the members of the LLC. A series LLC is similar to a corporation with multiple subsidiaries except that the series concept eliminates the need to create multiple LLCs to protect separate assets.
- To create a series LLC, the LLC also must file a certificate of series designation with the Corporations Division. *See Exhibit C.*
 - The series LLC may be a useful operating structure for an LLC that operates more than one business operation or owns more than one valuable asset, such as a real estate development company that owns multiple properties.
- **Management Structure:** How the business of the LLC is managed.
 - The members may manage the LLC themselves (i.e., the LLC is “**member-managed**”), or they may designate one or more managers to take responsibility for the management of the LLC (i.e., the LLC is “**manager-managed**”), or they may provide for management authority to be shared among the members and managers as they find appropriate. Unless the operating agreement provides otherwise, management of the LLC is vested in its members. Managers may, but need not be, members of the LLC, unless otherwise stated in the operating agreement. See the discussion on “Regulatory and Tax Requirements” in section 6 below for an explanation of the tax treatment that will apply if one or more members do not participate in the management of the company or participate on a part-time basis.
 - In a manager-managed LLC, the operating agreement should describe the respective roles, rights, and responsibilities of the members and managers in running the business and affairs of the LLC. For example, the operating agreement should specify whether certain actions require approval of the members and, if so, the minimum vote required, such as a majority, supermajority, unanimous, or some other vote. By default under D.C. law, such actions include selling, leasing, exchanging, or disposing of substantially all of the LLC’s property; approving a merger; undertaking acts outside the ordinary course of the LLC’s activities; and amending the operating agreement.
 - The operating agreement of a manager-managed LLC also should specify the structure of the management function—for example, whether there are individual managers or a board of managers, and whether the managers will hire officers and employees to carry out the day-to-day business of the LLC. In addition, the operating agreement should provide for the selection, appointment, and removal of the managers.
 - **Meeting and Voting Procedures:** Whether meetings of the members or managers are to be held, how those meetings are conducted, and whether a majority vote, supermajority vote, or unanimous vote is required to approve proposed action.

- The operating agreement should specify the procedures for calling meetings of the members or managers, the frequency of the meetings, whether the meetings must be held in person or may be held electronically, whether action may be taken without a meeting, and what votes are required to approve proposed action. Unless the operating agreement provides otherwise, matters in the ordinary course of the LLC's activities will be decided by a majority vote, and matters outside the ordinary course of the LLC's activities will be decided by a unanimous vote.
- **Procedures for Admitting New Members:** The terms and procedures, including any required consent or vote of the members, that govern the admission of new members.
- **Transfer Rights of Members:** The rules that govern the transfer of the members' ownership interests in the LLC when, for example, a member dies, becomes disabled, or wishes to sell his or her interest.
 - The operating agreement should contain any conditions and restrictions on transfer that may be appropriate in light of the particular circumstances of the LLC. For example, the operating agreement of a family-owned LLC may provide that a member may transfer an ownership interest only to other family members. More generally, an operating agreement may provide that an ownership interest may be transferred only with the consent of the other members, either unanimously or by a majority or supermajority vote.
 - The operating agreement also may provide for rights of first refusal in the event of any proposed transfer of a membership interest. Rights of first refusal give the non-selling members of the LLC the option to buy, under specified terms, the selling member's interest before the selling member may offer his or her interest for sale to a third party.

5. Organizational Matters

Once the LLC is formed, the members or managers should hold their first **organizational meeting**. The items of business at an organizational meeting generally include the following:

- Selecting the managers of the LLC, if the LLC is to have managers;
- Electing the officers of the LLC, if the LLC is to have officers; and
- Authorizing the opening of a bank account for the LLC to keep its finances separate from those of its members.

As an additional matter, the LLC should consider filing a **statement of authority** with the Corporations Division that states which members, managers, or other persons within the LLC are authorized to enter into transactions on behalf of, or otherwise bind, the LLC, and that describes any limitations on that authority. *See Exhibit D.* Under D.C. law, a member of an LLC is not an agent of that LLC solely by virtue of being a member. As a result, the statement of authority can be useful to establish the authority of persons associated with the LLC to act on its behalf.

