

# Business Credit News

---

CREDIT REPORTS 210-225-7106  
COLLECTION 210-225-7106  
E-MAIL: [bcms@bcmstx.com](mailto:bcms@bcmstx.com)  
FAX SERVICES 210-225-1777  
WEB SITE: [www.bcmstx.com](http://www.bcmstx.com)

Business Credit and Management  
Services Co of Texas  
4407 Walzem Rd #205  
San Antonio, TX 78218

---

## JANUARY 2018

---

### “What Is An LLC”

*By: David Balovich*

The simple reply is that a LLC (limited liability company) is the combination of a subchapter S corporation and a limited partnership. The owners are called members rather than shareholders and it is run by managers rather than officers. Thus, a LLC is managed by its managers in the same or similar fashion as a corporation is managed by its officers although there tend to be fewer managers. A LLC does not require its members to be natural persons therefore the LLC can be composed of individuals, partnerships, corporations, or other LLC's.

LLC's are created through the States Secretary of State's Office similar to a corporation. The LLC may also do business under an assumed name in which case it must also file an assumed name certificate like any other legal entity.

The limited liability company has the characteristics and benefits of both a corporation and a limited partnership. Membership interest is a personal property interest and it may be evidenced by a membership certificate similar to a stock certificate. Members, like shareholders in a corporation, do not own any specific property in the LLC; all of the assets in the LLC are owned by and are held in the name of the LLC.

The LLC has the benefit of a subchapter S corporation, in that a LLC can shield its members from personal liability arising from operations of the business and be treated as if it were a partnership for federal income tax purposes. The LLC, however, does not have the restrictions which limit the number of owners as a subchapter S corporation does. For instance, the LLC can have more than thirty-five members (the maximum in a subchapter S corporation); it can have foreign members (not permitted in a subchapter S corporation), and it can be involved in different lines of businesses (subchapter S corporations must receive 80% of revenue from one line of business).

One of the most significant features of the LLC is how it is managed. Many investors like the limited partnership form of the LLC because they can invest money and not be liable for the business' debts or failure. The drawback of a limited partnership is that the limited partners may not be involved in the partnerships' day to day activities and still retain their limited liability. In a LLC an investor may have direct input into the management of the business without assuming personal liability for the company's debts. Since a member of a LLC is not a proper party to a lawsuit by or against the LLC, the LLC may provide more protection than a corporation. In the past persons wanting to avoid double taxation, which occurs when one does business as a corporation, chose partnerships to conduct their business. Now, most of what was done in a corporation or a partnership can be accomplished by forming the LLC.

A drawback to the LLC is that the regulations of the LLC may be challenged by the IRS or a court if the business is deemed not to be run properly. Current tax law is well developed on corporations, however, the laws governing LLC's continue to be developed.

Finally, although the limited liability company is growing in popularity not all states recognize them as a legal entity. Generally, those states who do not yet recognize the LLC treat them as limited partnerships. In addition some states allow the incorporator to choose if the LLC is to be formed as a corporation or as a limited partnership at the time of formation. Texas is one of the states that allows the LLC to be a corporation or a limited partnership.

Where a LLC is listed as the general partner it is important for the creditor to also check the credit of the LLC. Regardless of the type of partnership, all partnerships require at least one general partner and general partners are one hundred percent liable for the debts of the partnership regardless of whether they have signed documents.

For more information one should always contact their legal counsel prior to doing business with a Limited Liability Company.

I wish you well.

\*\*\*\*\* **JANUARY 2018** \*\*\*\*\*

Day	Date	Group	Location	Time
Tues	9	Austin Construction	Saltgrass Steak House 10614 Research Blvd, Austin, TX	11:30
Tues	9	Corpus/Victoria/Laredo	Holt Cat, Corpus Christi TX/Telconference Call	11:30
Wed	10	Rio Grande Valley	Pro Build, Mercedes TX	11:30
Thurs	11	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Wed	18	Fuel & Lube/Heavy Eq.	Phone Conference Meeting 1-800-791-2345	2:30
Thurs	18	Austin Ad Media	Phone Conference Meeting 1-800-791-2345	2:00
Thurs	18	HVAC Credit Group	Texas Air Products, San Antonio TX	11:30
Fri	19	SW Electrical Group	The Onion Creek Country Club, Austin TX	11:30
Tues	23	Austin Construction	Saltgrass Steak House, 10614 Research Blvd, Austin TX	11:30
Tues	23	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30

\*\*\*\*\*

**CREDIT REPORTS.....**

**INDUSTRY CREDIT GROUPS.....**

**COLLECTION RECOVERY.....**

A company with financial problems does not acquire them overnight. It has usually experienced one to three years of surfaced difficulty. The earlier these warning signals are identified and analyzed the greater the chance of effective correction action.

Are you using BCMS Credit Reports and Industry Group Meetings to help you identify and analyze? Are you using BCMS Collection Recovery for the past due account(s)? Call BCMS, your Association for all your credit needs and service at (210) 225-7106 or 800-256-5306.

**BCMS On-Line Reports**

BCMS has added over 30,000 new credit reports to our database. If you are suppliers of the Building Materials & Construction, Concrete, Food, Ad Media, Equipment, General Aviation, Iron & Steel, Petroleum, Electrical, Heating & Air Conditioning, and many more industries, call us now to get your password to access our on-line reports. There are no search fees while accessing our date and you are given the number of trade lines available on a report before you order the report. All you have to be is a BCMS member to access our on-line reports. To get started, call NACM at (210)225-7106

**REFERRALS!** Have you talked to a company lately that's not a member of BCMS? Help BCMS and your industry group grow by e-mailing, faxing, or calling to BCMS any new prospects.