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Client Questionnaire – Business Comparison Chart

Please fill out this questionnaire and return it as soon as possible. It is important that you answer each question fully. It is imperative that you be candid!

You should answer all questions relevant to your case. If a question does not apply to your particular situation, please indicate by marking the question "N/A." If the answer to any question requires more space than has been provided on the form, please complete your answer on a separate sheet. Refer to the question number to which your answer applies and attach your answer to this questionnaire.

Your responses to these questions will help to organize your case and will save you money on attorney's fees in trying to gather and assemble information after the case is in progress. Since your answers are being made to an attorney, you are assured of confidentiality and are protected by the attorney-client privilege.

NOTICE OF CONFIDENTIALITY

THE INFORMATION IN THIS DOCUMENT IS SUBJECT TO THE ATTORNEY-CLIENT PRIVILEGE, AS PROVIDED IN THE TEXAS RULES OF EVIDENCE. HOWEVER, IF A PROFESSIONAL, INCLUDING AN ATTORNEY OR AN EMPLOYEE OF AN ATTORNEY, HAS CAUSE TO BELIEVE THAT A CHILD HAS BEEN ABUSED OR NEGLECTED OR MAY BE ABUSED OR NEGLECTED OR THAT A CHILD IS A VICTIM OF AN OFFENSE UNDER SECTION 21.11 OF THE TEXAS PENAL CODE, AND THE PROFESSIONAL HAS CAUSE TO BELIEVE THAT THE CHILD HAS BEEN ABUSED AS DEFINED BY SECTION 261.001 OR 261.401 OF THE TEXAS FAMILY CODE, OR IF THE PROFESSIONAL HAS CAUSE TO BELIEVE THAT AN ADULT WAS A VICTIM OF ABUSE OR NEGLECT AS A CHILD AND THE PROFESSIONAL DETERMINES IN GOOD FAITH THAT DISCLOSURE OF THE INFORMATION IS NECESSARY TO PROTECT THE HEALTH AND SAFETY OF ANOTHER CHILD OR AN ELDERLY OR DISABLED PERSON AS DEFINED BY SECTION 48.002 OF THE TEXAS HUMAN RESOURCES CODE, THE PROFESSIONAL SHALL MAKE A REPORT NOT LATER THAN THE FORTY-EIGHTH HOUR AFTER THE HOUR THE PROFESSIONAL FIRST SUSPECTS THAT THE CHILD HAS BEEN OR MAY BE ABUSED OR NEGLECTED OR IS A VICTIM OF AN OFFENSE UNDER SECTION 21.11 OF THE TEXAS PENAL CODE OR IS AN ADULT WHO WAS A

VICTIM OF ABUSE OR NEGLECT AS A CHILD. THE REPORT SHALL BE MADE TO THE APPROPRIATE AGENCY.

THE CONTENTS OF THIS DOCUMENT CONSTITUTE ATTORNEY WORK PRODUCT, ARE CONFIDENTIAL AND ARE NOT TO BE DISCLOSED TO THIRD PERSONS OTHER THAN THOSE TO WHOM DISCLOSURE IS MADE IN FURTHERANCE OF THE RENDITION OF PROFESSIONAL LEGAL SERVICES.

Privacy Policy Regarding Social Security Numbers: Social Security numbers will be divulged only when necessary during the course and within the scope of our employment. The firm collects them from various sources, including income tax returns as well as the client. They are used to identify parties for a number of purposes, including determination of wages, preparation of orders to withhold wages for child support and reports filed with the state of Texas, and obtaining information about retirement benefits. Only employees of the firm who have a need to know will have access to this personal information. Every step is taken to protect the client's privacy. This information is kept secure within the office of the firm in file folders and file drawers, until the file information is retired and the file is removed to a locked, off-site storage facility. Client information will eventually be shredded.

