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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: Z-0770.1/08 ROUGH DRAFT

ATTY/TYPIST: LL:rls

BRIEF DESCRIPTION: Adopting the revised uniform limited liability  
company act.

1 AN ACT Relating to the revised uniform limited liability company  
2 act; adding a new chapter to Title 25 RCW; repealing RCW 25.15.005,  
3 25.15.007, 25.15.010, 25.15.015, 25.15.020, 25.15.025, 25.15.030,  
4 25.15.035, 25.15.040, 25.15.045, 25.15.050, 25.15.055, 25.15.060,  
5 25.15.070, 25.15.075, 25.15.080, 25.15.085, 25.15.090, 25.15.095,  
6 25.15.100, 25.15.105, 25.15.115, 25.15.120, 25.15.125, 25.15.130,  
7 25.15.135, 25.15.140, 25.15.150, 25.15.155, 25.15.160, 25.15.165,  
8 25.15.170, 25.15.175, 25.15.180, 25.15.185, 25.15.190, 25.15.195,  
9 25.15.200, 25.15.205, 25.15.215, 25.15.220, 25.15.225, 25.15.230,  
10 25.15.235, 25.15.245, 25.15.250, 25.15.255, 25.15.260, 25.15.270,  
11 25.15.275, 25.15.280, 25.15.285, 25.15.290, 25.15.295, 25.15.300,  
12 25.15.303, 25.15.310, 25.15.315, 25.15.320, 25.15.325, 25.15.330,  
13 25.15.335, 25.15.340, 25.15.345, 25.15.350, 25.15.355, 25.15.360,  
14 25.15.365, 25.15.366, 25.15.370, 25.15.375, 25.15.380, 25.15.385,  
15 25.15.395, 25.15.400, 25.15.405, 25.15.410, 25.15.415, 25.15.425,  
16 25.15.430, 25.15.435, 25.15.440, 25.15.445, 25.15.450, 25.15.455,  
17 25.15.460, 25.15.465, 25.15.470, 25.15.475, 25.15.480, 25.15.800,  
18 25.15.805, 25.15.810, 25.15.900, 25.15.901, and 25.15.902; and  
19 providing effective dates.

1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

2 **REVISED UNIFORM LIMITED LIABILITY COMPANY ACT**

3 **ARTICLE 1**

4 **GENERAL PROVISIONS**

5 NEW SECTION. **Sec. 101.** SHORT TITLE. This chapter may be known  
6 and cited as the revised uniform limited liability company act.

7 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this  
8 section apply throughout this chapter unless the context clearly  
9 requires otherwise:

10 (1) "Certificate of organization" means the certificate required by  
11 section 201 of this act. The term includes the certificate as amended  
12 or restated.

13 (2) "Contribution" means any benefit provided by a person to a  
14 limited liability company:

15 (a) In order to become a member upon formation of the company and  
16 in accordance with an agreement between or among the persons that have  
17 agreed to become the initial members of the company;

18 (b) In order to become a member after formation of the company and  
19 in accordance with an agreement between the person and the company; or

20 (c) In the person's capacity as a member and in accordance with the  
21 operating agreement or an agreement between the member and the company.

22 (3) "Debtor in bankruptcy" means a person that is the subject of:

23 (a) An order for relief under Title 11 of the United States Code or  
24 a successor statute of general application; or

25 (b) A comparable order under federal, state, or foreign law  
26 governing insolvency.

27 (4) "Designated office" means:

28 (a) The office that a limited liability company is required to  
29 designate and maintain under section 113 of this act; or

30 (b) The principal office of a foreign limited liability company.

31 (5) "Distribution," except as otherwise provided in section 405(7)  
32 of this act, means a transfer of money or other property from a limited  
33 liability company to another person on account of a transferable  
34 interest.

1 (6) "Effective," with respect to a record required or permitted to  
2 be delivered to the secretary of state for filing under this chapter,  
3 means effective under section 205(3) of this act.

4 (7) "Foreign limited liability company" means an unincorporated  
5 entity formed under the law of a jurisdiction other than this state and  
6 denominated by that law as a limited liability company.

7 (8) "Limited liability company," except in the phrase "foreign  
8 limited liability company," means an entity formed under this chapter.

9 (9) "Manager" means a person that under the operating agreement of  
10 a manager-managed limited liability company is responsible, alone or in  
11 concert with others, for performing the management functions stated in  
12 section 407(3) of this act.

13 (10) "Manager-managed limited liability company" means a limited  
14 liability company that qualifies under section 407(1) of this act.

15 (11) "Member" means a person that has become a member of a limited  
16 liability company under section 401 of this act and has not dissociated  
17 under section 602 of this act.

18 (12) "Member-managed limited liability company" means a limited  
19 liability company that is not a manager-managed limited liability  
20 company.

21 (13) "Operating agreement" means the agreement, whether or not  
22 referred to as an operating agreement and whether oral, in a record,  
23 implied, or in any combination thereof, of all the members of a limited  
24 liability company, including a sole member, concerning the matters  
25 described in section 110(1) of this act. The term includes the  
26 agreement as amended or restated.

27 (14) "Organizer" means a person that acts under section 201 of this  
28 act to form a limited liability company.

29 (15) "Person" means an individual, corporation, business trust,  
30 estate, trust, partnership, limited liability company, association,  
31 joint venture, public corporation, government or governmental  
32 subdivision, agency, or instrumentality, or any other legal or  
33 commercial entity.

34 (16) "Principal office" means the principal executive office of a  
35 limited liability company or foreign limited liability company, whether  
36 or not the office is located in this state.

37 (17) "Record" means information that is inscribed on a tangible

1 medium or that is stored in an electronic or other medium and is  
2 retrievable in perceivable form.

3 (18) "Sign" means, with the present intent to authenticate or adopt  
4 a record:

5 (a) To execute or adopt a tangible symbol; or

6 (b) To attach to or logically associate with the record an  
7 electronic symbol, sound, or process.

8 (19) "State" means a state of the United States, the District of  
9 Columbia, Puerto Rico, the United States Virgin Islands, or any  
10 territory or insular possession subject to the jurisdiction of the  
11 United States.

12 (20) "Transfer" includes an assignment, conveyance, deed, bill of  
13 sale, lease, mortgage, security interest, encumbrance, gift, and  
14 transfer by operation of law.

15 (21) "Transferable interest" means the right, as originally  
16 associated with a person's capacity as a member, to receive  
17 distributions from a limited liability company in accordance with the  
18 operating agreement, whether or not the person remains a member or  
19 continues to own any part of the right.

20 (22) "Transferee" means a person to which all or part of a  
21 transferable interest has been transferred, whether or not the  
22 transferor is a member.

23 NEW SECTION. **Sec. 103.** KNOWLEDGE--NOTICE. (1) A person knows a  
24 fact when the person:

25 (a) Has actual knowledge of it; or

26 (b) Is deemed to know it under subsection (4)(a) of this section or  
27 law other than this chapter.

28 (2) A person has notice of a fact when the person:

29 (a) Has reason to know the fact from all of the facts known to the  
30 person at the time in question; or

31 (b) Is deemed to have notice of the fact under subsection (4)(b) of  
32 this section.

33 (3) A person notifies another of a fact by taking steps reasonably  
34 required to inform the other person in ordinary course, whether or not  
35 the other person knows the fact.

36 (4) A person that is not a member is deemed:

1 (a) To know of a limitation on authority to transfer real property  
2 as provided in section 302(7) of this act; and  
3 (b) To have notice of a limited liability company's:  
4 (i) Dissolution, ninety days after a statement of dissolution under  
5 section 702(2)(b)(i) of this act becomes effective;  
6 (ii) Termination, ninety days after a statement of termination  
7 under section 702(2)(b)(vi) of this act becomes effective; and  
8 (iii) Merger, conversion, or domestication, ninety days after  
9 articles of merger, conversion, or domestication under article 10 of  
10 this chapter become effective.

11 NEW SECTION. **Sec. 104.** NATURE, PURPOSE, AND DURATION OF LIMITED  
12 LIABILITY COMPANY. (1) A limited liability company is an entity  
13 distinct from its members.

14 (2) A limited liability company may have any lawful purpose,  
15 regardless of whether for profit.

16 (3) A limited liability company has perpetual duration.

17 NEW SECTION. **Sec. 105.** POWERS. A limited liability company has  
18 the capacity to sue and be sued in its own name and the power to do all  
19 things necessary or convenient to carry on its activities.

20 NEW SECTION. **Sec. 106.** GOVERNING LAW. The law of this state  
21 governs:

22 (1) The internal affairs of a limited liability company; and

23 (2) The liability of a member as member and a manager as manager  
24 for the debts, obligations, or other liabilities of a limited liability  
25 company.

26 NEW SECTION. **Sec. 107.** SUPPLEMENTAL PRINCIPLES OF LAW. Unless  
27 displaced by particular provisions of this chapter, the principles of  
28 law and equity supplement this chapter.

29 NEW SECTION. **Sec. 108.** NAME. (1) The name of a limited liability  
30 company must contain the words "limited liability company" or "limited  
31 company" or the abbreviation "L.L.C.," "LLC," "L.C.," or "LC."  
32 "Limited" may be abbreviated as "Ltd.," and "company" may be  
33 abbreviated as "Co."

1 (2) Unless authorized by subsection (3) of this section, the name  
2 of a limited liability company must be distinguishable in the records  
3 of the secretary of state from:

4 (a) The name of each person that is not an individual and that is  
5 incorporated, organized, or authorized to transact business in this  
6 state;

7 (b) The limited liability company name stated in each certificate  
8 of organization that contains the statement as provided in section  
9 201(2)(c) of this act and that has not lapsed; and

10 (c) Each name reserved under section 109 of this act and . . . .

11 (3) A limited liability company may apply to the secretary of state  
12 for authorization to use a name that does not comply with subsection  
13 (2) of this section. The secretary of state shall authorize use of the  
14 name applied for if, as to each noncomplying name:

15 (a) The present user, registrant, or owner of the noncomplying name  
16 consents in a signed record to the use and submits an undertaking in a  
17 form satisfactory to the secretary of state to change the noncomplying  
18 name to a name that complies with subsection (2) of this section and is  
19 distinguishable in the records of the secretary of state from the name  
20 applied for; or

21 (b) The applicant delivers to the secretary of state a certified  
22 copy of the final judgment of a court establishing the applicant's  
23 right to use in this state the name applied for.

24 (4) Subject to section 805 of this act, this section applies to a  
25 foreign limited liability company transacting business in this state  
26 which has a certificate of authority to transact business in this state  
27 or which has applied for a certificate of authority.

28 NEW SECTION. **Sec. 109.** RESERVATION OF NAME. (1) A person may  
29 reserve the exclusive use of the name of a limited liability company,  
30 including a fictitious or assumed name for a foreign limited liability  
31 company whose name is not available, by delivering an application to  
32 the secretary of state for filing. The application must state the name  
33 and address of the applicant and the name proposed to be reserved. If  
34 the secretary of state finds that the name applied for is available, it  
35 must be reserved for the applicant's exclusive use for a one hundred  
36 twenty day period.

1 (2) The owner of a name reserved for a limited liability company  
2 may transfer the reservation to another person by delivering to the  
3 secretary of state for filing a signed notice of the transfer which  
4 states the name and address of the transferee.

5 NEW SECTION. **Sec. 110.** OPERATING AGREEMENT--SCOPE, FUNCTION, AND  
6 LIMITATIONS. (1) Except as otherwise provided in subsections (2) and  
7 (3) of this section, the operating agreement governs:

8 (a) Relations among the members as members and between the members  
9 and the limited liability company;

10 (b) The rights and duties under this chapter of a person in the  
11 capacity of manager;

12 (c) The activities of the company and the conduct of those  
13 activities; and

14 (d) The means and conditions for amending the operating agreement.

15 (2) To the extent the operating agreement does not otherwise  
16 provide for a matter described in subsection (1) of this section, this  
17 chapter governs the matter.

