

**COMMON OPERATIONAL RELATIONSHIPS FOR NEW BUSINESSES**

NOTE: Not an Exhaustive List of Requirements - Always Consult a Lawyer!

	<u>Investors</u>	<u>Creditors</u>	<u>Employees</u>	<u>Indep Contractors</u>	<u>Interns/Voluntrs</u>	<u>Landlords</u>	<u>Suppliers of Goods</u>	<u>Consumers</u>
<b>Govt Req'd</b>	Corps: Issue and Register Shares, Follow Bylaws	Certain contracts must be in writing (e.g., Mortgages; Agreements to pay another's debts)	(See 17 point Employer Checklist: all required)	Have to meet IRS test: exercise minimal control over work, don't use with key workers (e.g., not CEO)	Volunteers only okay with Non-Ps	Lease must be in writing if > 1 year; Damage Deposit must be returned w/in 30 days (can deduct costs beyond normal wear & tear); Possible warranty vs. landlord disturbing tenant's use	Must keep income records for IRS/CA Franchise Tax Board	Must keep income records for IRS/CA Franchise Tax Board
	LLCs/Pships: Have an Agreement, Follow Agreement, Register Shares				Interns must meet CA test: similar training to vocational school, training is for intern's benefit, intern doesn't displace employees, no immediate advantage for employer, intern has no right to job at end		Need to have WRITTEN agreement if sale of goods is > \$500	Comply with state requirements for certain consumer agreements (e.g., 1 year maximum for gym membership agreements)
							Comply with all labeling requirements (including warnings re: use and misuse)	Need to have WRITTEN agreement if sale of goods is > \$500

**COMMON OPERATIONAL RELATIONSHIPS FOR NEW BUSINESSES**

NOTE: Not an Exhaustive List of Requirements - Always Consult a Lawyer!

	<u>Investors</u>	<u>Creditors</u>	<u>Employees</u>	<u>Indep Contractors</u>	<u>Interns/Voluntrs</u>	<u>Landlords</u>	<u>Suppliers of Goods</u>	<u>Consumers</u>
<b>Min. Reqd</b>	Corps: Keep track of shares in Log	Have WRITTEN Agreement	Require Application and Interview; Check References; Have hires sign offer letters ( <u>not</u> contracts); Provide Supervision	Have a WRITTEN Agreement	Have a WRITTEN agreement that sets forth expectations	Have a WRITTEN lease	Have a WRITTEN agreement for all transactions	Have written agreements if needed
	LLCs/Pships: Have a WRITTEN agreement	Watch Personal Guarantees!					Clarify warranties in writing (merchantability, fitness for particular purpose)	Clarify warranties in writing (merchantability, fitness for particular purpose)

**COMMON OPERATIONAL RELATIONSHIPS FOR NEW BUSINESSES**

NOTE: Not an Exhaustive List of Requirements - Always Consult a Lawyer!

	<u>Investors</u>	<u>Creditors</u>	<u>Employees</u>	<u>Indep Contractors</u>	<u>Interns/Voluntrs</u>	<u>Landlords</u>	<u>Suppliers of Goods</u>	<u>Consumers</u>
<b>Optimal or Optional</b>	Create different investment options & incentives	Possible Conversion of debt into equity (convertible note)	Adopt Personnel Policies; Use a Payroll Service to keep track of all requirements	Anticipate common issues in the agreement: liability, ability to represent the company, IP ownership	Anticipate common issues in the agreement: liability to/for the intern/volunteer, ability to represent the company, IP ownership	Anticipate common issues in the agreement: liability for repairs, subleasing option, signage, alterations to the property, extension options	Anticipate delivery delays/breach of the agreements -- have back up sources to cover if needed	Provide avenues for/address consumer complaints
		Provide for early pay-out w/o penalty			Arrange insurance to cover interns & volunteers			
		Set up auto-pay with bank or credit card						

Source: UC Berkeley New Business Practicum 8/20/2018