



**Secretary of State**  
Business Programs Division

1500 11<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814

Business Entities  
(916) 657-5448

## **Conversion of a California Limited Liability Company into a California Stock Corporation**

A California limited liability company can be converted into a California stock corporation by filing Articles of Incorporation containing a statement of conversion.

The attached sample meets the minimum statutory requirements for Articles of Incorporation containing a statement of conversion for a general stock corporation (see California Corporations Code commencing with sections [200](#), [1150](#) and [17540.1](#)) and may be used as a guide in preparing documents. Modifications can be made to add permissive provisions and/or to meet the specific statutory requirements for a professional or close corporation. It is suggested that you seek private counsel for advice regarding the proposed corporation's specific business needs. The Secretary of State does not provide a standardized form due to the many possible drafting variations.

### **Where to File**

Documents can be hand delivered for over-the-counter processing between the hours of 8:00 am and 4:30 pm, Monday through Friday (excluding holidays) or mailed to the Sacramento office. The office location and mailing address are as follows:

Sacramento Office  
Business Entities Section  
1500 11<sup>th</sup> Street, 3rd Floor  
Sacramento, CA 95814  
(916) 657-5448

Mailing Address  
Document Filing Support Unit  
P O Box 944260  
Sacramento, CA 94244-2600

To facilitate the processing of documents mailed to our Sacramento office, a self-addressed envelope and a letter referencing the corporate name as well as your own name, return address and telephone number should also be submitted. Please refer to our Business Entities Mail Processing Times web page at [http://www.sos.ca.gov/business/bpd\\_processing\\_times.htm](http://www.sos.ca.gov/business/bpd_processing_times.htm) for current mail processing times.

**Note:** Articles of Incorporation containing a statement of conversion are only filed in the Secretary of State's Sacramento office.

### **Fees**

The fee for filing Articles of Incorporation containing a statement of conversion is \$150.00. There is an additional \$15.00 special handling fee for processing a document delivered in person to the Sacramento office. The special handling fee must be remitted separately for each submittal and will be retained whether the document is filed or rejected. The preclearance and/or expedited filing of a document within a guaranteed time frame can be requested for an additional fee (in lieu of the special handling fee) for documents that are delivered in person to the Sacramento office. Please refer to the Secretary of State's website at <http://www.sos.ca.gov/business/precexp.htm> for detailed information regarding preclearance and expedited filing services. The special handling fee or preclearance and expedited filing services are not applicable to documents submitted by mail.

## Fees (continued)

Payments for documents submitted:

- by mail to Sacramento can be made by check or money order.
- in person, over-the-counter in Sacramento can be made by check, money order, cash, or credit card (Visa or MasterCard).

Checks or money orders should be made payable to the Secretary of State.

## Copies

The Secretary of State will certify up to two copies of the filed document without charge, **provided that the copies are submitted to the Secretary of State with the document to be filed.** Any additional copies submitted will be certified with payment of \$8.00 per copy.

## Franchise Tax Requirements

A general stock corporation is a taxable entity and subject each year to an **\$800** minimum franchise tax. Therefore, the corporation must file a return and pay the associated tax every year until the corporation is formally dissolved. For further information regarding franchise tax requirements, refer to the Franchise Tax Board's website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or call the Franchise Tax Board at:

From within the United States (toll free)..... (800) 852-5711  
From outside the United States (not toll free) ..... (916) 845-6500  
Automated Telephone Service - From within the United States (toll free)..... (800) 338-0505  
Automated Telephone Service - From outside the United States (not toll free) ..... (916) 845-6600

## Additional Resources

All corporations are subject to state and federal tax laws and may be subject to additional requirements depending on the type of corporation and/or the type of business conducted. Please refer to our Business Resources web page at [http://www.sos.ca.gov/business/bpd\\_links.htm](http://www.sos.ca.gov/business/bpd_links.htm) for a list of other agencies you may need to contact to ensure proper compliance. Note: The Secretary of State does not license corporations. For licensing requirements, please contact the city and/or county where the principal place of business is located and/or the state agency with jurisdiction over the activities of the corporation.