18 (3) An operating agreement may not:

19 (a) Vary a limited liability company's capacity under section 105  
20 of this act to sue and be sued in its own name;

21 (b) Vary the law applicable under section 106 of this act;

22 (c) Vary the power of the court under section 204 of this act;

23 (d) Subject to subsections (4) through (7) of this section,  
24 eliminate the duty of loyalty, the duty of care, or any other fiduciary  
25 duty;

26 (e) Subject to subsections (4) through (7) of this section,  
27 eliminate the contractual obligation of good faith and fair dealing  
28 under section 409(4) of this act;

29 (f) Unreasonably restrict the duties and rights stated in section  
30 410 of this act;

31 (g) Vary the power of a court to decree dissolution in the  
32 circumstances specified in section 701(1) (d) and (e) of this act;

33 (h) Vary the requirement to wind up a limited liability company's  
34 business as specified in section 702 (1) and (2)(a) of this act;

35 (i) Unreasonably restrict the right of a member to maintain an  
36 action under article 9 of this chapter;



1 (j) Restrict the right to approve a merger, conversion, or  
2 domestication under section 1014 of this act to a member that will have  
3 personal liability with respect to a surviving, converted, or  
4 domesticated organization; or

5 (k) Except as otherwise provided in section 112(2) of this act,  
6 restrict the rights under this chapter of a person other than a member  
7 or manager.

8 (4) If not manifestly unreasonable, the operating agreement may:

9 (a) Restrict or eliminate the duty:

10 (i) As required in section 409 (2)(a) and (7) of this act, to  
11 account to the limited liability company and to hold as trustee for it  
12 any property, profit, or benefit derived by the member in the conduct  
13 or winding up of the company's business, from a use by the member of  
14 the company's property, or from the appropriation of a limited  
15 liability company opportunity;

16 (ii) As required in section 409 (2)(b) and (7) of this act, to  
17 refrain from dealing with the company in the conduct or winding up of  
18 the company's business as or on behalf of a party having an interest  
19 adverse to the company; and

20 (iii) As required in section 409 (2)(c) and (7) of this act, to  
21 refrain from competing with the company in the conduct of the company's  
22 business before the dissolution of the company;

23 (b) Identify specific types or categories of activities that do not  
24 violate the duty of loyalty;

25 (c) Alter the duty of care, except to authorize intentional  
26 misconduct or knowing violation of law;

27 (d) Alter any other fiduciary duty, including eliminating  
28 particular aspects of that duty; and

29 (e) Prescribe the standards by which to measure the performance of  
30 the contractual obligation of good faith and fair dealing under section  
31 409(4) of this act.

32 (5) The operating agreement may specify the method by which a  
33 specific act or transaction that would otherwise violate the duty of  
34 loyalty may be authorized or ratified by one or more disinterested and  
35 independent persons after full disclosure of all material facts.

36 (6) To the extent the operating agreement of a member-managed  
37 limited liability company expressly relieves a member of a  
38 responsibility that the member would otherwise have under this chapter

1 and imposes the responsibility on one or more other members, the  
2 operating agreement may, to the benefit of the member that the  
3 operating agreement relieves of the responsibility, also eliminate or  
4 limit any fiduciary duty that would have pertained to the  
5 responsibility.

6 (7) The operating agreement may alter or eliminate the  
7 indemnification for a member or manager provided by section 408(1) of  
8 this act and may eliminate or limit a member or manager's liability to  
9 the limited liability company and members for money damages, except  
10 for:

- 11 (a) Breach of the duty of loyalty;
- 12 (b) A financial benefit received by the member or manager to which  
13 the member or manager is not entitled;
- 14 (c) A breach of a duty under section 406 of this act;
- 15 (d) Intentional infliction of harm on the company or a member; or
- 16 (e) An intentional violation of criminal law.

17 (8) The court shall decide any claim under subsection (4) of this  
18 section that a term of an operating agreement is manifestly  
19 unreasonable. The court:

20 (a) Shall make its determination as of the time the challenged term  
21 became part of the operating agreement and by considering only  
22 circumstances existing at that time; and

23 (b) May invalidate the term only if, in light of the purposes and  
24 activities of the limited liability company, it is readily apparent  
25 that:

- 26 (i) The objective of the term is unreasonable; or
- 27 (ii) the term is an unreasonable means to achieve the provision's  
28 objective.

29 NEW SECTION. **Sec. 111.** OPERATING AGREEMENT--EFFECT ON LIMITED  
30 LIABILITY COMPANY AND PERSONS BECOMING MEMBERS--PREFORMATION AGREEMENT.

31 (1) A limited liability company is bound by and may enforce the  
32 operating agreement, whether or not the company has itself manifested  
33 assent to the operating agreement.

34 (2) A person that becomes a member of a limited liability company  
35 is deemed to assent to the operating agreement.

36 (3) Two or more persons intending to become the initial members of  
37 a limited liability company may make an agreement providing that upon

1 the formation of the company the agreement will become the operating  
2 agreement. One person intending to become the initial member of a  
3 limited liability company may assent to terms providing that upon the  
4 formation of the company the terms will become the operating agreement.

5 NEW SECTION. **Sec. 112.** OPERATING AGREEMENT--EFFECT ON THIRD  
6 PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED  
7 LIABILITY COMPANY. (1) An operating agreement may specify that its  
8 amendment requires the approval of a person that is not a party to the  
9 operating agreement or the satisfaction of a condition. An amendment  
10 is ineffective if its adoption does not include the required approval  
11 or satisfy the specified condition.

12 (2) The obligations of a limited liability company and its members  
13 to a person in the person's capacity as a transferee or dissociated  
14 member are governed by the operating agreement. Subject only to any  
15 court order issued under section 503(2)(b) of this act to effectuate a  
16 charging order, an amendment to the operating agreement made after a  
17 person becomes a transferee or dissociated member is effective with  
18 regard to any debt, obligation, or other liability of the limited  
19 liability company or its members to the person in the person's capacity  
20 as a transferee or dissociated member.

21 (3) If a record that has been delivered by a limited liability  
22 company to the secretary of state for filing and has become effective  
23 under this chapter contains a provision that would be ineffective under  
24 section 110(3) of this act if contained in the operating agreement, the  
25 provision is likewise ineffective in the record.

26 (4) Subject to subsection (3) of this section, if a record that has  
27 been delivered by a limited liability company to the secretary of state  
28 for filing and has become effective under this chapter conflicts with  
29 a provision of the operating agreement:

30 (a) The operating agreement prevails as to members, dissociated  
31 members, transferees, and managers; and

32 (b) The record prevails as to other persons to the extent they  
33 reasonably rely on the record.

34 NEW SECTION. **Sec. 113.** OFFICE AND AGENT FOR SERVICE OF PROCESS.  
35 (1) A limited liability company shall designate and continuously  
36 maintain in this state:

1 (a) An office, which need not be a place of its activity in this  
2 state; and

3 (b) An agent for service of process.

4 (2) A foreign limited liability company that has a certificate of  
5 authority under section 802 of this act shall designate and  
6 continuously maintain in this state an agent for service of process.

7 (3) An agent for service of process of a limited liability company  
8 or foreign limited liability company must be an individual who is a  
9 resident of this state or other person with authority to transact  
10 business in this state.

11 NEW SECTION. **Sec. 114.** CHANGE OF DESIGNATED OFFICE OR AGENT FOR  
12 SERVICE OF PROCESS. (1) A limited liability company or foreign limited  
13 liability company may change its designated office, its agent for  
14 service of process, or the address of its agent for service of process  
15 by delivering to the secretary of state for filing a statement of  
16 change containing:

17 (a) The name of the company;

18 (b) The street and mailing addresses of its current designated  
19 office;

20 (c) If the current designated office is to be changed, the street  
21 and mailing addresses of the new designated office;

22 (d) The name and street and mailing addresses of its current agent  
23 for service of process; and

24 (e) If the current agent for service of process or an address of  
25 the agent is to be changed, the new information.

26 (2) Subject to section 205(3) of this act, a statement of change is  
27 effective when filed by the secretary of state.

28 NEW SECTION. **Sec. 115.** RESIGNATION OF AGENT FOR SERVICE OF  
29 PROCESS. (1) To resign as an agent for service of process of a limited  
30 liability company or foreign limited liability company, the agent must  
31 deliver to the secretary of state for filing a statement of resignation  
32 containing the company name and stating that the agent is resigning.

33 (2) The secretary of state shall file a statement of resignation  
34 delivered under subsection (1) of this section and mail or otherwise  
35 provide or deliver a copy to the designated office of the limited  
36 liability company or foreign limited liability company and another copy

1 to the principal office of the company if the mailing addresses of the  
2 principal office appears in the records of the secretary of state and  
3 is different from the mailing address of the designated office.

4 (3) An agency for service of process terminates on the earlier of:

5 (a) The thirty-first day after the secretary of state files the  
6 statement of resignation;

7 (b) When a record designating a new agent for service of process is  
8 delivered to the secretary of state for filing on behalf of the limited  
9 liability company and becomes effective.

10 NEW SECTION. **Sec. 116.** SERVICE OF PROCESS. (1) An agent for  
11 service of process appointed by a limited liability company or foreign  
12 limited liability company is an agent of the company for service of any  
13 process, notice, or demand required or permitted by law to be served on  
14 the company.

15 (2) If a limited liability company or foreign limited liability  
16 company does not appoint or maintain an agent for service of process in  
17 this state or the agent for service of process cannot with reasonable  
18 diligence be found at the agent's street address, the secretary of  
19 state is an agent of the company upon whom process, notice, or demand  
20 may be served.

21 (3) Service of any process, notice, or demand on the secretary of  
22 state as agent for a limited liability company or foreign limited  
23 liability company may be made by delivering to the secretary of state  
24 duplicate copies of the process, notice, or demand. If a process,  
25 notice, or demand is served on the secretary of state, the secretary of  
26 state shall forward one of the copies by registered or certified mail,  
27 return receipt requested, to the company at its designated office.

28 (4) Service is effected under subsection (3) of this section at the  
29 earliest of:

30 (a) The date the limited liability company or foreign limited  
31 liability company receives the process, notice, or demand;

32 (b) The date shown on the return receipt, if signed on behalf of  
33 the company; or

34 (c) Five days after the process, notice, or demand is deposited  
35 with the United States postal service, if correctly addressed and with  
36 sufficient postage.

1 (5) The secretary of state shall keep a record of each process,  
2 notice, and demand served pursuant to this section and record the time  
3 of, and the action taken regarding, the service.

4 (6) This section does not affect the right to serve process,  
5 notice, or demand in any other manner provided by law.

6 **ARTICLE 2**

7 **FORMATION--CERTIFICATE OF ORGANIZATION AND OTHER FILINGS**

8 NEW SECTION. **Sec. 201.** FORMATION OF LIMITED LIABILITY  
9 COMPANY--CERTIFICATE OF ORGANIZATION. (1) One or more persons may act  
10 as organizers to form a limited liability company by signing and  
11 delivering to the secretary of state for filing a certificate of  
12 organization.

13 (2) A certificate of organization must state:

14 (a) The name of the limited liability company, which must comply  
15 with section 108 of this act;

16 (b) The street and mailing addresses of the initial designated  
17 office and the name and street and mailing addresses of the initial  
18 agent for service of process of the company; and

19 (c) If the company will have no members when the secretary of state  
20 files the certificate, a statement to that effect.

21 (3) Subject to section 112(3) of this act, a certificate of  
22 organization may also contain statements as to matters other than those  
23 required by subsection (2) of this section. However, a statement in a  
24 certificate of organization is not effective as a statement of  
25 authority.

26 (4) Unless the filed certificate of organization contains the  
27 statement as provided in subsection (2)(c) of this section, the  
28 following rules apply:

29 (a) A limited liability company is formed when the secretary of  
30 state has filed the certificate of organization and the company has at  
31 least one member, unless the certificate states a delayed effective  
32 date pursuant to section 205(3) of this act.

33 (b) If the certificate states a delayed effective date, a limited  
34 liability company is not formed if, before the certificate takes  
35 effect, a statement of cancellation is signed and delivered to the

1 secretary of state for filing and the secretary of state files the  
2 certificate.

3 (c) Subject to any delayed effective date and except in a  
4 proceeding by this state to dissolve a limited liability company, the  
5 filing of the certificate of organization by the secretary of state is  
6 conclusive proof that the organizer satisfied all conditions to the  
7 formation of a limited liability company.

8 (5) If a filed certificate of organization contains a statement as  
9 provided in subsection (2)(c) of this section, the following rules  
10 apply:

11 (a) The certificate lapses and is void unless, within ninety days  
12 from the date the secretary of state files the certificate, an  
13 organizer signs and delivers to the secretary of state for filing a  
14 notice stating:

- 15 (i) That the limited liability company has at least one member; and
- 16 (ii) The date on which a person or persons became the company's  
17 initial member or members.

