

Five Steps When Doing Business in a New State (Foreign Qualification)

Every **corporation**, LLC or **LP** that wants to do business in a state other than where it was formed will have to first qualify to do business in that foreign state. The term “foreign” refers to any state or jurisdiction other than the formation state.



Order a Certificate of Good Standing from the domestic state

In some states a “**Certificate of Good Standing**” is called something else—like a “Certificate of Existence” or “Certificate of Status”. This is generally required to be submitted to the foreign state along with the qualification application. It assures the foreign state that the applicant was validly formed and still existing in its domestic state.

Decide who will be the corporation/LLC/LP’s Registered Agent in the state

Qualified corporations, LLCs, and LPs must appoint and continually maintain a Registered Agent located in the state who can receive service of process and certain other legal documents and official state communications on behalf of the corporation, LLC, or LP.

Choose wisely. If you don’t it can lead to default judgments, administrative revocation of the company’s authority to do business, and other consequences that companies want to avoid.



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Find out if the corporation/LLC/LP’s legal name is available for use in the foreign state

Find out if the legal business name, the name it was formed under in its domestic state, is available by conducting an online search of the filing office’s database or submitting a request to the filing office. If available, file an application for name reservation with the Secretary of State.

Choosing a fictitious name

If your legal business name is not available, you will need to choose a “fictitious” name. Your company will have to qualify and do business under that fictitious name. A name reservation for that fictitious name should be filed to preserve the rights to it.



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Complete the application that has to be filed in order to qualify

In many cases this is called an application for a Certificate of Authority. But the name of the document can vary depending upon the state and whether the business is a corporation, LLC, or LP.

Complete the application fully and properly and find out what the filing fee is. Make sure the person signing the application is authorized to do so. Have the Registered Agent sign a consent to act as Registered Agent if that is required.



Deliver the application for authority, certificate of good standing, and fees to the filing office

First, find out how you can deliver them. For example, some states require filings to be made electronically. Others will still let you file by mailing or hand delivering paper documents.

To learn more about how to stay compliant when doing business in another state, call us at 877.519.8826 or visit ctcorporation.com.