6. Regulatory and Tax Requirements

Basic Business License

Almost all LLCs that conduct business in the District must obtain a **Basic Business License (BBL)**. The main exception to the requirement for a BBL is if you have a current professional license for business activities, or if you are required to maintain a license by a local, state or national certification body. A list of exemptions from the requirement to obtain a BBL is [available](#). If you meet any of these exemptions, you should complete an [exemption certificate](#) and return it to the address designated on the certificate.

There are 14 licensing categories of BBLs. A directory of BBL categories, and links to the required forms for each category, is [available](#). You should apply for the category that fits your business activities, and if your business does not fit into any of the 14 categories, then you should apply for a General BBL. For most retail and office business activities, a General BBL will be the license category required. You may apply for many categories of BBL [online](#). You may also mail in the application forms, which are available for download from the directory of BBL categories, to the address designated on the forms, or you may apply in person at the DCRA Business License Center, 1100 Fourth Street SW, Second Floor, Washington, DC 20024.

Additional information about applying for a BBL is available [online](#).

In order to apply for a BBL, you must first take the following steps:

- **Register the LLC in the District, maintain a registered agent, and be in good standing.**
 - See sections 2 and 3 above for information about preparing and filing the certificate of organization and appointing a registered agent. To be in good standing, an LLC must have registered, filed all required reports, and paid all applicable fees.
- **Obtain a federal Employer Identification Number (EIN) from the Internal Revenue Service (IRS).**
 - Obtaining an EIN is free and can be done online. More information about applying for an EIN and a link to apply online are available [here](#).
- **Register with the D.C. Office of Tax and Revenue by filing a Form 500 for D.C. business tax registration.**
 - To register with the D.C. Office of Tax and Revenue, you will need to complete Form 500, which may be done [online](#).
- **Obtain a Certificate of Occupancy for your business premises, or a Home Occupation Permit, if you work from your home.**

- A **Certificate of Occupancy** is required in order to document that the D.C. zoning regulation and the D.C. Building Code permit you to operate your business at a particular location.³ A copy of the Certificate of Occupancy is not required to be submitted with the BBL application, but you will need to provide the number and date of issue of the Certificate of Occupancy.
- In some cases, you may need to obtain a new Certificate of Occupancy. A new Certificate of Occupancy is required for property that:
 1. Is a new construction building for which no Certificate of Occupancy was previously issued;
 2. Changes ownership;
 3. Changes in occupancy load; or
 4. Changes in use.

If your business is located in an office building, you may use the Certificate of Occupancy issued for that office building for purposes of your BBL application, as long as the Certificate of Occupancy was issued for the entire building and your business activity is consistent with the use specified in the Certificate of Occupancy. If you will operate under the Certificate of Occupancy issued for the office building, you should be able to obtain the number and issue date of the Certificate of Occupancy, which is required to be posted prominently near the entrance to the premises.

If a new Certificate of Occupancy is required, you will need to apply in person at the DCRA Permit Center, 1100 Fourth Street SW, Second Floor, Washington, DC 20024. Additional information and application instructions are available [online](#), along with the [application](#).

A **Home Occupancy Permit** is required in order to conduct a business, a profession, or an economic activity fulltime or part-time from your home. There are a number of restrictions as to the types of business activities that may be conducted from the home and other conditions relating to the use of the premises. Additional information and application instructions are available [online](#), along with the [application](#). The application will need to be submitted in person at the DCRA Permit Center, 1100 Fourth Street SW, Second Floor, Washington, DC 20024.

- **Complete a Clean Hands Certification form attesting that you do not owe more than \$100 to the D.C. government (e.g., parking tickets, fines, back taxes, etc.).**

The [clean hands certification form](#) is included as part of the BBL application forms and must be completed and signed along with the BBL application.