18 (b) If an organizer complies with (a) of this subsection, a limited  
19 liability company is deemed formed as of the date of initial membership  
20 stated in the notice delivered pursuant to (a) of this subsection.

21 (c) Except in a proceeding by this state to dissolve a limited  
22 liability company, the filing of the notice described in (a) of this  
23 subsection by the secretary of state is conclusive proof that the  
24 organizer satisfied all conditions to the formation of a limited  
25 liability company.

26 NEW SECTION. **Sec. 202.** AMENDMENT OR RESTATEMENT OF CERTIFICATE OF  
27 ORGANIZATION. (1) A certificate of organization may be amended or  
28 restated at any time.

29 (2) To amend its certificate of organization, a limited liability  
30 company must deliver to the secretary of state for filing an amendment  
31 stating:

- 32 (a) The name of the company;
- 33 (b) The date of filing of its certificate of organization; and
- 34 (c) The changes the amendment makes to the certificate as most  
35 recently amended or restated.

36 (3) To restate its certificate of organization, a limited liability

1 company must deliver to the secretary of state for filing a  
2 restatement, designated as such in its heading, stating:

3 (a) In the heading or an introductory paragraph, the company's  
4 present name and the date of the filing of the company's initial  
5 certificate of organization;

6 (b) If the company's name has been changed at any time since the  
7 company's formation, each of the company's former names; and

8 (c) The changes the restatement makes to the certificate as most  
9 recently amended or restated.

10 (4) Subject to sections 112(3) and 205(3) of this act, an amendment  
11 to or restatement of a certificate of organization is effective when  
12 filed by the secretary of state.

13 (5) If a member of a member-managed limited liability company, or  
14 a manager of a manager-managed limited liability company, knows that  
15 any information in a filed certificate of organization was inaccurate  
16 when the certificate was filed or has become inaccurate owing to  
17 changed circumstances, the member or manager shall promptly:

18 (a) Cause the certificate to be amended; or

19 (b) If appropriate, deliver to the secretary of state for filing a  
20 statement of change under section 114 of this act or a statement of  
21 correction under section 206 of this act.

22 NEW SECTION. **Sec. 203.** SIGNING OF RECORDS TO BE DELIVERED FOR  
23 FILING TO SECRETARY OF STATE. (1) A record delivered to the secretary  
24 of state for filing pursuant to this chapter must be signed as follows:

25 (a) Except as otherwise provided in (b) through (d) of this  
26 subsection, a record signed on behalf of a limited liability company  
27 must be signed by a person authorized by the company.

28 (b) A limited liability company's initial certificate of  
29 organization must be signed by at least one person acting as an  
30 organizer.

31 (c) A notice under section 201(5)(a) of this act must be signed by  
32 an organizer.

33 (d) A record filed on behalf of a dissolved limited liability  
34 company that has no members must be signed by the person winding up the  
35 company's activities under section 702(3) of this act or a person  
36 appointed under section 702(4) of this act to wind up those activities.



1 (e) A statement of cancellation under section 201(4)(b) of this act  
2 must be signed by each organizer that signed the initial certificate of  
3 organization, but a personal representative of a deceased or  
4 incompetent organizer may sign in the place of the decedent or  
5 incompetent.

6 (f) A statement of denial by a person under section 303 of this act  
7 must be signed by that person.

8 (g) Any other record must be signed by the person on whose behalf  
9 the record is delivered to the secretary of state.

10 (2) Any record filed under this chapter may be signed by an agent.

11 NEW SECTION. Sec. 204. SIGNING AND FILING PURSUANT TO JUDICIAL  
12 ORDER. (1) If a person required by this chapter to sign a record or  
13 deliver a record to the secretary of state for filing under this  
14 chapter does not do so, any other person that is aggrieved may petition  
15 the court to order:

16 (a) The person to sign the record;

17 (b) The person to deliver the record to the secretary of state for  
18 filing; or

19 (c) The secretary of state to file the record unsigned.

20 (2) If a petitioner under subsection (1) of this section is not the  
21 limited liability company or foreign limited liability company to which  
22 the record pertains, the petitioner shall make the company a party to  
23 the action.

24 NEW SECTION. Sec. 205. DELIVERY TO AND FILING OF RECORDS BY  
25 SECRETARY OF STATE--EFFECTIVE TIME AND DATE. (1) A record authorized  
26 or required to be delivered to the secretary of state for filing under  
27 this chapter must be captioned to describe the record's purpose, be in  
28 a medium permitted by the secretary of state, and be delivered to the  
29 secretary of state. If the filing fees have been paid, unless the  
30 secretary of state determines that a record does not comply with the  
31 filing requirements of this chapter, the secretary of state shall file  
32 the record and:

33 (a) For a statement of denial under section 303 of this act, send  
34 a copy of the filed statement and a receipt for the fees to the person  
35 on whose behalf the statement was delivered for filing and to the  
36 limited liability company; and

1 (b) For all other records, send a copy of the filed record and a  
2 receipt for the fees to the person on whose behalf the record was  
3 filed.

4 (2) Upon request and payment of the requisite fee, the secretary of  
5 state shall send to the requester a certified copy of a requested  
6 record.

7 (3) Except as otherwise provided in sections 115 and 206 of this  
8 act and except for a certificate of organization that contains a  
9 statement as provided in section 201(2)(c) of this act, a record  
10 delivered to the secretary of state for filing under this chapter may  
11 specify an effective time and a delayed effective date. Subject to  
12 sections 115, 201(4)(a), and 206 of this act, a record filed by the  
13 secretary of state is effective:

14 (a) If the record does not specify either an effective time or a  
15 delayed effective date, on the date and at the time the record is filed  
16 as evidenced by the secretary of state's endorsement of the date and  
17 time on the record;

18 (b) If the record specifies an effective time but not a delayed  
19 effective date, on the date the record is filed at the time specified  
20 in the record;

21 (c) If the record specifies a delayed effective date but not an  
22 effective time, at 12:01 a.m. on the earlier of:

23 (i) The specified date; or

24 (ii) The ninetieth day after the record is filed; or

25 (d) If the record specifies an effective time and a delayed  
26 effective date, at the specified time on the earlier of:

27 (i) The specified date; or

28 (ii) The ninetieth day after the record is filed.

29 NEW SECTION. **Sec. 206.** CORRECTING FILED RECORD. (1) A limited  
30 liability company or foreign limited liability company may deliver to  
31 the secretary of state for filing a statement of correction to correct  
32 a record previously delivered by the company to the secretary of state  
33 and filed by the secretary of state, if at the time of filing the  
34 record contained inaccurate information or was defectively signed.

35 (2) A statement of correction under subsection (1) of this section  
36 may not state a delayed effective date and must:

1 (a) Describe the record to be corrected, including its filing date,  
2 or attach a copy of the record as filed;

3 (b) Specify the inaccurate information and the reason it is  
4 inaccurate or the manner in which the signing was defective; and

5 (c) Correct the defective signature or inaccurate information.

6 (3) When filed by the secretary of state, a statement of correction  
7 under subsection (1) of this section is effective retroactively as of  
8 the effective date of the record the statement corrects, but the  
9 statement is effective when filed:

10 (a) For the purposes of section 103(4) of this act; and

11 (b) As to persons that previously relied on the uncorrected record  
12 and would be adversely affected by the retroactive effect.

13 NEW SECTION. **Sec. 207.** LIABILITY FOR INACCURATE INFORMATION IN  
14 FILED RECORD. (1) If a record delivered to the secretary of state for  
15 filing under this chapter and filed by the secretary of state contains  
16 inaccurate information, a person that suffers a loss by reliance on the  
17 information may recover damages for the loss from:

18 (a) A person that signed the record, or caused another to sign it  
19 on the person's behalf, and knew the information to be inaccurate at  
20 the time the record was signed; and

21 (b) Subject to subsection (2) of this section, a member of a  
22 member-managed limited liability company or the manager of a  
23 manager-managed limited liability company, if:

24 (i) The record was delivered for filing on behalf of the company;  
25 and

26 (ii) The member or manager had notice of the inaccuracy for a  
27 reasonably sufficient time before the information was relied upon so  
28 that, before the reliance, the member or manager reasonably could have:

29 (A) Effected an amendment under section 202 of this act;

30 (B) Filed a petition under section 204 of this act; or

31 (C) Delivered to the secretary of state for filing a statement of  
32 change under section 114 of this act or a statement of correction under  
33 section 206 of this act.

34 (2) To the extent that the operating agreement of a member-managed  
35 limited liability company expressly relieves a member of responsibility  
36 for maintaining the accuracy of information contained in records  
37 delivered on behalf of the company to the secretary of state for filing

1 under this chapter and imposes that responsibility on one or more other  
2 members, the liability stated in subsection (1)(b) of this section  
3 applies to those other members and not to the member that the operating  
4 agreement relieves of the responsibility.

5 (3) An individual who signs a record authorized or required to be  
6 filed under this chapter affirms under penalty of perjury that the  
7 information stated in the record is accurate.

8 NEW SECTION. **Sec. 208.** CERTIFICATE OF EXISTENCE OR AUTHORIZATION.

9 (1) The secretary of state, upon request and payment of the requisite  
10 fee, shall furnish to any person a certificate of existence for a  
11 limited liability company if the records filed in the office of the  
12 secretary of state show that the company has been formed under section  
13 201 of this act and the secretary of state has not filed a statement of  
14 termination pertaining to the company. A certificate of existence must  
15 state:

- 16 (a) The company's name;
- 17 (b) That the company was duly formed under the laws of this state  
18 and the date of formation;
- 19 (c) Whether all fees, taxes, and penalties due under this chapter  
20 or other law to the secretary of state have been paid;
- 21 (d) Whether the company's most recent annual report required by  
22 section 209 of this act has been filed by the secretary of state;
- 23 (e) Whether the secretary of state has administratively dissolved  
24 the company;
- 25 (f) Whether the company has delivered to the secretary of state for  
26 filing a statement of dissolution;
- 27 (g) That a statement of termination has not been filed by the  
28 secretary of state; and
- 29 (h) Other facts of record in the office of the secretary of state  
30 which are specified by the person requesting the certificate.

31 (2) The secretary of state, upon request and payment of the  
32 requisite fee, shall furnish to any person a certificate of  
33 authorization for a foreign limited liability company if the records  
34 filed in the office of the secretary of state show that the secretary  
35 of state has filed a certificate of authority, has not revoked the  
36 certificate of authority, and has not filed a notice of cancellation.  
37 A certificate of authorization must state:

1 (a) The company's name and any alternate name adopted under section  
2 805(1) of this act for use in this state;

3 (b) That the company is authorized to transact business in this  
4 state;

5 (c) Whether all fees, taxes, and penalties due under this chapter  
6 or other law to the secretary of state have been paid;

7 (d) Whether the company's most recent annual report required by  
8 section 209 of this act has been filed by the secretary of state;

9 (e) That the secretary of state has not revoked the company's  
10 certificate of authority and has not filed a notice of cancellation;  
11 and

12 (f) Other facts of record in the office of the secretary of state  
13 which are specified by the person requesting the certificate.

14 (3) Subject to any qualification stated in the certificate, a  
15 certificate of existence or certificate of authorization issued by the  
16 secretary of state is conclusive evidence that the limited liability  
17 company is in existence or the foreign limited liability company is  
18 authorized to transact business in this state.

19 NEW SECTION. **Sec. 209.** ANNUAL REPORT FOR SECRETARY OF STATE. (1)  
20 Each year, a limited liability company or a foreign limited liability  
21 company authorized to transact business in this state shall deliver to  
22 the secretary of state for filing a report that states:

23 (a) The name of the company;

24 (b) The street and mailing addresses of the company's designated  
25 office and the name and street and mailing addresses of its agent for  
26 service of process in this state;

27 (c) The street and mailing addresses of its principal office; and

28 (d) In the case of a foreign limited liability company, the state  
29 or other jurisdiction under whose law the company is formed and any  
30 alternate name adopted under section 805(1) of this act.

31 (2) Information in an annual report under this section must be  
32 current as of the date the report is delivered to the secretary of  
33 state for filing.

34 (3) The first annual report under this section must be delivered to  
35 the secretary of state between January 1st and April 1st of the year  
36 following the calendar year in which a limited liability company was  
37 formed or a foreign limited liability company was authorized to

1 transact business. A report must be delivered to the secretary of  
2 state between January 1st and April 1st of each subsequent calendar  
3 year.

