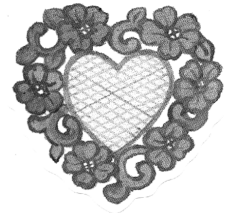




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*Happy Valentine's Day*



## *"Tip of the Month"*

### **Your Personal Liability Shield**

If your business is a corporation or a limited liability company (LLC), you need to let the world know it. Otherwise, you might lose the benefit of the liability shield that protects your personal assets. The shield must be revealed.

You may have formed your corporation or LLC to limit your personal liability exposure. If the company gets into some kind of trouble, you do not want creditors or claimants to come and take your house, your personal bank account and your first born.

To benefit from the shield, however, you must put "Inc." or "Corp." or "Corporation" or "Incorporated" or "LLC" after your company name on all your paperwork. This includes contracts, invoices, letterhead, business cards, and checks.

You should also indicate your title when you sign your name, such as "President." That way, you are indicating your representative capacity. You are signing in behalf of the company and not signing personally on the obligation.

Generally, New Hampshire courts will honor the liability shield (in the absence of fraud) if the shield is clearly revealed. Sometimes, however, company owners are not keyed in on the need to reveal the shield. If so, an opposing party might claim that you were hiding the fact that your business was operating in a limited capacity. If the shield is not revealed on the documents, the court might not honor the shield.

You also need to keep your corporation or LLC in good standing. In January, keep your eye out for the notice from the New Hampshire Department of State that your company's Annual Report is due April 1. The form is easy to complete on line, and the State wants your \$100.

If you do not get your form and your \$100 in on time, your company will no longer be in good standing. This could put a chink your liability shield. In addition, the State will hit you for \$25 per month in late fees for every month after April 1. If you do not file your Annual Report for two years, the State will dissolve your corporation or LLC.

Maintaining your personal liability shield is easy. If you have any questions, or need any help with this, give us a call at 668-1971 or contact us by e-mail at *mailbox @ biz-patlaw.com*.

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