³ The small business owner should check the zoning of a piece of property before signing a lease for the property. It is important to ensure that the zoning regulations allow the small business owner to operate his or her business on the property. **Do not assume that because the current tenant is using the property for a particular purpose, it is legal to do so.**

- **Satisfy any additional prerequisites for the business activity in your BBL category.**
 - Some business activities require additional documents or permits, which are set out in the directory of BBL categories. For example, a barber shop owner must obtain a valid barber’s license from the D.C. Board of Barber and Cosmetology.

The fees to obtain a BBL vary by license category and generally range from \$200 to \$350 in total. For example, the total cost for a General BBL is \$324.50. All BBLs are valid for two years and must be renewed when they expire.

Biennial Reports

All LLCs registered in D.C. are required to file a biennial report with the DCRA by April 1 every two years. *See Exhibit E.* The initial report is due by April 1 of the year following the calendar year of registration, with subsequent reports due by April 1 every two years thereafter. The report must contain the following information:

- The name of the LLC and the state where it was formed;
- The address of the LLC’s principal office;
- The name and address of the LLC’s registered agent;
- A brief statement of the business or affairs conducted in D.C.; and
- The names of the members of a member-managed LLC, or the names of the managers of a manager-managed LLC.

The fee for filing a two-year report is \$300, and a fee of \$100 applies to late reports. The report may be filed [online](#), by mail to the address listed on the form, or in person at the DCRA Business License Center, 1100 Fourth Street SW, Second Floor, Washington, DC 20024.

Tax Requirements

Unlike a corporation, an LLC does not pay taxes. Rather, like a sole proprietorship or a partnership, it is treated as a “pass-through entity” because it passes its profits and losses to its members, who report them on their personal tax returns. A single-member LLC is taxed like a sole proprietorship. The LLC itself is disregarded for tax purposes—it does not pay taxes—and its member reports all profits or losses of the LLC on his or her personal tax return on Internal Revenue Service (IRS) Form 1040, along with a [Schedule C, E or F](#).

By default, a multimember LLC is taxed like a partnership and, like a partnership, generally must file [Form 1065](#). Form 1065 is an informational return that a multimember LLC must file with the IRS, even though the LLC itself does not pay taxes. Each member’s allocated share of profit, if any, is taxed as personal income to each member, whether or not the profit is actually distributed

to the member. An LLC may elect to be taxed like a corporation, rather than like a sole proprietorship or a partnership, by completing [Form 8832](#).

Members who work or actively participate in the management of the LLC may also be required to pay self-employment tax on their share of the LLC's profits. Passive members—those who do not actively participate in the management of the LLC's business operations—report their share of the LLC's profits as passive income and are not subject to self-employment tax. Members who are required to pay self-employment tax must file a [Schedule SE](#).

[Additional information](#) is available. You should consult with a tax professional about the specific tax treatment that will apply to your LLC.

Additional Resources

For more information about limited liability companies and the rules for establishing one in the District of Columbia, please visit the following Web sites:

D.C. Basic Business License:

<http://dcra.dc.gov/DC/DCRA/For+Business/Apply+for+a+Business+License>

D.C. Business Tax Service Center:

<http://otr.cfo.dc.gov/otr/cwp/view,a,1328,q,591748.asp>

D.C. Corporate Registration:

<http://dcra.dc.gov/DC/DCRA/For+Business/Corporate+Registration>

D.C. Department of Consumer and Regulatory Affairs: www.dcra.dc.gov

D.C. Trade Name Registration:

<http://dcra.dc.gov/DC/DCRA/For+Business/Corporate+Registration>

IRS Small Business Center:

www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Small-Business-and-Self-Employed-Tax-Center-1

U.S. Department of Labor Small Business Resource Center:

www.dol.gov/oasam/programs/osdbu/sbrefa

U.S. Patent and Trademark Office: www.uspto.gov

U.S. Small Business Administration: www.sba.gov/

If you need additional assistance, please feel free to contact the DC Bar Pro Bono Program's Community Economic Development Project:

Darryl Maxwell

Managing Attorney

Community Economic Development Project

DC Bar Pro Bono Program

1101 K Street NW, Second Floor

Washington DC 20005

(202) 737-4700 ext. 3369

(202) 626-3474 (fax)

dmaxwell@dcbar.org

www.dcbar.org/ced

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Exhibit A

**Name Reservation Registration &
Transfer Form**



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government
Corporations Division

Name Reservation Registration & Transfer Form GN-3, Version 1, January 2012.

Use this form to reserve the domestic filing entity name. This form can also be used to transfer existing name reservation from one person to another. Name reservation is valid for 120 days from the date of registration or the date of name transfer.

ENTITY TYPE

FILING FEE

Domestic Filing Entity

Refer to Corporate Fee Schedule posted online

Under the provisions of the Title 29 of D.C. Code (Business Organizations Act), the person listed below hereby applies for a Certificate of Name Reservation and for that purpose submits the statement below.

1. Name of the Person reserving the name.

2. Person's address.

3. Proposed Name. (name shall include the appropriate corporate qualifiers based on the entity type)

4. Select one of the following:

Initial Reservation

Name Reservation Transfer

Name Reservations Transfer only: Answer 4A-B.

4A. Name of the New Person.

4B. New Person's address.

If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405;

5. Person's Signature.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dkra.dc.gov>, create a profile, access the online services main page and proceed. Online filers must pay by using a credit card.

Please check dcra.dc.gov to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registration."

Exhibit B

**Instruction Sheet for Articles of
Organization for Domestic Limited
Liability Company (LLC)**



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government
Corporations Division

Instruction Sheet for Articles of Organization for Domestic Limited Liability Company (LLC)
Form DLC-1, Version 3, January 2012.

Use this instruction to draft articles of organization for your LLC; or use the fillable Articles of Organization on page 2. This will establish your new Limited Liability Company in the District of Columbia.

ENTITY TYPE	FILING FEE
Domestic Limited Liability Company	Refer to Corporate Fee Schedule posted online;

1. Name of the limited liability company. The name of a limited liability company other than a professional limited liability company shall contain the words "limited liability company" or "limited company" or the abbreviation "L.L.C.", "LLC", "L.C.", or "LC". The name of a professional limited liability company shall contain the words "professional limited liability company" or the abbreviation "P.L.L.C." or "PLLC".
2. The street address of the initial principal office.
3. Registered Agent name and address in the District Columbia. (review Registered Agent Combined Form for more information)
4. If the company will have one or more series that is treated as a separate entity which limits the debts, obligations, and other liabilities to the assets of a particular series as provided in the operating agreement as authorized by § 29-802.06, a statement to that effect.
 - 4A. Statement that the limited liability company has at least one member.
 - 4B. The date on which a person or persons became the company's initial member or members.
5. Effective date.
6. Miscellaneous provisions.
7. Organizers names and address; each organizer must sign and date the articles.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

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Please check dcra.dc.gov to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS

District of Columbia Government

Corporations Division

Articles of Organization for Domestic Limited Liability Company

Form DLC-1, Version 3, January 2012.

One or more persons acting as the organizers under the provisions of the Title 29 of D.C. Code (Business Organizations Act) adopt the following Articles of Organization:

1. Company name.

2. The street address of the initial principal office.

3. Registered agent's name and address in the District of Columbia.

4. The company will have one or more series that is treated as a separate entity which limits the debts, obligations, and other liabilities to the assets of a particular series as provided in the operating agreement as authorized by § 29-802.06.

No Yes

Answer 4A & 4B if answered "Yes"

4A. The limited liability company has at least one member.

4B. The date on which a person or persons became the company's initial member or members.