Client Name: _____

Information Requested

About you:

1. Please give the following information.

Full name: _____

Date of birth: _____ City & State of birth: _____

Social Security number: _____

Driver's license number and state: _____

Maiden name, if applicable: _____

2. Where are you living now, and what is your phone number?

Address: _____

City: _____ County: _____ State: _____

Zip: _____ Home phone: _____

3. At what address do you wish to receive mail from this office? _____

4. How do you prefer that we contact you?

Address: _____

Phone: _____ Fax: _____

Pager: _____ Mobile phone: _____

E-mail: _____

(e-mail communications may not be confidential)

5. Who referred you to this office? _____

Ownership Requirements

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>One or more stockholders.</p> <p>No restrictions on the types of owners.</p>	<p>One to 100 stockholders.</p> <p>With certain limited exceptions, only US individuals (citizens or residents) can be stockholders. Certain trusts and exempt organizations can also be stockholders.</p> <p>Only eligible US entities can make an S-corporation election (generally a US C-corporation or other US business entity eligible to elect C-corporation tax status).</p> <p>An S-corporation automatically converts to a C-corporation if it does not meet the requirements of an S-corporation (meaning, no more than 100 stockholders, only specific types of stockholders, and only one class of stock).</p>	<p>One or more members Two or more members required if LLC wants to be taxed as a partnership.</p> <p>A single-member LLC will be treated as a corporation or a sole proprietorship.</p> <p>No restrictions on the types of owners.</p>	<p>Two or more persons, consisting of one or more general partners and one or more limited partners.</p> <p>No restrictions on the types of owners.</p>

Form of Equity and Restrictions

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>Capital stock is held by one or more stockholders.</p> <p>There are two basic types of capital stock: common stock and preferred stock.</p> <p>Permissible to have multiple classes and series of stock with different rights and preferences.</p>	<p>Capital stock is held by one or more stockholders.</p> <p>Only one type of capital stock: common stock.</p> <p>Only one class of stock is permitted, but there can be differences in voting rights among shares of common stock. Certain debt instruments as well as certain options, warrants, or similar instruments may be treated as a second class of stock under the S- corporation rules.</p>	<p>An LLC interest is a member's share of the LLC's profits and losses and right to receive distributions of the LLC's assets.</p> <p>A person may be admitted as a member without making or being obligated to make a contribution.</p> <p>A member's contribution may be in cash, property, or services rendered or a promissory note to</p>	<p>Two classes of partners:</p> <ul style="list-style-type: none"> A general partner (generally responsible for management). A limited partner (typically a silent investor). <p>General and limited partners are not required to make a contribution to receive a partnership interest.</p>

		<p>contribute cash, property, or perform services.</p> <p>A limited liability company agreement (LLC agreement) may classify membership interests into different classes (for example, common and preferred interests) with different rights and preferences.</p> <p>Distribution, liquidation, and voting preferences can be specified in the LLC agreement.</p>	
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Formation and Governing Documents

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>Formation document: certificate of incorporation filed with the Texas Secretary of State (SOS).</p> <p>Governing document: by-laws (in addition to the certificate of incorporation).</p> <p>Other documents: Stockholders may also enter into a stockholders' agreement.</p>	<p>Formation document: certificate of incorporation filed with the Texas Secretary of State (SOS).</p> <p>Governing document: by-laws (in addition to the certificate of incorporation).</p> <p>Other documents: Stockholders may also enter into a stockholders' agreement.</p>	<p>Formation document: certificate of formation filed with the Texas Secretary of State (SOS).</p> <p>Governing document: LLC agreement.</p>	<p>Formation document: certificate of limited partnership filed with the Texas Secretary of State SOS.</p> <p>Governing document: limited partnership agreement.</p>

Liability

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>Unless the certificate of incorporation provides otherwise, stockholders are generally insulated from liability for corporate obligations.</p>	<p>Unless the certificate of incorporation provides otherwise, stockholders are generally insulated from liability for corporate obligations.</p>	<p>Members and managers are not liable for the LLC's debts, obligations, and liabilities, except as provided by the Texas Business Code or under the LLC agreement.</p>	<p>A LP is not liable for the LP's obligations unless the limited partner either: (A) Is also a general partner. (B) Participates in the control of the business. Liability extends only to those doing business with the LP and who reasonably believe the limited partner is a general partner.</p>