4 (4) If an annual report under this section does not contain the  
5 information required in subsection (1) of this section, the secretary  
6 of state shall promptly notify the reporting limited liability company  
7 or foreign limited liability company and return the report to it for  
8 correction. If the report is corrected to contain the information  
9 required in subsection (1) of this section and delivered to the  
10 secretary of state within thirty days after the effective date of the  
11 notice, it is timely delivered.

12 (5) If an annual report under this section contains an address of  
13 a designated office or the name or address of an agent for service of  
14 process which differs from the information shown in the records of the  
15 secretary of state immediately before the annual report becomes  
16 effective, the differing information in the annual report is considered  
17 a statement of change under section 114 of this act.

18 **ARTICLE 3**  
19 **RELATIONS OF MEMBERS AND MANAGERS**  
20 **TO PERSONS DEALING WITH LIMITED LIABILITY COMPANY**

21 NEW SECTION. **Sec. 301.** NO AGENCY POWER OF MEMBER AS MEMBER. (1)  
22 A member is not an agent of a limited liability company solely by  
23 reason of being a member.

24 (2) A person's status as a member does not prevent or restrict law  
25 other than this chapter from imposing liability on a limited liability  
26 company because of the person's conduct.

27 NEW SECTION. **Sec. 302.** STATEMENT OF AUTHORITY. (1) A limited  
28 liability company may deliver to the secretary of state for filing a  
29 statement of authority. The statement:

30 (a) Must include the name of the company and the street and mailing  
31 addresses of its designated office;

32 (b) With respect to any position that exists in or with respect to  
33 the company, may state the authority, or limitations on the authority,  
34 of all persons holding the position to:

1 (i) Execute an instrument transferring real property held in the  
2 name of the company; or  
3 (ii) Enter into other transactions on behalf of, or otherwise act  
4 for or bind, the company; and  
5 (c) May state the authority, or limitations on the authority, of a  
6 specific person to:  
7 (i) Execute an instrument transferring real property held in the  
8 name of the company; or  
9 (ii) Enter into other transactions on behalf of, or otherwise act  
10 for or bind, the company.  
11 (2) To amend or cancel a statement of authority filed by the  
12 secretary of state under section 205(1) of this act, a limited  
13 liability company must deliver to the secretary of state for filing an  
14 amendment or cancellation stating:  
15 (a) The name of the company;  
16 (b) The street and mailing addresses of the company's designated  
17 office;  
18 (c) The caption of the statement being amended or canceled and the  
19 date the statement being affected became effective; and  
20 (d) The contents of the amendment or a declaration that the  
21 statement being affected is canceled.  
22 (3) A statement of authority affects only the power of a person to  
23 bind a limited liability company to persons that are not members.  
24 (4) Subject to subsection (3) of this section and section 103(4) of  
25 this act and except as otherwise provided in subsections (6) through  
26 (8) of this section, a limitation on the authority of a person or a  
27 position contained in an effective statement of authority is not by  
28 itself evidence of knowledge or notice of the limitation by any person.  
29 (5) Subject to subsection (3) of this section, a grant of authority  
30 not pertaining to transfers of real property and contained in an  
31 effective statement of authority is conclusive in favor of a person  
32 that gives value in reliance on the grant, except to the extent that  
33 when the person gives value:  
34 (a) The person has knowledge to the contrary;  
35 (b) The statement has been canceled or restrictively amended under  
36 subsection (2) of this section; or  
37 (c) A limitation on the grant is contained in another statement of

1 authority that became effective after the statement containing the  
2 grant became effective.

3 (6) Subject to subsection (3) of this section, an effective  
4 statement of authority that grants authority to transfer real property  
5 held in the name of the limited liability company and that is recorded  
6 by certified copy in the office for recording transfers of the real  
7 property is conclusive in favor of a person that gives value in  
8 reliance on the grant without knowledge to the contrary, except to the  
9 extent that when the person gives value:

10 (a) The statement has been canceled or restrictively amended under  
11 subsection (2) of this section and a certified copy of the cancellation  
12 or restrictive amendment has been recorded in the office for recording  
13 transfers of the real property; or

14 (b) A limitation on the grant is contained in another statement of  
15 authority that became effective after the statement containing the  
16 grant became effective and a certified copy of the later-effective  
17 statement is recorded in the office for recording transfers of the real  
18 property.

19 (7) Subject to subsection (3) of this section, if a certified copy  
20 of an effective statement containing a limitation on the authority to  
21 transfer real property held in the name of a limited liability company  
22 is recorded in the office for recording transfers of that real  
23 property, all persons are deemed to know of the limitation.

24 (8) Subject to subsection (9) of this section, an effective  
25 statement of dissolution or termination is a cancellation of any filed  
26 statement of authority for the purposes of subsection (6) of this  
27 section and is a limitation on authority for the purposes of subsection  
28 (7) of this section.

29 (9) After a statement of dissolution becomes effective, a limited  
30 liability company may deliver to the secretary of state for filing and,  
31 if appropriate, may record a statement of authority that is designated  
32 as a postdissolution statement of authority. The statement operates as  
33 provided in subsections (6) and (7) of this section.

34 (10) Unless earlier canceled, an effective statement of authority  
35 is canceled by operation of law five years after the date on which the  
36 statement, or its most recent amendment, becomes effective. This  
37 cancellation operates without need for any recording under subsection  
38 (6) or (7) of this section.



1 (11) An effective statement of denial operates as a restrictive  
2 amendment under this section and may be recorded by certified copy for  
3 the purposes of subsection (6)(a) of this section.

4 NEW SECTION. **Sec. 303.** STATEMENT OF DENIAL. A person named in a  
5 filed statement of authority granting that person authority may deliver  
6 to the secretary of state for filing a statement of denial that:

7 (1) Provides the name of the limited liability company and the  
8 caption of the statement of authority to which the statement of denial  
9 pertains; and

10 (2) Denies the grant of authority.

11 NEW SECTION. **Sec. 304.** LIABILITY OF MEMBERS AND MANAGERS. (1)  
12 The debts, obligations, or other liabilities of a limited liability  
13 company, whether arising in contract, tort, or otherwise:

14 (a) Are solely the debts, obligations, or other liabilities of the  
15 company; and

16 (b) Do not become the debts, obligations, or other liabilities of  
17 a member or manager solely by reason of the member acting as a member  
18 or manager acting as a manager.

19 (2) The failure of a limited liability company to observe any  
20 particular formalities relating to the exercise of its powers or  
21 management of its activities is not a ground for imposing liability on  
22 the members or managers for the debts, obligations, or other  
23 liabilities of the company.

#### 24 **ARTICLE 4**

#### 25 **RELATIONS OF MEMBERS TO EACH OTHER AND** 26 **TO LIMITED LIABILITY COMPANY**

27 NEW SECTION. **Sec. 401.** BECOMING MEMBER. (1) If a limited  
28 liability company is to have only one member upon formation, the person  
29 becomes a member as agreed by that person and the organizer of the  
30 company. That person and the organizer may be, but need not be,  
31 different persons. If different, the organizer acts on behalf of the  
32 initial member.

33 (2) If a limited liability company is to have more than one member  
34 upon formation, those persons become members as agreed by the persons

1 before the formation of the company. The organizer acts on behalf of  
2 the persons in forming the company and may be, but need not be, one of  
3 the persons.

4 (3) If a filed certificate of organization contains the statement  
5 required by section 201(2)(c) of this act, a person becomes an initial  
6 member of the limited liability company with the consent of a majority  
7 of the organizers. The organizers may consent to more than one person  
8 simultaneously becoming the company's initial members.

9 (4) After formation of a limited liability company, a person  
10 becomes a member:

11 (a) As provided in the operating agreement;

12 (b) As the result of a transaction effective under article 10 of  
13 this chapter;

14 (c) With the consent of all the members; or

15 (d) If, within ninety consecutive days after the company ceases to  
16 have any members:

17 (i) The last person to have been a member, or the legal  
18 representative of that person, designates a person to become a member;  
19 and

20 (ii) The designated person consents to become a member.

21 (5) A person may become a member without acquiring a transferable  
22 interest and without making or being obligated to make a contribution  
23 to the limited liability company.

24 NEW SECTION. **Sec. 402.** FORM OF CONTRIBUTION. A contribution may  
25 consist of tangible or intangible property or other benefit to a  
26 limited liability company, including money, services performed,  
27 promissory notes, other agreements to contribute money or property, and  
28 contracts for services to be performed.

29 NEW SECTION. **Sec. 403.** LIABILITY FOR CONTRIBUTIONS. (1) A  
30 person's obligation to make a contribution to a limited liability  
31 company is not excused by the person's death, disability, or other  
32 inability to perform personally. If a person does not make a required  
33 contribution, the person or the person's estate is obligated to  
34 contribute money equal to the value of the part of the contribution  
35 which has not been made, at the option of the company.

1 (2) A creditor of a limited liability company which extends credit  
2 or otherwise acts in reliance on an obligation described in subsection  
3 (1) of this section may enforce the obligation.

4 NEW SECTION. **Sec. 404.** SHARING OF AND RIGHT TO DISTRIBUTIONS  
5 BEFORE DISSOLUTION. (1) Any distributions made by a limited liability  
6 company before its dissolution and winding up must be in equal shares  
7 among members and dissociated members, except to the extent necessary  
8 to comply with any transfer effective under section 502 of this act and  
9 any charging order in effect under section 503 of this act.

10 (2) A person has a right to a distribution before the dissolution  
11 and winding up of a limited liability company only if the company  
12 decides to make an interim distribution. A person's dissociation does  
13 not entitle the person to a distribution.

14 (3) A person does not have a right to demand or receive a  
15 distribution from a limited liability company in any form other than  
16 money. Except as otherwise provided in section 708(3) of this act, a  
17 limited liability company may distribute an asset in kind if each part  
18 of the asset is fungible with each other part and each person receives  
19 a percentage of the asset equal in value to the person's share of  
20 distributions.

21 (4) If a member or transferee becomes entitled to receive a  
22 distribution, the member or transferee has the status of, and is  
23 entitled to all remedies available to, a creditor of the limited  
24 liability company with respect to the distribution.

25 NEW SECTION. **Sec. 405.** LIMITATIONS ON DISTRIBUTION. (1) A  
26 limited liability company may not make a distribution if after the  
27 distribution:

28 (a) The company would not be able to pay its debts as they become  
29 due in the ordinary course of the company's activities; or

30 (b) The company's total assets would be less than the sum of its  
31 total liabilities plus the amount that would be needed, if the company  
32 were to be dissolved, wound up, and terminated at the time of the  
33 distribution, to satisfy the preferential rights upon dissolution,  
34 winding up, and termination of members whose preferential rights are  
35 superior to those of persons receiving the distribution.

1 (2) A limited liability company may base a determination that a  
2 distribution is not prohibited under subsection (1) of this section on  
3 financial statements prepared on the basis of accounting practices and  
4 principles that are reasonable in the circumstances or on a fair  
5 valuation or other method that is reasonable under the circumstances.

6 (3) Except as otherwise provided in subsection (6) of this section,  
7 the effect of a distribution under subsection (1) of this section is  
8 measured:

9 (a) In the case of a distribution by purchase, redemption, or other  
10 acquisition of a transferable interest in the company, as of the date  
11 money or other property is transferred or debt incurred by the company;  
12 and

13 (b) In all other cases, as of the date:

14 (i) The distribution is authorized, if the payment occurs within  
15 one hundred twenty days after that date; or

16 (ii) The payment is made, if the payment occurs more than one  
17 hundred twenty days after the distribution is authorized.

18 (4) A limited liability company's indebtedness to a member incurred  
19 by reason of a distribution made in accordance with this section is at  
20 parity with the company's indebtedness to its general, unsecured  
21 creditors.

22 (5) A limited liability company's indebtedness, including  
23 indebtedness issued in connection with or as part of a distribution, is  
24 not a liability for purposes of subsection (1) of this section if the  
25 terms of the indebtedness provide that payment of principal and  
26 interest are made only to the extent that a distribution could be made  
27 to members under this section.

28 (6) If indebtedness is issued as a distribution, each payment of  
29 principal or interest on the indebtedness is treated as a distribution,  
30 the effect of which is measured on the date the payment is made.