5. Effective date.

6. Miscellaneous provisions. (may attach the statement)

If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405;

7. Organizers Name & Address.

7A. Organizers Signature and Date.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dkra.dc.gov>, create the profile, access the online services main page and proceed. Online filers must pay by using the credit card.

Please check dcra.dc.gov to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."

Exhibit C

**Sample LLC Operating Agreement for a
Single-Member LLC**

DISCLAIMER

The attached materials are intended for informational purposes only and are based on the laws of the District of Columbia. Applicable laws differ from jurisdiction to jurisdiction, and may change over time, and these materials do not and are not intended to constitute legal advice addressing any organization's specific circumstances and legal needs. You should not rely on the attached materials as a substitute for, nor do they replace, professional legal advice. If you have any concerns or questions about a legal matter, you should consult with a licensed lawyer for direct legal advice. Neither the DC Bar Pro Bono Program nor the District of Columbia Bar is responsible for any actions or inaction on your part based on the information in the attached materials. Use of or reference to the attached materials does not create an attorney-client relationship with the DC Bar or any of its members.

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LIMITED LIABILITY COMPANY AGREEMENT

OF

_____ **LLC**

This Limited Liability Company Agreement (this "Agreement") of _____ LLC (the "Company") is entered into by [name of Member], as the sole member (the "Member").

The Member, by execution of this Agreement, hereby forms a limited liability company pursuant to and in accordance with the Uniform Limited Liability Company Act of 2010 (the "Act") (D.C. Code § 29-801.01 *et seq.*), as amended from time to time, and hereby agrees as follows:

1. Name. The name of the limited liability company formed hereby is _____ LLC. The business of the LLC may be conducted under any other name permitted by the Act that is selected by the Member.
2. Filing of Articles. The Member is authorized to execute, deliver and file any other articles, certificates, notices or documents (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may wish to conduct business.
3. Purposes. The Company is formed for the object and purpose of _____, and the nature of the business to be conducted and promoted by the Company is _____. The Company may engage in any lawful act or activity for which limited liability companies may be formed under the Act.
4. Powers. In furtherance of its purposes, but subject to all of the provisions of this Agreement, the Company shall have and may exercise all the powers now or hereafter conferred by D.C. law on limited liability companies formed under the Act and all powers necessary, convenient or incidental to accomplish its purposes as set forth in Section 3.
5. Term. The term of the Company shall be perpetual from the date of filing of the Certificate of Organization of the Company, unless the Company is dissolved earlier in accordance with either the provisions of this Agreement or the Act.
6. Registered Office. The address of the registered office of the Company in the District of Columbia is _____.
7. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the District of Columbia is _____.

8. Member. The name and the mailing address of the Member are as follows:

<u>Name</u>	<u>Address</u>
_____	_____

9. Fiscal Year. The fiscal year of the Company for financial, accounting and tax purposes shall initially be the fiscal year commencing on [date] and ending on [date] (the "Fiscal Year"). The Member shall have authority to change the beginning and ending dates of the Fiscal Year.

10. Bank Accounts. All funds of the Company shall be deposited in its name in such checking and savings accounts, time deposits, certificates of deposit or other accounts at such banks as shall be designated by the Member.

11. Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

12. Capital Contributions. The Member is deemed admitted as a member of the Company upon its execution and delivery of this Agreement. The Member [has contributed]/[agrees to contribute] the amount in cash set forth on Schedule I hereto, and no other property, to the Company.

13. Additional Contributions. The Member is not required to make any additional capital contribution to the Company. However, the Member may voluntarily make additional capital contributions to the Company in any form and at any time. To the extent that the Member makes an additional capital contribution to the Company, the Member shall revise Schedule I hereto.

14. Allocation of Profits and Losses. For so long as the Member is the sole member of the Company, the Company's profits and losses shall be allocated solely to the Member.

15. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the Act or other applicable law.

