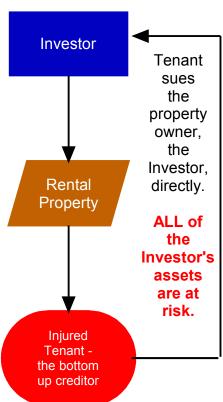
Bottom Up Creditor Problem Use Limited Liability Company to Protect Assets

Bad Scenario No LLC - Assets at Risk



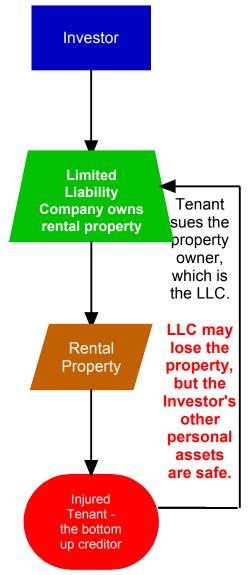
Rule Number 1: Purchase as much insurance as you can afford for the type of activity that your entity engages in.

Rule Number 2: Purchase the biggest umbrella insurance policy you can obtain and afford. May be easy to purchase a \$5,000,000 umbrella policy. Does your insurer offer umbrella policies larger than \$5,000,000?

Rule Number 3: Own real estate (other than your residence) in a limited liability company. Operate businesses through a limited liability company.

Prepared by Richard Keyt

Business & Real Estate Attorney 3001 East Camelback, Suite 130 Phoenix, Arizona 85016 602-906-4953 ext. 101 rk@keytlaw.com - www.keytlaw.com Good Scenario LLC Protects Assets



For more information about Arizona LLCs, see the Arizona LLC Library on our website at www.keytlaw.com / IIc.

To hire Richard Keyt to form your Arizona LLC for \$599, including the \$85 expedited filing fee, the \$45 newspaper publication fee, a 100 page **Arizona LLC Quick Start Guide** book and a 30 page Operating Agreement, see www.keytlaw.com / formllc.

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Scenarios When an LLC Gives No Asset Protection

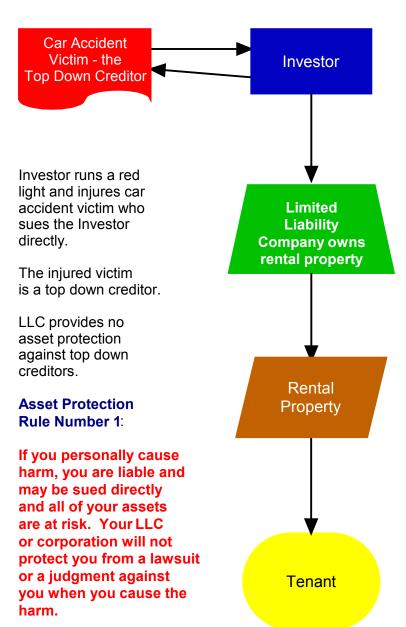
Bottom Up Creditor Problem

Investor Tenant Investor installs sues water heater in Investor the home that directly. blows up and harms ALL of tenant. the Limited Investor's Liability **Company owns** assets rental property are at risk. LLC does not protect **Investor** because the Rental Investor **Property** caused the injury. Injured Tenant

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Top Down Creditor Problem



1st Line of Defense against top a down creditor is insurance

2nd Line of Defense against a top down creditor is a big umbrella insurance policy.

3rd Line of Defense against a top down creditor involves planning and various optional business structures created before a claim or contingent liability arises.

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