Management

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>Governing authority: A C-corporation is governed by a board of directors unless otherwise provided in the certificate of incorporation. The board of directors must designate officers to manage the day- to-day operations.</p> <p>A Texas close corporation may provide in its certificate of incorporation for management by stockholders in lieu of a board of directors.</p> <p>Delegation: The board of directors may delegate certain decision making to committees.</p> <p>Stockholder approvals: Certain major decisions must be approved by the stockholders, including:</p> <ol style="list-style-type: none"> (1) A merger or consolidation. (2) A sale, lease, or exchange of all or substantially all of the corporation's assets (3) Dissolution. 	<p>Governing authority: A C-corporation is governed by a board of directors unless otherwise provided in the certificate of incorporation. The board of directors must designate officers to manage the day- to-day operations.</p> <p>A Texas close corporation may provide in its certificate of incorporation for management by stockholders in lieu of a board of directors.</p> <p>Delegation: The board of directors may delegate certain decision making to committees.</p> <p>Stockholder approvals: Certain major decisions must be approved by the stockholders, including:</p> <ol style="list-style-type: none"> (4) A merger or consolidation. (5) A sale, lease, or exchange of all or substantially all of the corporation's assets (6) Dissolution. 	<p>Governing authority: Management is initially vested in the members, unless otherwise provided in an LLC agreement, which can be highly variable and is intended to be given broad deference.</p> <p>Delegation: Members can delegate management to a managing member, non-member manager, or a board of managers. The manager(s) can (but do not need to) designate officers to manage day-to- day operations</p> <p>Member approvals: Unless they are otherwise provided for in an LLC agreement, certain major decisions typically have to be approved by the members, including:</p> <ol style="list-style-type: none"> (1) Admitting new members (2) Amending the LLC agreement (3) Dissolution. 	<p>Governing authority: Management is initially vested in the general partner(s). The powers of the general partner can be limited by the limited partners in the LP agreement.</p> <p>Unless otherwise provided by the LP agreement, general partners are agents of the LP and have apparent authority to bind the LP in transactions in the ordinary course of business unless both:</p> <ol style="list-style-type: none"> (1) The general partner did not have authority to act for the LP in a particular matter. (2) The other party had notice that the general partner lacked authority. <p>Delegation: The general partner(s) may delegate management and may (but do not need to) designate officers to manage day-to-day operations.</p> <p>LP approvals: Certain major decisions typically have to be approved by the LP's:</p> <ul style="list-style-type: none"> - Merger & consolidation - Conversion - Becoming an LLP - Amend LP Agreement - Dissolution.

Distributions

C-Corporation	S-Corporation	Limited Liability Company (LLC)	Limited Partnership (LP)
<p>Manner: Distributions must be proportionate to stock ownership within each class of stock. Preferential distributions are permitted for one class over another.</p> <p>Dividends may be paid in cash, in property, or in shares of the corporation's capital stock.</p> <p>Restrictions: Distributions must be paid out of surplus or, if there is no surplus, out of net profits for the current or preceding fiscal year.</p> <p>Liability: Directors who willfully or negligently consent to an unlawful distribution are jointly and severally liable for the full amount of the unlawful distribution.</p>	<p>Manner: Distributions must be proportionate to stock ownership. Only one class of stock is permitted.</p> <p>Dividends may be paid in cash, in property, or in shares of the corporation's capital stock.</p> <p>Restrictions: Distributions must be paid out of surplus or, if there is no surplus, out of net profits for the current or preceding fiscal year.</p> <p>Liability: Directors who willfully or negligently consent to an unlawful distribution are jointly and severally liable for the full amount of the unlawful distribution</p>	<p>Manner: The LLC agreement may specify the manner in which distributions of cash or other assets are allocated among the members or classes of members.</p> <p>If the LLC agreement does not specify, distributions are made on the basis of the agreed value of each member's unreturned contributions.</p> <p>Restrictions: Distributions cannot be made if, after giving effect to the distribution, the LLC's liabilities exceed the fair value of its assets. When determining if a distribution is allowed:</p> <ul style="list-style-type: none"> • Liabilities to members on account of their ownership interests and liabilities for which the creditor's recourse is limited to specified property are not considered. • Property that is pledged as security for a liability is not considered an asset, except to the extent that the fair value of the property exceeds the debt it secures. <p>Liability: A member who knowingly receives an improper distribution is personally liable to the LLC for the amount of the distribution.</p>	<p>Manner: The LP agreement may specify the manner in which distributions of cash or other assets are allocated among the partners or classes of partners. If the LP agreement does not specify, distributions are made based on the agreed value of each partner's unreturned contributions.</p> <p>Restrictions: Distributions cannot be made if, at the time of the distribution, the distribution causes the LP's liabilities to exceed the fair value of its assets. When determining if a distribution is allowed:</p> <ul style="list-style-type: none"> • Liabilities to partners on account of their partnership interests and liabilities for which the creditor's recourse is limited to specified property are not considered. • Property that is pledged as security for a liability is not considered an asset, except to the extent that the fair value of the property exceeds the debt it secures. <p>Liability: A member who knowingly receives an improper distribution is personally liable to the LLC for the amount of the distribution.</p>