16. Tax Treatment. The Member acknowledges that because the Company will have a single Member, the Company shall be disregarded as an entity separate from its owner for federal income tax purposes, unless it changes its classification for federal

income tax purposes to that of a corporation or until the Company has more than one member, in which case it would be treated as a partnership for federal income tax purposes (again, provided that the Company has not elected to be treated as a corporation). Regardless of the Company's classification, the Company shall keep books and records separate from those of its sole Member and shall at all times segregate and account for all of its assets and liabilities separately from those of its sole Member.

17. Management. In accordance with Section 29-804.07 of the Act, management of the Company shall be vested in the Member. The Member shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes of the Company described herein, including all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the District of Columbia. Notwithstanding any other provision of this Agreement, the Member is authorized to execute and deliver any document on behalf of the Company without any vote or consent of any other person. The Member has the authority to bind the Company, and third parties dealing with the Company shall be entitled to rely conclusively upon the power and authority of the Member as set forth herein.¹

18. Other Business Opportunities. The Member and any person or entity affiliated with the Member may engage in or possess an interest in other business opportunities or ventures (unconnected with the Company) of every kind and description, independently or with others, including, without limitation, businesses that may compete with the Company. Neither the Member nor any person or entity affiliated with the Member shall be required to present any such business opportunity or venture to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by it. Neither the Company nor any person or entity affiliated with the Company shall have any rights in or to such business opportunities or ventures or the income or profits derived therefrom by virtue of this Agreement, notwithstanding any duty otherwise existing at law or in equity. The provisions of this Section shall apply to the Member solely in its capacity as member of the Company and shall not be deemed to modify any contract or arrangement, including, without limitation, any noncompete provisions, otherwise agreed to by the Company and the Member.

¹ Pursuant to Section 29-804.07 of the Act, if desired, the Member may appoint officers of the Company. An example of an enabling provision is as follows: "Officers. The Member may, from time to time as it deems advisable, select natural persons who are employees or agents of the Company and designate them as officers of the Company (the "Officers") and assign one or more titles (including, without limitation, President, Vice President, Secretary, and Treasurer) to any such person. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the District of Columbia Business Organizations Code, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. Any delegation pursuant to this Section may be revoked at any time by the Member. An Officer may be removed by the Member at any time with or without notice or cause. An Officer may resign at any time by giving written notice to the Member."

19. Exculpation and Indemnification.

(a) The Member shall not be liable to the Company or any other person or entity who is a party to or is otherwise bound by this Agreement for any loss, damage or claim incurred by reason of any act or omission performed or omitted by the Member in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on the Member by this Agreement, except that the Member shall be liable for any such loss, damage or claim incurred by reason of the following: (i) the Member's gross negligence, wrongful acts or misconduct, (ii) the Member's breach of the duty of loyalty, (iii) the Member's receipt of a financial benefit to which the Member is not entitled, (iv) the Member's authorization of an improper distribution in breach of the Member's duty under Section 29-804.06 of the Act, (v) the Member's intentional infliction of harm on the Company or any other member who may be admitted to the Company or (vi) the Member's intentional violation of criminal law.

(b) To the fullest extent permitted by applicable law, the Company shall reimburse for any payment made, and indemnify for any debt, obligation or other liability incurred, by the Member in the course of the Member's activities on behalf of the Company in good faith and in a manner reasonably believed to be within the scope of the authority conferred on the Member by this Agreement, except that the Member shall not be entitled to reimbursement or indemnification if, in making the payment or incurring the debt, obligation or other liability, the Member authorized an improper distribution under Section 29-804.05 of the Act or violated the standards of conduct for members under Section 29-804.09 of the Act.²

20. Assignments. The Member may at any time assign in whole or in part its limited liability company interest in the Company. Any such assignment shall comply with all applicable law. If the Member transfers any of its interest in the Company pursuant to this Section, the transferee shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. If a Member transfers all of its interest in the Company, such admission shall be deemed effective immediately prior to the transfer, and, immediately following such admission, the transferor Member shall cease to be a member of the Company.

