

legal assistance is almost always necessary in forming corporations, and there may be an additional charge on this account of from \$25 up. These corporate expenses are, of course, too slight to be worth much consideration, except in the case of very small enterprises, where they may sometimes be of sufficient importance to prevent the adoption of the corporate form.

(2) **LIMITED POWERS.** As the corporation derives all its powers from the state in which it is incorporated, and as all its powers should be distinctly stated in its articles of incorporation (see Chapter II), it may be somewhat hampered at times by lack of authority to carry on operations that would be profitable. This, however, is a superficial objection that may be readily dismissed; for a good corporation lawyer will always find it possible to include in the statement of the powers of the corporation authority for every act that would be necessary in practice. If not, it is always easy to form a new corporation or amend the charter to cover whatever action is desired. This point also is further discussed in Chapter II.

(3) **LIMITED CREDIT.** A lender of money would, of course, prefer, other things being equal, to lend to an individual or a partnership, rather than to a corporation, because the liability of the owners of the property in the former case is unlimited, and in the latter case, as has been explained, is limited. Thus a partnership which is converted into a corporation will sometimes be embarrassed more or less by reluctance of its creditors to continue extending credit as freely as before the conversion. This objection, which is of importance usually only in the case of a small and closely held business, may be overcome, if desired, by the officers or certain stockholders personally endorsing the corporation's notes and bills payable. By so doing they, of course, lose the