31 (7) In subsection (1) of this section, "distribution" does not  
32 include amounts constituting reasonable compensation for present or  
33 past services or reasonable payments made in the ordinary course of  
34 business under a bona fide retirement plan or other benefits program.

35 NEW SECTION. **Sec. 406.** LIABILITY FOR IMPROPER DISTRIBUTIONS. (1)  
36 Except as otherwise provided in subsection (2) of this section, if a  
37 member of a member-managed limited liability company or manager of a

1 manager-managed limited liability company consents to a distribution  
2 made in violation of section 405 of this act and in consenting to the  
3 distribution fails to comply with section 409 of this act, the member  
4 or manager is personally liable to the company for the amount of the  
5 distribution that exceeds the amount that could have been distributed  
6 without the violation of section 405 of this act.

7 (2) To the extent the operating agreement of a member-managed  
8 limited liability company expressly relieves a member of the authority  
9 and responsibility to consent to distributions and imposes that  
10 authority and responsibility on one or more other members, the  
11 liability stated in subsection (1) of this section applies to the other  
12 members and not the member that the operating agreement relieves of  
13 authority and responsibility.

14 (3) A person that receives a distribution knowing that the  
15 distribution to that person was made in violation of section 405 of  
16 this act is personally liable to the limited liability company but only  
17 to the extent that the distribution received by the person exceeded the  
18 amount that could have been properly paid under section 405 of this  
19 act.

20 (4) A person against which an action is commenced because the  
21 person is liable under subsection (1) of this section may:

22 (a) Implead any other person that is subject to liability under  
23 subsection (1) of this section and seek to compel contribution from the  
24 person; and

25 (b) Implead any person that received a distribution in violation of  
26 subsection (3) of this section and seek to compel contribution from the  
27 person in the amount the person received in violation of subsection (3)  
28 of this section.

29 (5) An action under this section is barred if not commenced within  
30 two years after the distribution.

31 NEW SECTION. **Sec. 407.** MANAGEMENT OF LIMITED LIABILITY COMPANY.

32 (1) A limited liability company is a member-managed limited liability  
33 company unless the operating agreement:

34 (a) Expressly provides that:

35 (i) The company is or will be "manager-managed";

36 (ii) The company is or will be "managed by managers"; or

1 (iii) Management of the company is or will be "vested in managers";  
2 or  
3 (b) Includes words of similar import.  
4 (2) In a member-managed limited liability company, the following  
5 rules apply:  
6 (a) The management and conduct of the company are vested in the  
7 members.  
8 (b) Each member has equal rights in the management and conduct of  
9 the company's activities.  
10 (c) A difference arising among members as to a matter in the  
11 ordinary course of the activities of the company may be decided by a  
12 majority of the members.  
13 (d) An act outside the ordinary course of the activities of the  
14 company may be undertaken only with the consent of all members.  
15 (e) The operating agreement may be amended only with the consent of  
16 all members.  
17 (3) In a manager-managed limited liability company, the following  
18 rules apply:  
19 (a) Except as otherwise expressly provided in this chapter, any  
20 matter relating to the activities of the company is decided exclusively  
21 by the managers.  
22 (b) Each manager has equal rights in the management and conduct of  
23 the activities of the company.  
24 (c) A difference arising among managers as to a matter in the  
25 ordinary course of the activities of the company may be decided by a  
26 majority of the managers.  
27 (d) The consent of all members is required to:  
28 (i) Sell, lease, exchange, or otherwise dispose of all, or  
29 substantially all, of the company's property, with or without the good  
30 will, outside the ordinary course of the company's activities;  
31 (ii) Approve a merger, conversion, or domestication under article  
32 10 of this chapter;  
33 (iii) Undertake any other act outside the ordinary course of the  
34 company's activities; and  
35 (iv) Amend the operating agreement.  
36 (e) A manager may be chosen at any time by the consent of a  
37 majority of the members and remains a manager until a successor has  
38 been chosen, unless the manager at an earlier time resigns, is removed,

1 or dies, or, in the case of a manager that is not an individual,  
2 terminates. A manager may be removed at any time by the consent of a  
3 majority of the members without notice or cause.

4 (f) A person need not be a member to be a manager, but the  
5 dissociation of a member that is also a manager removes the person as  
6 a manager. If a person that is both a manager and a member ceases to  
7 be a manager, that cessation does not by itself dissociate the person  
8 as a member.

9 (g) A person's ceasing to be a manager does not discharge any  
10 debt, obligation, or other liability to the limited liability company  
11 or members which the person incurred while a manager.

12 (4) An action requiring the consent of members under this chapter  
13 may be taken without a meeting, and a member may appoint a proxy or  
14 other agent to consent or otherwise act for the member by signing an  
15 appointing record, personally or by the member's agent.

16 (5) The dissolution of a limited liability company does not affect  
17 the applicability of this section. However, a person that wrongfully  
18 causes dissolution of the company loses the right to participate in  
19 management as a member and a manager.

20 (6) This chapter does not entitle a member to remuneration for  
21 services performed for a member-managed limited liability company,  
22 except for reasonable compensation for services rendered in winding up  
23 the activities of the company.

24 NEW SECTION. **Sec. 408.** INDEMNIFICATION AND INSURANCE. (1) A  
25 limited liability company shall reimburse for any payment made and  
26 indemnify for any debt, obligation, or other liability incurred by a  
27 member of a member-managed company or the manager of a manager-managed  
28 company in the course of the member's or manager's activities on behalf  
29 of the company, if, in making the payment or incurring the debt,  
30 obligation, or other liability, the member or manager complied with the  
31 duties stated in sections 405 and 409 of this act.

32 (2) A limited liability company may purchase and maintain insurance  
33 on behalf of a member or manager of the company against liability  
34 asserted against or incurred by the member or manager in that capacity  
35 or arising from that status even if, under section 110(7) of this act,  
36 the operating agreement could not eliminate or limit the person's  
37 liability to the company for the conduct giving rise to the liability.

1            NEW SECTION.    **Sec. 409.**    STANDARDS OF CONDUCT FOR MEMBERS AND

2 MANAGERS.    (1) A member of a member-managed limited liability company  
3 owes to the company and, subject to section 901(2) of this act, the  
4 other members the fiduciary duties of loyalty and care stated in  
5 subsections (2) and (3) of this section.

6            (2) The duty of loyalty of a member in a member-managed limited  
7 liability company includes the duties:

8            (a) To account to the company and to hold as trustee for it any  
9 property, profit, or benefit derived by the member:

10            (i) In the conduct or winding up of the company's activities;

11            (ii) From a use by the member of the company's property; or

12            (iii) From the appropriation of a limited liability company  
13 opportunity;

14            (b) To refrain from dealing with the company in the conduct or  
15 winding up of the company's activities as or on behalf of a person  
16 having an interest adverse to the company; and

17            (c) To refrain from competing with the company in the conduct of  
18 the company's activities before the dissolution of the company.

19            (3) Subject to the business judgment rule, the duty of care of a  
20 member of a member-managed limited liability company in the conduct and  
21 winding up of the company's activities is to act with the care that a  
22 person in a like position would reasonably exercise under similar  
23 circumstances and in a manner the member reasonably believes to be in  
24 the best interests of the company. In discharging this duty, a member  
25 may rely in good faith upon opinions, reports, statements, or other  
26 information provided by another person that the member reasonably  
27 believes is a competent and reliable source for the information.

28            (4) A member in a member-managed limited liability company or a  
29 manager-managed limited liability company shall discharge the duties  
30 under this chapter or under the operating agreement and exercise any  
31 rights consistently with the contractual obligation of good faith and  
32 fair dealing.

33            (5) It is a defense to a claim under subsection (2)(b) of this  
34 section and any comparable claim in equity or at common law that the  
35 transaction was fair to the limited liability company.

36            (6) All of the members of a member-managed limited liability  
37 company or a manager-managed limited liability company may authorize or



1 ratify, after full disclosure of all material facts, a specific act or  
2 transaction that otherwise would violate the duty of loyalty.

3 (7) In a manager-managed limited liability company, the following  
4 rules apply:

5 (a) Subsections (1) through (3) and (5) of this section apply to  
6 the manager or managers and not the members.

7 (b) The duty stated under subsection (2)(c) of this section  
8 continues until winding up is completed.

9 (c) Subsection (4) of this section applies to the members and  
10 managers.

11 (d) Subsection (6) of this section applies only to the members.

12 (e) A member does not have any fiduciary duty to the company or to  
13 any other member solely by reason of being a member.

14 NEW SECTION. **Sec. 410.** RIGHT OF MEMBERS, MANAGERS, AND  
15 DISSOCIATED MEMBERS TO INFORMATION. (1) In a member-managed limited  
16 liability company, the following rules apply:

17 (a) On reasonable notice, a member may inspect and copy during  
18 regular business hours, at a reasonable location specified by the  
19 company, any record maintained by the company regarding the company's  
20 activities, financial condition, and other circumstances, to the extent  
21 the information is material to the member's rights and duties under the  
22 operating agreement or this chapter.

23 (b) The company shall furnish to each member:

24 (i) Without demand, any information concerning the company's  
25 activities, financial condition, and other circumstances which the  
26 company knows and is material to the proper exercise of the member's  
27 rights and duties under the operating agreement or this chapter, except  
28 to the extent the company can establish that it reasonably believes the  
29 member already knows the information; and

30 (ii) On demand, any other information concerning the company's  
31 activities, financial condition, and other circumstances, except to the  
32 extent the demand or information demanded is unreasonable or otherwise  
33 improper under the circumstances.

34 (c) The duty to furnish information under (b) of this subsection  
35 also applies to each member to the extent the member knows any of the  
36 information described in (b) of this subsection.

1 (2) In a manager-managed limited liability company, the following  
2 rules apply:

3 (a) The informational rights stated in subsection (1) of this  
4 section and the duty stated in subsection (1)(c) of this section apply  
5 to the managers and not the members.

6 (b) During regular business hours and at a reasonable location  
7 specified by the company, a member may obtain from the company and  
8 inspect and copy full information regarding the activities, financial  
9 condition, and other circumstances of the company as is just and  
10 reasonable if:

11 (i) The member seeks the information for a purpose material to the  
12 member's interest as a member;

13 (ii) The member makes a demand in a record received by the company,  
14 describing with reasonable particularity the information sought and the  
15 purpose for seeking the information; and

16 (iii) The information sought is directly connected to the member's  
17 purpose.

18 (c) Within ten days after receiving a demand pursuant to (b)(ii) of  
19 this subsection, the company shall in a record inform the member that  
20 made the demand:

21 (i) Of the information that the company will provide in response to  
22 the demand and when and where the company will provide the information;  
23 and

24 (ii) If the company declines to provide any demanded information,  
25 the company's reasons for declining.

26 (d) Whenever this chapter or an operating agreement provides for a  
27 member to give or withhold consent to a matter, before the consent is  
28 given or withheld, the company shall, without demand, provide the  
29 member with all information that is known to the company and is  
30 material to the member's decision.

31 (3) On ten days' demand made in a record received by a limited  
32 liability company, a dissociated member may have access to information  
33 to which the person was entitled while a member if the information  
34 pertains to the period during which the person was a member, the person  
35 seeks the information in good faith, and the person satisfies the  
36 requirements imposed on a member by subsection (2)(b) of this section.  
37 The company shall respond to a demand made pursuant to this subsection  
38 in the manner provided in subsection (2)(c) of this section.

1 (4) A limited liability company may charge a person that makes a  
2 demand under this section the reasonable costs of copying, limited to  
3 the costs of labor and material.

4 (5) A member or dissociated member may exercise rights under this  
5 section through an agent or, in the case of an individual under legal  
6 disability, a legal representative. Any restriction or condition  
7 imposed by the operating agreement or under subsection (7) of this  
8 section applies both to the agent or legal representative and the  
9 member or dissociated member.

10 (6) The rights under this section do not extend to a person as  
11 transferee.

12 (7) In addition to any restriction or condition stated in its  
13 operating agreement, a limited liability company, as a matter within  
14 the ordinary course of its activities, may impose reasonable  
15 restrictions and conditions on access to and use of information to be  
16 furnished under this section, including designating information  
17 confidential and imposing nondisclosure and safeguarding obligations on  
18 the recipient. In a dispute concerning the reasonableness of a  
19 restriction under this subsection, the company has the burden of  
20 proving reasonableness.