21. Dissociation. The Member may at any time dissociate as a member of the Company. If the Member withdraws from the Company pursuant to this Section, an additional member may be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately prior to the resignation, and, immediately

² If persons other than the sole member are indemnified under this provision, the following should be added: "provided, however, that any indemnity under this Section shall be provided out of and to the extent of Company assets only, and no member of the Company shall have personal liability on account thereof."

following such admission, the resigning Member shall cease to be a member of the Company.

22. Admission of Additional Members. One or more additional members may be admitted to the Company with the written consent of the Member and upon such terms (including with respect to participation in the management, profits, losses and distributions of the Company) as may be determined by the Member and the additional persons or entities to be admitted. This agreement, including Schedule I, shall be amended as appropriate to reflect the admission to the Company of any such additional member.

23. Dissolution.

(a) The Company shall dissolve and its affairs shall be wound up upon the first to occur of: (i) the written consent of the Member, (ii) any time there are no members of the Company, unless the Company is continued in accordance with the Act, (iii) the occurrence of any event that, under the Act, would make it unlawful for the business of the Company to be continued or (iv) on application by the Member, the entry by the Superior Court of the District of Columbia of an order dissolving the Company under Section 29-807.01(a) of the Act.

(b) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets or proceeds from the sale of the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 29-807.05 of the Act.

24. Benefits of Agreement; No Third-Party Rights. The provisions of this Agreement are intended solely to benefit the Member and, to the fullest extent permitted by applicable law, shall not be construed as conferring any benefit upon any third-party, including any creditor of the Company (and no such creditor shall be a third-party beneficiary of this Agreement), and the Member shall have no duty or obligation to any creditor of the Company to make any contributions or payments to the Company.³

25. Severability of Provisions. Each provision of this Agreement shall be considered severable and if, for any reason, any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

26. Entire Agreement. This Agreement constitutes the entire agreement of the Member with respect to the subject matter hereof.

³ If persons other than the Member are entitled to indemnity under this Agreement, the right of such third parties to indemnification should be referred to as an exception to this section.

27. Governing Law. This Agreement shall be governed by, and construed under, the laws of the District of Columbia (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

28. Amendments. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby,
has duly executed this Agreement as of the __ day of _____, 20__.

[NAME OF MEMBER]

By: _____

Name:

Title:

SCHEDULE I

Name

Capital Contribution

Exhibit D

Statement of Authority for Domestic LLC



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government
Corporations Division

Statement of Authority for Domestic Limited Liability Company
Form DLC-5, Version 1, January 2012.

Use this form to establish authority to all persons holding position within the limited liability company.

ENTITY TYPE

Domestic Limited Liability Company

FILING FEE

Refer to Corporate Fee Schedule posted online.

Under the provisions of the Title 29 of D.C. Code (Business Organizations Act), the domestic filing entity listed below hereby applies for Statement of Authority and for that purpose submits the statement below.

1. Name of Limited Liability Company.

2. Company's principal address.

3. State the authority, or limitations on the authority, of all persons or a specific person holding the position to do the following.
(A) Execute an instrument transferring real property held in the name of the company; or
(B) Enter into other transactions on behalf of, or otherwise act for or bind, the company.

5. Effective Date.

If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405;

6. Name of the Governor or Authorized Person.

6A. Signature of the Governor or Authorized Person.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dkra.dc.gov>, create the profile, access the online services main page and proceed. Online filers must pay by using the credit card.

Please check dcra.dc.gov to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."

Exhibit E

**Instruction Sheet and Two-Year Report
for Domestic and Foreign Filing Entity**



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government
Corporations Division

Form BRA-25. Version 3, January 2012.
Instruction Sheet for Two-Year Report for Domestic & Foreign Filing Entity.

Who needs to file this report?

All domestic (District) or foreign (non-District) filing entity that conducts business in the District of Columbia and that registered with Corporation Division.

Filing entity includes nonprofit and for-profit corporation, limited liability company, limited partnership, limited liability partnership, general cooperative association, limited cooperative association, statutory trust and general partnership.

