

## COMPARISON OF BUSINESS ENTITY FORMS

	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Corporation</b>	<b>Limited Liability Company</b>
<b>Governing Documents</b>	Partnership Agreement	Limited Partnership Agreement	Articles of Incorporation and By-Laws	Operating Agreement
<b>Management</b>	Unless partnership agreement provides otherwise, all partners have equal rights in managing the partnership.	Managed by general partners. If limited partners participate in control of business, they risk losing their limited liability.	Managed by the board of directors and officers.	Unless operating agreement provides otherwise, an LLC is managed by members. May be managed by an appointed manager.
<b>Authority to make contracts</b>	Each partner is an agent of the partnership. Any partner may bind the partnership to a contract.	General partners are agents of the limited partnership. Limited partners do not have authority to bind the partnership to a contract.	Officers are agents of the corporation. Neither directors nor shareholders have authority to bind the corporation to a contract.	In a member managed LLC, each member is an agent of the LLC and any member may bind the LLC to a contract.
<b>Liability of owners for business obligations</b>	Partners are jointly and severally liable for acts or omissions of any partner acting in ordinary course of partnership business.	General partner is liable for partnership obligations. Limited partners are liable for debts and obligations only to the extent of their capital contributions.	Shareholders ordinarily are not liable for the corporation's obligations.	LLC members and managers are not liable for the LLC's obligations.
<b>Transferability of interests</b>	Interests are not easily transferred. Unless otherwise provided by agreement, partners cannot transfer their partnership interest without consent of other partners.	Limited partners may transfer their economic interest without the other partner's consent. Assignment transfers only the right to share in distributions, profits and losses, not voting rights. (Partnership agreements usually restrict rights.)	Corporate stock is more easily transferred than partnership or LLC interests (subject to buyout agreements).	Members may transfer their economic interest without the other members' consent. Assignment only transfers right to share in profits, losses and distributions, not voting or management rights. Operating agreements usually restrict transfer rights.
<b>Continuity of business</b>	Unless otherwise agreed, partnership dissolves on death, withdrawal, or bankruptcy of partner or admission of new partner.	Unless otherwise agreed, partnership dissolves on death, withdrawal, or bankruptcy of general partner. Withdrawal or addition of limited partner does not effect continuity.	A corporation has independent existence and is not terminated by withdrawal, death, or other termination event affecting its shareholders, directors, or officers.	A LLC has independent existence and is not terminated by withdrawal, death, or other termination event affecting its members or managers.