21 **ARTICLE 5**

22 **TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS**

23 NEW SECTION. **Sec. 501.** NATURE OF TRANSFERABLE INTEREST. A  
24 transferable interest is personal property.

25 NEW SECTION. **Sec. 502.** TRANSFER OF TRANSFERABLE INTEREST. (1) A  
26 transfer, in whole or in part, of a transferable interest:

27 (a) Is permissible;

28 (b) Does not by itself cause a member's dissociation or a  
29 dissolution and winding up of the limited liability company's  
30 activities; and

31 (c) Subject to section 504 of this act, does not entitle the  
32 transferee to:

33 (i) Participate in the management or conduct of the company's  
34 activities; or

1 (ii) Except as otherwise provided in subsection (3) of this  
2 section, have access to records or other information concerning the  
3 company's activities.

4 (2) A transferee has the right to receive, in accordance with the  
5 transfer, distributions to which the transferor would otherwise be  
6 entitled.

7 (3) In a dissolution and winding up of a limited liability company,  
8 a transferee is entitled to an account of the company's transactions  
9 only from the date of dissolution.

10 (4) A transferable interest may be evidenced by a certificate of  
11 the interest issued by the limited liability company in a record, and,  
12 subject to this section, the interest represented by the certificate  
13 may be transferred by a transfer of the certificate.

14 (5) A limited liability company need not give effect to a  
15 transferee's rights under this section until the company has notice of  
16 the transfer.

17 (6) A transfer of a transferable interest in violation of a  
18 restriction on transfer contained in the operating agreement is  
19 ineffective as to a person having notice of the restriction at the time  
20 of transfer.

21 (7) Except as otherwise provided in section 602(4)(b) of this act,  
22 when a member transfers a transferable interest, the transferor retains  
23 the rights of a member other than the interest in distributions  
24 transferred and retains all duties and obligations of a member.

25 (8) When a member transfers a transferable interest to a person  
26 that becomes a member with respect to the transferred interest, the  
27 transferee is liable for the member's obligations under sections 403  
28 and 406(3) of this act known to the transferee when the transferee  
29 becomes a member.

30 NEW SECTION. **Sec. 503.** CHARGING ORDER. (1) On application by a  
31 judgment creditor of a member or transferee, a court may enter a  
32 charging order against the transferable interest of the judgment debtor  
33 for the unsatisfied amount of the judgment. A charging order  
34 constitutes a lien on a judgment debtor's transferable interest and  
35 requires the limited liability company to pay over to the person to  
36 which the charging order was issued any distribution that would  
37 otherwise be paid to the judgment debtor.

1 (2) To the extent necessary to effectuate the collection of  
2 distributions pursuant to a charging order in effect under subsection  
3 (1) of this section, the court may:

4 (a) Appoint a receiver of the distributions subject to the charging  
5 order, with the power to make all inquiries the judgment debtor might  
6 have made; and

7 (b) Make all other orders necessary to give effect to the charging  
8 order.

9 (3) Upon a showing that distributions under a charging order will  
10 not pay the judgment debt within a reasonable time, the court may  
11 foreclose the lien and order the sale of the transferable interest.  
12 The purchaser at the foreclosure sale only obtains the transferable  
13 interest, does not thereby become a member, and is subject to section  
14 502 of this act.

15 (4) At any time before foreclosure under subsection (3) of this  
16 section, the member or transferee whose transferable interest is  
17 subject to a charging order under subsection (1) of this section may  
18 extinguish the charging order by satisfying the judgment and filing a  
19 certified copy of the satisfaction with the court that issued the  
20 charging order.

21 (5) At any time before foreclosure under subsection (3) of this  
22 section, a limited liability company or one or more members whose  
23 transferable interests are not subject to the charging order may pay to  
24 the judgment creditor the full amount due under the judgment and  
25 thereby succeed to the rights of the judgment creditor, including the  
26 charging order.

27 (6) This chapter does not deprive any member or transferee of the  
28 benefit of any exemption laws applicable to the member's or  
29 transferee's transferable interest.

30 (7) This section provides the exclusive remedy by which a person  
31 seeking to enforce a judgment against a member or transferee may, in  
32 the capacity of judgment creditor, satisfy the judgment from the  
33 judgment debtor's transferable interest.

34 NEW SECTION. **Sec. 504.** POWER OF PERSONAL REPRESENTATIVE OF  
35 DECEASED MEMBER. If a member dies, the deceased member's personal  
36 representative or other legal representative may exercise the rights of

1 a transferee provided in section 502(3) of this act and, for the  
2 purposes of settling the estate, the rights of a current member under  
3 section 410 of this act.

4 **ARTICLE 6**

5 **MEMBER'S DISSOCIATION**

6 NEW SECTION. **Sec. 601.** MEMBER'S POWER TO DISSOCIATE--WRONGFUL  
7 DISSOCIATION. (1) A person has the power to dissociate as a member at  
8 any time, rightfully or wrongfully, by withdrawing as a member by  
9 express will under section 602(1) of this act.

10 (2) A person's dissociation from a limited liability company is  
11 wrongful only if the dissociation:

12 (a) Is in breach of an express provision of the operating  
13 agreement; or

14 (b) Occurs before the termination of the company and:

15 (i) The person withdraws as a member by express will;

16 (ii) The person is expelled as a member by judicial order under  
17 section 602(5) of this act;

18 (iii) The person is dissociated under section 602(7)(a) of this act  
19 by becoming a debtor in bankruptcy; or

20 (iv) In the case of a person that is not a trust other than a  
21 business trust, an estate, or an individual, the person is expelled or  
22 otherwise dissociated as a member because it willfully dissolved or  
23 terminated.

24 (3) A person that wrongfully dissociates as a member is liable to  
25 the limited liability company and, subject to section 901 of this act,  
26 to the other members for damages caused by the dissociation. The  
27 liability is in addition to any other debt, obligation, or other  
28 liability of the member to the company or the other members.

29 NEW SECTION. **Sec. 602.** EVENTS CAUSING DISSOCIATION. A person is  
30 dissociated as a member from a limited liability company when:

31 (1) The company has notice of the person's express will to withdraw  
32 as a member, but, if the person specified a withdrawal date later than  
33 the date the company had notice, on that later date;

34 (2) An event stated in the operating agreement as causing the  
35 person's dissociation occurs;

1           (3) The person is expelled as a member pursuant to the operating  
2 agreement;

3           (4) The person is expelled as a member by the unanimous consent of  
4 the other members if:

5           (a) It is unlawful to carry on the company's activities with the  
6 person as a member;

7           (b) There has been a transfer of all of the person's transferable  
8 interest in the company, other than:

9           (i) A transfer for security purposes; or  
10           (ii) A charging order in effect under section 503 of this act which  
11 has not been foreclosed;

12           (c) The person is a corporation and, within ninety days after the  
13 company notifies the person that it will be expelled as a member  
14 because the person has filed a certificate of dissolution or the  
15 equivalent, its charter has been revoked, or its right to conduct  
16 business has been suspended by the jurisdiction of its incorporation,  
17 the certificate of dissolution has not been revoked or its charter or  
18 right to conduct business has not been reinstated; or

19           (d) The person is a limited liability company or partnership that  
20 has been dissolved and whose business is being wound up;

21           (5) On application by the company, the person is expelled as a  
22 member by judicial order because the person:

23           (a) Has engaged, or is engaging, in wrongful conduct that has  
24 adversely and materially affected, or will adversely and materially  
25 affect, the company's activities;

26           (b) Has willfully or persistently committed, or is willfully and  
27 persistently committing, a material breach of the operating agreement  
28 or the person's duties or obligations under section 409 of this act; or

29           (c) Has engaged in, or is engaging, in conduct relating to the  
30 company's activities which makes it not reasonably practicable to carry  
31 on the activities with the person as a member;

32           (6) In the case of a person who is an individual:

33           (a) The person dies; or  
34           (b) In a member-managed limited liability company:  
35           (i) A guardian or general conservator for the person is appointed;  
36 or  
37           (ii) There is a judicial order that the person has otherwise become

1 incapable of performing the person's duties as a member under this  
2 chapter or the operating agreement;

3 (7) In a member-managed limited liability company, the person:

4 (a) Becomes a debtor in bankruptcy;

5 (b) Executes an assignment for the benefit of creditors; or

6 (c) Seeks, consents to, or acquiesces in the appointment of a  
7 trustee, receiver, or liquidator of the person or of all or  
8 substantially all of the person's property;

9 (8) In the case of a person that is a trust or is acting as a  
10 member by virtue of being a trustee of a trust, the trust's entire  
11 transferable interest in the company is distributed;

12 (9) In the case of a person that is an estate or is acting as a  
13 member by virtue of being a personal representative of an estate, the  
14 estate's entire transferable interest in the company is distributed;

15 (10) In the case of a member that is not an individual,  
16 partnership, limited liability company, corporation, trust, or estate,  
17 the termination of the member;

18 (11) The company participates in a merger under article 10 of this  
19 chapter, if:

20 (a) The company is not the surviving entity; or

21 (b) Otherwise as a result of the merger, the person ceases to be a  
22 member;

23 (12) The company participates in a conversion under article 10 of  
24 this chapter;

25 (13) The company participates in a domestication under article 10  
26 of this chapter, if, as a result of the domestication, the person  
27 ceases to be a member; or

28 (14) The company terminates.

29 NEW SECTION. **Sec. 603.** EFFECT OF PERSON'S DISSOCIATION AS MEMBER.

30 (1) When a person is dissociated as a member of a limited liability  
31 company:

32 (a) The person's right to participate as a member in the management  
33 and conduct of the company's activities terminates;

34 (b) If the company is member-managed, the person's fiduciary duties  
35 as a member end with regard to matters arising and events occurring  
36 after the person's dissociation; and



1 (c) Subject to section 504 of this act and article 10 of this  
2 chapter, any transferable interest owned by the person immediately  
3 before dissociation in the person's capacity as a member is owned by  
4 the person solely as a transferee.

5 (2) A person's dissociation as a member of a limited liability  
6 company does not of itself discharge the person from any debt,  
7 obligation, or other liability to the company or the other members  
8 which the person incurred while a member.

9 **ARTICLE 7**

10 **DISSOLUTION AND WINDING UP**

11 NEW SECTION. **Sec. 701.** EVENTS CAUSING DISSOLUTION. (1) A limited  
12 liability company is dissolved, and its activities must be wound up,  
13 upon the occurrence of any of the following:

14 (a) An event or circumstance that the operating agreement states  
15 causes dissolution;

16 (b) The consent of all the members;

17 (c) The passage of ninety consecutive days during which the company  
18 has no members;

19 (d) On application by a member, the entry by a court of an order  
20 dissolving the company on the grounds that:

21 (i) The conduct of all or substantially all of the company's  
22 activities is unlawful; or

23 (ii) It is not reasonably practicable to carry on the company's  
24 activities in conformity with the certificate of organization and the  
25 operating agreement; or

26 (e) On application by a member, the entry by a court of an order  
27 dissolving the company on the grounds that the managers or those  
28 members in control of the company:

29 (i) Have acted, are acting, or will act in a manner that is illegal  
30 or fraudulent; or

31 (ii) Have acted or are acting in a manner that is oppressive and  
32 was, is, or will be directly harmful to the applicant.

33 (2) In a proceeding brought under subsection (1)(e) of this  
34 section, the court may order a remedy other than dissolution.

1        NEW SECTION.    **Sec. 702.**    WINDING UP.    (1) A dissolved limited  
2 liability company shall wind up its activities, and the company  
3 continues after dissolution only for the purpose of winding up.

4        (2) In winding up its activities, a limited liability company:

5        (a) Shall discharge the company's debts, obligations, or other  
6 liabilities, settle and close the company's activities, and marshal and  
7 distribute the assets of the company; and

8        (b) May:

9        (i) Deliver to the secretary of state for filing a statement of  
10 dissolution stating the name of the company and that the company is  
11 dissolved;

12        (ii) Preserve the company activities and property as a going  
13 concern for a reasonable time;

14        (iii) Prosecute and defend actions and proceedings, whether civil,  
15 criminal, or administrative;

16        (iv) Transfer the company's property;

17        (v) Settle disputes by mediation or arbitration;

18        (vi) Deliver to the secretary of state for filing a statement of  
19 termination stating the name of the company and that the company is  
20 terminated; and

21        (vii) Perform other acts necessary or appropriate to the winding  
22 up.