When should this report be filed?

The 1st biennial report shall be delivered for filing by April 1 of the year following the calendar year in which the domestic filing entity was formed or the foreign filing entity registered to do business in the District. Subsequent biennial reports shall be delivered by April 1st of each 2nd calendar year thereafter.

Existing domestic filing entities and qualified foreign entities should file subsequent reports every two years from the year of the last report filed.

What are the filing fees?

Refer to Corporate Fee Schedule posted online.

What are the late fees and/or penalties for not filing on time?

Refer to Corporate Fee Schedule posted online. Late fees will be assessed to all filers that file after April 1st. Refer to specific corporate entity type under fee schedule to determine the fee amount.

Do I have to file this report even if I do not get notice from Corporations division?

Failure to receive a report form does not relieve a domestic or foreign filing entity of the responsibility to file and pay on time.

How can I file this biannual report?

This report form can be filed online. Refer to Corporate Online Service Information below for more information.

This report can also be filed by mailing this form to the address specified below.

This report can also be filed in person by visiting Business License Center at 1100 4th St., SW, 2nd Floor, Washington, DC 20024. Please, note that walk-in customers will be assessed expedited fee for same day service. Refer to fee schedule for more information.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dcre.dc.gov>, create a profile, access the online services main page and proceed. Online filers must pay by using a credit card.



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government

Corporations Division

Form BRA-25. Version 3, January 2012.
Instruction Sheet for Two-Year Report for Domestic & Foreign Filing Entity.

Step-By-Step Guide:

Indicate file number if known; indicate the year of filing, date of filing and filing fee.

Item 1.

Indicate the name of the domestic or foreign filing entity.

Item 2.

Indicate the state of formation.

Item 3.

Indicate the principal address of the domestic or foreign filing entity.

Item 4.

Indicate the name and address of current registered agent as recorded with Corporations Division; if agent's information is not correct, indicate the name of the new agent.

Item 5.

Provide brief statement of business or affairs conducted in the District of Columbia; do not use "any lawful business" or similar statement – be specific.

Item 6.

List all entity governors. At least one name is required if the entity is a business corporation, nonprofit corporation, Professional corporation, general cooperative association, or limited liability company.

Item 7.

In the case of a qualified foreign entity, a statement that the entity is in good standing in its state of formation or, if the entity is not in good standing, a description of the efforts of the entity to bring itself into good standing.

Item 8.

Sign this report; select and indicate the name of the governor or authorized person that executes this report.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dkra.dc.gov>, create a profile, access the online services main page and proceed. Online filers must pay by using a credit card.



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS
District of Columbia Government

Corporations Division

Form BRA-25. Version 3, January 2012.
Two-Year Report for Domestic & Foreign Filing Entity.

Use this form to file a two-year report for a domestic or foreign filing entity.

Year of Filing:

File Number:

Date of Filing:

Filing Fee:

Under the provisions of the Title 29 of D.C. Code (Business Organizations Act), the domestic or foreign filing entity listed below is filing its biannual report and for that purpose submits the statement below.

1. Entity Name.

2. Organized under the laws of which state or country.

3. Address of principal office.

4. Name of Registered Agent and address of registered office in DC.

5. Brief statement of business affairs conducted in DC.

6. List all entity governors (attach list if needed)

TITLE

NAME

ADDRESS

7. Is foreign filing entity in good standing in state / country where it is organized?

Yes

No

If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405;

8. Name of the Governor or Authorized Person.

8A. Signature of the Governor or Authorized Person.

Mail all forms and required payment to:

Department of Consumer and Regulatory Affairs
Corporations Division
PO Box 92300
Washington, DC 20090
Phone: (202) 442-4400

Corporate Online Services Information:

Many corporate filings are available by using CorpOnline Service. Go to CorpOnline site at <https://corp.dkra.dc.gov>, create a profile, access the online services main page and proceed. Online filers must pay by using a credit card.