

3. Additional Information. (Check the desired choice. Default choices in **bold**.)

Duration (Perpetual is Default) If not indefinite, specify # of years:	
Organizer The person signing the Articles of Organization	
Continuation	Upon death, retirement, resignation, expulsion, bankruptcy, etc. remaining members will have right to continue business unless you check here: <input type="checkbox"/>
Admission of New Member (Majority Vote of Voting Members is default) Exception: []-Unanimous vote; []-Other (specify):	Transferability of Members' Interests <input type="checkbox"/> - Nontransferable without consent of all voting members. <input type="checkbox"/> - Unlimited transferability. <input type="checkbox"/> - Transferable to descendants of the Designated Relative and their spouses (or to trusts for their benefit).
Designated Relative	(For Family Trust Company Only)
Tax Status	Default is "disregarded entity" (i.e., sole proprietorship) if there is only one member or partnership if there are two more members. If another tax status is desired, check one: <input type="checkbox"/> -C corporation; <input type="checkbox"/> -S corporation.
Office Use Only: [] SS-4; []-2553; []-8832; []-1023EIN: Tax Identification Number.	

Family Trust Company (FTC) Formation Process

A. LLC Formation. The first step is to form a limited-liability company under Nevada law.

(1) **Questionnaire.** Your completing this questionnaire — with additional pages, as needed — will allow us to prepare the other company-formation documents. We do not really need the questionnaire itself; we just need the information requested in it.

(2) **Articles of Organization.** The initial filing with the Nevada Secretary of State includes the company's Articles of Organization. This is the company's "constitution", but most of the provisions allow for changes through the company's Operating Agreement. The Articles can be signed by anyone, who is referred to as the "organizer. The formal Articles of Organization will be accompanied by several forms prescribed by the Nevada Secretary of State.

(3) **Operating Agreement.** This is an agreement that is signed by each initial member and manager of the company. This is similar to the bylaws of a corporation. For an entity that is taxed like a partnership, it also serves as the equivalent of a partnership agreement. As a starting point, we will prepare a standard FTC operating agreement, but this should be carefully customized to fit your specific situation. We recommend that the company's CPA at least review the operating agreement before it is signed, but it is often prudent for the CPA be more fully involved in the process of designing it.. Estate-planning attorneys who have drafted or will draft trust agreements that designate the FTC as a trustee probably should be involved to make sure the FTC can properly function as a trustee without adverse tax consequences.

B. Post-Formation Documents.

(1) **Initial List of Managers.** Once the LLC is officially formed, an initial list of managers must be filed with the Nevada Secretary of State.

(2) **EIN.** An employer identification number (EIN) must be applied for if the LLC will be anything other than a disregarded entity, and we suggest that you apply for an EIN even for a disregarded entity unless your CPA advises otherwise.

(3) **NDFI-Unlicensed FTC.** For an unlicensed family trust company, we will send a letter to the Commissioner of the Nevada Division of Financial Institutions informing the Commissioner of the identity of the "Designated Relative" for the Family Trust Company.

(4) **NDFI-Licensed FTC.** For a licensed family trust company, the NDFI requires an application for the trust company, an application for the initial branch, and a personal history record for each To download the documents required for a licensed NFTC, point your web browser to [http://fid.nv.gov/Licensing/Trust Company/TRUST COMPANY](http://fid.nv.gov/Licensing/Trust_Company/TRUST_COMPANY), and look for the documents under the heading "Family Trust Company. At least one officer must be a resident of Nevada, and the company must maintain a physical office in Nevada.¹ The stockholder equity must be at least \$300,000.²

(5) **Retail Licensed Trust Company.** For a retail licensed trust company, contact the office for more details.

C. Company Records.

(1) **Minutes; Resolutions.** Nevada law does not require an annual meeting for the managers or members of an LLC, but we recommend it. When a meeting is held, notice of the meeting must be given as required in the Operating

¹ NRS 669A.140(1).

² NRS 669A.160.

Agreement. The Operating Agreement and Nevada law allow members and managers to pass resolutions by consent without a formal meeting. The minutes of any meeting and the resolutions adopted by consent should be kept as a permanent part of the company's records.

(2) *Ownership Records.* The Operating Agreement will name each original member and each member's interest as to voting rights, income percentage, and capital percentage. As changes are made, the ownership records must be updated.

(3) *Changes.* The Operating Agreement will specify how it can be amended. An amendment to the Operating Agreement must be signed by each affected owner.

(4) *Contracts.* The company records should also include a copy of all agreements that the company enters into, including employment agreements, independent contractor agreements, leases, and any agreements affecting company ownership.