23        (3) If a dissolved limited liability company has no members, the  
24 legal representative of the last person to have been a member may wind  
25 up the activities of the company. If the person does so, the person  
26 has the powers of a sole manager under section 407(3) of this act and  
27 is deemed to be a manager for the purposes of section 304(1)(b) of this  
28 act.

29        (4) If the legal representative under subsection (3) of this  
30 section declines or fails to wind up the company's activities, a person  
31 may be appointed to do so by the consent of transferees owning a  
32 majority of the rights to receive distributions as transferees at the  
33 time the consent is to be effective. A person appointed under this  
34 subsection:

35        (a) Has the powers of a sole manager under section 407(3) of this  
36 act and is deemed to be a manager for the purposes of section 304(1)(b)  
37 of this act; and

1 (b) Shall promptly deliver to the secretary of state for filing an  
2 amendment to the company's certificate of organization to:

3 (i) State that the company has no members;

4 (ii) State that the person has been appointed pursuant to this  
5 subsection to wind up the company; and

6 (iii) Provide the street and mailing addresses of the person.

7 (5) The court may order judicial supervision of the winding up of  
8 a dissolved limited liability company, including the appointment of a  
9 person to wind up the company's activities:

10 (a) On application of a member, if the applicant establishes good  
11 cause;

12 (b) On the application of a transferee, if:

13 (i) The company does not have any members;

14 (ii) The legal representative of the last person to have been a  
15 member declines or fails to wind up the company's activities; and

16 (iii) Within a reasonable time following the dissolution a person  
17 has not been appointed pursuant to subsection (3) of this section; or

18 (c) In connection with a proceeding under section 701(1) (d) or (e)  
19 of this act.

20 NEW SECTION. **Sec. 703.** KNOWN CLAIMS AGAINST DISSOLVED LIMITED  
21 LIABILITY COMPANY. (1) Except as otherwise provided in subsection (4)  
22 of this section, a dissolved limited liability company may give notice  
23 of a known claim under subsection (2) of this section, which has the  
24 effect as provided in subsection (3) of this section.

25 (2) A dissolved limited liability company may in a record notify  
26 its known claimants of the dissolution. The notice must:

27 (a) Specify the information required to be included in a claim;

28 (b) Provide a mailing address to which the claim is to be sent;

29 (c) State the deadline for receipt of the claim, which may not be  
30 less than one hundred twenty days after the date the notice is received  
31 by the claimant; and

32 (d) State that the claim will be barred if not received by the  
33 deadline.

34 (3) A claim against a dissolved limited liability company is barred  
35 if the requirements of subsection (2) of this section are met and:

36 (a) The claim is not received by the specified deadline; or

37 (b) If the claim is timely received but rejected by the company:

1 (i) The company causes the claimant to receive a notice in a record  
2 stating that the claim is rejected and will be barred unless the  
3 claimant commences an action against the company to enforce the claim  
4 within ninety days after the claimant receives the notice; and

5 (ii) The claimant does not commence the required action within the  
6 ninety days.

7 (4) This section does not apply to a claim based on an event  
8 occurring after the effective date of dissolution or a liability that  
9 on that date is contingent.

10 NEW SECTION. **Sec. 704.** OTHER CLAIMS AGAINST DISSOLVED LIMITED  
11 LIABILITY COMPANY. (1) A dissolved limited liability company may  
12 publish notice of its dissolution and request persons having claims  
13 against the company to present them in accordance with the notice.

14 (2) The notice authorized by subsection (1) of this section must:

15 (a) Be published at least once in a newspaper of general  
16 circulation in the county in this state in which the dissolved limited  
17 liability company's principal office is located or, if it has none in  
18 this state, in the county in which the company's designated office is  
19 or was last located;

20 (b) Describe the information required to be contained in a claim  
21 and provide a mailing address to which the claim is to be sent; and

22 (c) State that a claim against the company is barred unless an  
23 action to enforce the claim is commenced within five years after  
24 publication of the notice.

25 (3) If a dissolved limited liability company publishes a notice in  
26 accordance with subsection (2) of this section, unless the claimant  
27 commences an action to enforce the claim against the company within  
28 five years after the publication date of the notice, the claim of each  
29 of the following claimants is barred:

30 (a) A claimant that did not receive notice in a record under  
31 section 703 of this act;

32 (b) A claimant whose claim was timely sent to the company but not  
33 acted on; and

34 (c) A claimant whose claim is contingent at, or based on an event  
35 occurring after, the effective date of dissolution.

36 (4) A claim not barred under this section may be enforced:

1 (a) Against a dissolved limited liability company, to the extent of  
2 its undistributed assets; and

3 (b) If assets of the company have been distributed after  
4 dissolution, against a member or transferee to the extent of that  
5 person's proportionate share of the claim or of the assets distributed  
6 to the member or transferee after dissolution, whichever is less, but  
7 a person's total liability for all claims under this subsection does  
8 not exceed the total amount of assets distributed to the person after  
9 dissolution.

10 NEW SECTION. Sec. 705. ADMINISTRATIVE DISSOLUTION. (1) The  
11 secretary of state may dissolve a limited liability company  
12 administratively if the company does not:

13 (a) Pay, within sixty days after the due date, any fee, tax, or  
14 penalty due to the secretary of state under this chapter or law other  
15 than this chapter; or

16 (b) Deliver, within sixty days after the due date, its annual  
17 report to the secretary of state.

18 (2) If the secretary of state determines that a ground exists for  
19 administratively dissolving a limited liability company, the secretary  
20 of state shall file a record of the determination and serve the company  
21 with a copy of the filed record.

22 (3) If within sixty days after service of the copy pursuant to  
23 subsection (2) of this section a limited liability company does not  
24 correct each ground for dissolution or demonstrate to the reasonable  
25 satisfaction of the secretary of state that each ground determined by  
26 the secretary of state does not exist, the secretary of state shall  
27 dissolve the company administratively by preparing, signing, and filing  
28 a declaration of dissolution that states the grounds for dissolution.  
29 The secretary of state shall serve the company with a copy of the filed  
30 declaration.

31 (4) A limited liability company that has been administratively  
32 dissolved continues in existence but, subject to section 706 of this  
33 act, may carry on only activities necessary to wind up its activities  
34 and liquidate its assets under sections 702 and 708 of this act and to  
35 notify claimants under sections 703 and 704 of this act.

36 (5) The administrative dissolution of a limited liability company  
37 does not terminate the authority of its agent for service of process.

1        NEW SECTION.    **Sec. 706.**    REINSTATEMENT FOLLOWING ADMINISTRATIVE  
2 DISSOLUTION.        (1) A limited liability company that has been  
3 administratively dissolved may apply to the secretary of state for  
4 reinstatement within two years after the effective date of dissolution.  
5 The application must be delivered to the secretary of state for filing  
6 and state:

7        (a) The name of the company and the effective date of its  
8 dissolution;

9        (b) That the grounds for dissolution did not exist or have been  
10 eliminated; and

11        (c) That the company's name satisfies the requirements of section  
12 108 of this act.

13        (2) If the secretary of state determines that an application under  
14 subsection (1) of this section contains the required information and  
15 that the information is correct, the secretary of state shall prepare  
16 a declaration of reinstatement that states this determination, sign and  
17 file the original of the declaration of reinstatement, and serve the  
18 limited liability company with a copy.

19        (3) When a reinstatement becomes effective, it relates back to and  
20 takes effect as of the effective date of the administrative dissolution  
21 and the limited liability company may resume its activities as if the  
22 dissolution had not occurred.

23        NEW SECTION.    **Sec. 707.**    APPEAL FROM REJECTION OF REINSTATEMENT.

24        (1) If the secretary of state rejects a limited liability company's  
25 application for reinstatement following administrative dissolution, the  
26 secretary of state shall prepare, sign, and file a notice that explains  
27 the reason for rejection and serve the company with a copy of the  
28 notice.

29        (2) Within thirty days after service of a notice of rejection of  
30 reinstatement under subsection (1) of this section, a limited liability  
31 company may appeal from the rejection by petitioning the court to set  
32 aside the dissolution. The petition must be served on the secretary of  
33 state and contain a copy of the secretary of state's declaration of  
34 dissolution, the company's application for reinstatement, and the  
35 secretary of state's notice of rejection.

36        (3) The court may order the secretary of state to reinstate a

1 dissolved limited liability company or take other action the court  
2 considers appropriate.

3 NEW SECTION. **Sec. 708.** DISTRIBUTION OF ASSETS IN WINDING UP  
4 LIMITED LIABILITY COMPANY'S ACTIVITIES. (1) In winding up its  
5 activities, a limited liability company must apply its assets to  
6 discharge its obligations to creditors, including members that are  
7 creditors.

8 (2) After a limited liability company complies with subsection (1)  
9 of this section, any surplus must be distributed in the following  
10 order, subject to any charging order in effect under section 503 of  
11 this act:

12 (a) To each person owning a transferable interest that reflects  
13 contributions made by a member and not previously returned, an amount  
14 equal to the value of the unreturned contributions; and

15 (b) In equal shares among members and dissociated members, except  
16 to the extent necessary to comply with any transfer effective under  
17 section 502 of this act.

18 (3) If a limited liability company does not have sufficient surplus  
19 to comply with subsection (2)(a) of this section, any surplus must be  
20 distributed among the owners of transferable interests in proportion to  
21 the value of their respective unreturned contributions.

22 (4) All distributions made under subsections (2) and (3) of this  
23 section must be paid in money.

24 **ARTICLE 8**  
25 **FOREIGN LIMITED LIABILITY COMPANIES**

26 NEW SECTION. **Sec. 801.** GOVERNING LAW. (1) The law of the state  
27 or other jurisdiction under which a foreign limited liability company  
28 is formed governs:

29 (a) The internal affairs of the company; and

30 (b) The liability of a member as member and a manager as manager  
31 for the debts, obligations, or other liabilities of the company.

32 (2) A foreign limited liability company may not be denied a  
33 certificate of authority by reason of any difference between the law of  
34 the jurisdiction under which the company is formed and the law of this  
35 state.

1 (3) A certificate of authority does not authorize a foreign limited  
2 liability company to engage in any business or exercise any power that  
3 a limited liability company may not engage in or exercise in this  
4 state.

5 NEW SECTION. **Sec. 802.** APPLICATION FOR CERTIFICATE OF AUTHORITY.

6 (1) A foreign limited liability company may apply for a certificate of  
7 authority to transact business in this state by delivering an  
8 application to the secretary of state for filing. The application must  
9 state:

10 (a) The name of the company and, if the name does not comply with  
11 section 108 of this act, an alternate name adopted pursuant to section  
12 805(1) of this act;

13 (b) The name of the state or other jurisdiction under whose law the  
14 company is formed;

15 (c) The street and mailing addresses of the company's principal  
16 office and, if the law of the jurisdiction under which the company is  
17 formed require the company to maintain an office in that jurisdiction,  
18 the street and mailing addresses of the required office; and

19 (d) The name and street and mailing addresses of the company's  
20 initial agent for service of process in this state.

21 (2) A foreign limited liability company shall deliver with a  
22 completed application under subsection (1) of this section a  
23 certificate of existence or a record of similar import signed by the  
24 secretary of state or other official having custody of the company's  
25 publicly filed records in the state or other jurisdiction under whose  
26 law the company is formed.

27 NEW SECTION. **Sec. 803.** ACTIVITIES NOT CONSTITUTING TRANSACTING

28 BUSINESS. (1) Activities of a foreign limited liability company which  
29 do not constitute transacting business in this state within the meaning  
30 of this article include:

31 (a) Maintaining, defending, or settling an action or proceeding;

32 (b) Carrying on any activity concerning its internal affairs,  
33 including holding meetings of its members or managers;

34 (c) Maintaining accounts in financial institutions;

35 (d) Maintaining offices or agencies for the transfer, exchange, and



1 registration of the company's own securities or maintaining trustees or  
2 depositories with respect to those securities;

3 (e) Selling through independent contractors;

4 (f) Soliciting or obtaining orders, whether by mail or electronic  
5 means or through employees or agents or otherwise, if the orders  
6 require acceptance outside this state before they become contracts;

7 (g) Creating or acquiring indebtedness, mortgages, or security  
8 interests in real or personal property;

9 (h) Securing or collecting debts or enforcing mortgages or other  
10 security interests in property securing the debts and holding,  
11 protecting, or maintaining property so acquired;

12 (i) Conducting an isolated transaction that is completed within  
13 thirty days and is not in the course of similar transactions; and

14 (j) Transacting business in interstate commerce.