# Conversion of a California Limited Liability Company into a California Stock Corporation

## INSTRUCTIONS:

Articles of Incorporation containing a statement of conversion must be drafted to include all the provisions required by the California Corporations Code. Articles of Incorporation may include other provisions as permitted under California law (e.g., the name and address of each initial director). The attached sample meets the minimum statutory requirements and should only be used as a guide in preparing Articles of Incorporation. The document should be typed with letters in dark contrast to the paper. Documents not suitable for reproduction will be returned unfiled. Note: The file date of Articles of Incorporation is generally the date the document complying with applicable law is received in the Secretary of State's office.

**Article I:** The articles must include a statement of the name of the corporation.

Note: The name must be exactly as you want it to appear on the records of the California Secretary of State.

**Article II:** This exact statement is required by the California Corporations Code and should not be altered.

**Article III:** The articles must include the name of the initial agent for service of process.<sup>1</sup>

- If an individual is designated as agent, include the agent's business or residential **street** address in California (a P.O. Box address is not acceptable). Please do not use "in care of" (c/o) or abbreviate the name of the city.
- If another corporation is designated as agent, do not include the address of the designated corporation.

Note: Before another corporation may be designated as agent, that corporation must have previously filed with the Secretary of State a certificate pursuant to California Corporations Code section [1505](#). **A corporation cannot act as its own agent** and no domestic or foreign corporation may file pursuant to Section 1505 unless the corporation is currently authorized to engage in business in California and is in good standing on the records of the California Secretary of State.

**Article IV:** The articles must include a statement of the total number of shares the corporation will be authorized to issue.

Note: Before shares of stock are sold or issued the corporation must comply with the Corporate Securities Law administered by the Department of Corporations. Information regarding permits to issue shares can be obtained from the Department of Corporation's website at [www.corp.ca.gov](http://www.corp.ca.gov) or by calling the Department of Corporations at (213) 573-7500.

**Article V:** The articles must include a statement of conversion. (California Corporations Code sections [1157](#) and [17540.6](#).)

**Execution:** The statement of conversion must be signed and acknowledged by all of the managers of the limited liability company, unless a lesser number is provided in the articles of organization or the operating agreement. (See California Corporations Code section [17001\(a\)](#), for the definition of "acknowledge.")

If initial directors are named in the articles, each director must both sign and acknowledge the articles. Note: If initial directors are not named in the articles, the individual(s) executing the document is the incorporator(s) of the corporation. The name of each incorporator or initial director should be typed beneath their signatures. (See California Corporations Code section [200\(b\)](#).)

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<sup>1</sup> An "agent for service of process" is an individual (director, officer or any other person, whether or not affiliated with the corporation) who resides in California or another corporation designated to accept service of process if the corporation is sued. Note: The agent must agree to accept service of process on behalf of the corporation prior to designation.

# SAMPLE - Conversion of a California LLC into a California Stock Corporation

## ARTICLES OF INCORPORATION WITH STATEMENT OF CONVERSION

I

The name of this corporation is \_\_\_\_\_ *(NAME OF CORPORATION)* \_\_\_\_\_.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the **General Corporation Law** of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State **CALIFORNIA** Zip \_\_\_\_\_

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is \_\_\_\_\_.

V

(Statement of Conversion)

The name of the converting California limited liability company is *(NAME OF CALIFORNIA LLC)*. The limited liability company's California Secretary of State file number is \_\_\_\_\_. The principal terms of the plan of conversion were approved by a vote of the members, which equaled or exceeded the vote required under Section 17540.3. There is one class of members entitled to vote and the percentage vote required is a majority in interest of the members. The limited liability company is converting into a California stock corporation.

It is hereby declared that I am the person who executed this instrument, which execution is my act and deed.

*(Signature of Manager)*

*(Typed Name of Manager)*, Manager of *(NAME OF CALIFORNIA LLC)* and Incorporator

*(Signature of Manager)*

*(Typed Name of Manager)*, Manager of *(NAME OF CALIFORNIA LLC)* and Incorporator

*If an individual is designated as the initial agent for service of process, include the agent's business or residential street address in California (a P.O. Box address is not acceptable). If another corporation is designated as the initial agent for service of process, do not include the address of the designated corporation.*

*This sample is only to be used as a guide in preparing Articles of Incorporation containing a statement of conversion. This sample meets the minimum statutory requirements; for other scenarios, refer to the California Corporations Code commencing with sections 200, 1150 and 17540.1.*