15 (2) For purposes of this article, the ownership in this state of  
16 income-producing real property or tangible personal property, other  
17 than property excluded under subsection (1) of this section,  
18 constitutes transacting business in this state.

19 (3) This section does not apply in determining the contacts or  
20 activities that may subject a foreign limited liability company to  
21 service of process, taxation, or regulation under law of this state  
22 other than this chapter.

23 NEW SECTION. **Sec. 804.** FILING OF CERTIFICATE OF AUTHORITY.

24 Unless the secretary of state determines that an application for a  
25 certificate of authority does not comply with the filing requirements  
26 of this chapter, the secretary of state, upon payment of all filing  
27 fees, shall file the application of a foreign limited liability  
28 company, prepare, sign, and file a certificate of authority to transact  
29 business in this state, and send a copy of the filed certificate,  
30 together with a receipt for the fees, to the company or its  
31 representative.

32 NEW SECTION. **Sec. 805.** NONCOMPLYING NAME OF FOREIGN LIMITED  
33 LIABILITY COMPANY. (1) A foreign limited liability company whose name  
34 does not comply with section 108 of this act may not obtain a  
35 certificate of authority until it adopts, for the purpose of  
36 transacting business in this state, an alternate name that complies

1 with section 108 of this act. A foreign limited liability company that  
2 adopts an alternate name under this subsection and obtains a  
3 certificate of authority with the alternate name need not comply with  
4 . . . . After obtaining a certificate of authority with an alternate  
5 name, a foreign limited liability company shall transact business in  
6 this state under the alternate name unless the company is authorized  
7 under . . . . to transact business in this state under another name.

8 (2) If a foreign limited liability company authorized to transact  
9 business in this state changes its name to one that does not comply  
10 with section 108 of this act, it may not thereafter transact business  
11 in this state until it complies with subsection (1) of this section and  
12 obtains an amended certificate of authority.

13 NEW SECTION. **Sec. 806.** REVOCATION OF CERTIFICATE OF AUTHORITY.

14 (1) A certificate of authority of a foreign limited liability company  
15 to transact business in this state may be revoked by the secretary of  
16 state in the manner provided in subsections (2) and (3) of this section  
17 if the company does not:

18 (a) Pay, within sixty days after the due date, any fee, tax, or  
19 penalty due to the secretary of state under this chapter or law other  
20 than this chapter;

21 (b) Deliver, within sixty days after the due date, its annual  
22 report required under section 209 of this act;

23 (c) Appoint and maintain an agent for service of process as  
24 required by section 113(2) of this act; or

25 (d) Deliver for filing a statement of a change under section 114 of  
26 this act within thirty days after a change has occurred in the name or  
27 address of the agent.

28 (2) To revoke a certificate of authority of a foreign limited  
29 liability company, the secretary of state must prepare, sign, and file  
30 a notice of revocation and send a copy to the company's agent for  
31 service of process in this state, or if the company does not appoint  
32 and maintain a proper agent in this state, to the company's designated  
33 office. The notice must state:

34 (a) The revocation's effective date, which must be at least sixty  
35 days after the date the secretary of state sends the copy; and

36 (b) The grounds for revocation under subsection (1) of this  
37 section.

1 (3) The authority of a foreign limited liability company to  
2 transact business in this state ceases on the effective date of the  
3 notice of revocation unless before that date the company cures each  
4 ground for revocation stated in the notice filed under subsection (2)  
5 of this section. If the company cures each ground, the secretary of  
6 state shall file a record so stating.

7 NEW SECTION. **Sec. 807.** CANCELLATION OF CERTIFICATE OF AUTHORITY.  
8 To cancel its certificate of authority to transact business in this  
9 state, a foreign limited liability company must deliver to the  
10 secretary of state for filing a notice of cancellation stating the name  
11 of the company and that the company desires to cancel its certificate  
12 of authority. The certificate is canceled when the notice becomes  
13 effective.

14 NEW SECTION. **Sec. 808.** EFFECT OF FAILURE TO HAVE CERTIFICATE OF  
15 AUTHORITY. (1) A foreign limited liability company transacting  
16 business in this state may not maintain an action or proceeding in this  
17 state unless it has a certificate of authority to transact business in  
18 this state.

19 (2) The failure of a foreign limited liability company to have a  
20 certificate of authority to transact business in this state does not  
21 impair the validity of a contract or act of the company or prevent the  
22 company from defending an action or proceeding in this state.

23 (3) A member or manager of a foreign limited liability company is  
24 not liable for the debts, obligations, or other liabilities of the  
25 company solely because the company transacted business in this state  
26 without a certificate of authority.

27 (4) If a foreign limited liability company transacts business in  
28 this state without a certificate of authority or cancels its  
29 certificate of authority, it appoints the secretary of state as its  
30 agent for service of process for rights of action arising out of the  
31 transaction of business in this state.

32 NEW SECTION. **Sec. 809.** ACTION BY ATTORNEY GENERAL. The attorney  
33 general may maintain an action to enjoin a foreign limited liability  
34 company from transacting business in this state in violation of this  
35 article.

1 **ARTICLE 9**

2 **ACTIONS BY MEMBERS**

3 NEW SECTION. **Sec. 901.** DIRECT ACTION BY MEMBER. (1) Subject to  
4 subsection (2) of this section, a member may maintain a direct action  
5 against another member, a manager, or the limited liability company to  
6 enforce the member's rights and otherwise protect the member's  
7 interests, including rights and interests under the operating agreement  
8 or this chapter or arising independently of the membership  
9 relationship.

10 (2) A member maintaining a direct action under this section must  
11 plead and prove an actual or threatened injury that is not solely the  
12 result of an injury suffered or threatened to be suffered by the  
13 limited liability company.

14 NEW SECTION. **Sec. 902.** DERIVATIVE ACTION. A member may maintain  
15 a derivative action to enforce a right of a limited liability company  
16 if:

17 (1) The member first makes a demand on the other members in a  
18 member-managed limited liability company, or the managers of a  
19 manager-managed limited liability company, requesting that they cause  
20 the company to bring an action to enforce the right, and the managers  
21 or other members do not bring the action within a reasonable time; or

22 (2) A demand under subsection (1) of this section would be futile.

23 NEW SECTION. **Sec. 903.** PROPER PLAINTIFF. (1) Except as otherwise  
24 provided in subsection (2) of this section, a derivative action under  
25 section 902 of this act may be maintained only by a person that is a  
26 member at the time the action is commenced and remains a member while  
27 the action continues.

28 (2) If the sole plaintiff in a derivative action dies while the  
29 action is pending, the court may permit another member of the limited  
30 liability company to be substituted as plaintiff.

31 NEW SECTION. **Sec. 904.** PLEADING. In a derivative action under  
32 section 902 of this act, the complaint must state with particularity:

33 (1) The date and content of plaintiff's demand and the response to  
34 the demand by the managers or other members; or

1 (2) If a demand has not been made, the reasons a demand under  
2 section 902(1) of this act would be futile.

3 NEW SECTION. **Sec. 905.** SPECIAL LITIGATION COMMITTEE. (1) If a  
4 limited liability company is named as or made a party in a derivative  
5 proceeding, the company may appoint a special litigation committee to  
6 investigate the claims asserted in the proceeding and determine whether  
7 pursuing the action is in the best interests of the company. If the  
8 company appoints a special litigation committee, on motion by the  
9 committee made in the name of the company, except for good cause shown,  
10 the court shall stay discovery for the time reasonably necessary to  
11 permit the committee to make its investigation. This subsection does  
12 not prevent the court from enforcing a person's right to information  
13 under section 410 of this act or, for good cause shown, granting  
14 extraordinary relief in the form of a temporary restraining order or  
15 preliminary injunction.

16 (2) A special litigation committee may be composed of one or more  
17 disinterested and independent individuals, who may be members.

18 (3) A special litigation committee may be appointed:

19 (a) In a member-managed limited liability company:

20 (i) By the consent of a majority of the members not named as  
21 defendants or plaintiffs in the proceeding; and

22 (ii) If all members are named as defendants or plaintiffs in the  
23 proceeding, by a majority of the members named as defendants; or

24 (b) In a manager-managed limited liability company:

25 (i) By a majority of the managers not named as defendants or  
26 plaintiffs in the proceeding; and

27 (ii) If all managers are named as defendants or plaintiffs in the  
28 proceeding, by a majority of the managers named as defendants.

29 (4) After appropriate investigation, a special litigation committee  
30 may determine that it is in the best interests of the limited liability  
31 company that the proceeding:

32 (a) Continue under the control of the plaintiff;

33 (b) Continue under the control of the committee;

34 (c) Be settled on terms approved by the committee; or

35 (d) Be dismissed.

36 (5) After making a determination under subsection (4) of this  
37 section, a special litigation committee shall file with the court a

1 statement of its determination and its report supporting its  
2 determination, giving notice to the plaintiff. The court shall  
3 determine whether the members of the committee were disinterested and  
4 independent and whether the committee conducted its investigation and  
5 made its recommendation in good faith, independently, and with  
6 reasonable care, with the committee having the burden of proof. If the  
7 court finds that the members of the committee were disinterested and  
8 independent and that the committee acted in good faith, independently,  
9 and with reasonable care, the court shall enforce the determination of  
10 the committee. Otherwise, the court shall dissolve the stay of  
11 discovery entered under subsection (1) of this section and allow the  
12 action to proceed under the direction of the plaintiff.

13 NEW SECTION. **Sec. 906.** PROCEEDS AND EXPENSES. (1) Except as  
14 otherwise provided in subsection (2) of this section:

15 (a) Any proceeds or other benefits of a derivative action under  
16 section 902 of this act, whether by judgment, compromise, or  
17 settlement, belong to the limited liability company and not to the  
18 plaintiff; and

19 (b) If the plaintiff receives any proceeds, the plaintiff shall  
20 remit them immediately to the company.

21 (2) If a derivative action under section 902 of this act is  
22 successful in whole or in part, the court may award the plaintiff  
23 reasonable expenses, including reasonable attorneys' fees and costs,  
24 from the recovery of the limited liability company.

25 **ARTICLE 10**  
26 **MERGER, CONVERSION, AND DOMESTICATION**

27 NEW SECTION. **Sec. 1001.** DEFINITIONS. The definitions in this  
28 section apply throughout this article unless the context clearly  
29 requires otherwise.

30 (1) "Constituent limited liability company" means a constituent  
31 organization that is a limited liability company.

32 (2) "Constituent organization" means an organization that is party  
33 to a merger.

34 (3) "Converted organization" means the organization into which a

1 converting organization converts pursuant to sections 1006 through 1009  
2 of this act.

3 (4) "Converting limited liability company" means a converting  
4 organization that is a limited liability company.

5 (5) "Converting organization" means an organization that converts  
6 into another organization pursuant to section 1006 of this act.

7 (6) "Domesticated company" means the company that exists after a  
8 domesticating foreign limited liability company or limited liability  
9 company effects a domestication pursuant to sections 1010 through 1013  
10 of this act.

11 (7) "Domesticating company" means the company that effects a  
12 domestication pursuant to sections 1010 through 1013 of this act.

13 (8) "Governing statute" means the statute that governs an  
14 organization's internal affairs.

15 (9) "Organization" means a general partnership, including a limited  
16 liability partnership, limited partnership, including a limited  
17 liability limited partnership, limited liability company, business  
18 trust, corporation, or any other person having a governing statute.  
19 The term includes a domestic or foreign organization regardless of  
20 whether organized for profit.

21 (10) "Organizational documents" means:

22 (a) For a domestic or foreign general partnership, its partnership  
23 agreement;

24 (b) For a limited partnership or foreign limited partnership, its  
25 certificate of limited partnership and partnership agreement;

26 (c) For a domestic or foreign limited liability company, its  
27 certificate or articles of organization and operating agreement, or  
28 comparable records as provided in its governing statute;

29 (d) For a business trust, its agreement of trust and declaration of  
30 trust;

31 (e) For a domestic or foreign corporation for profit, its articles  
32 of incorporation, bylaws, and other agreements among its shareholders  
33 which are authorized by its governing statute, or comparable records as  
34 provided in its governing statute; and

35 (f) For any other organization, the basic records that create the  
36 organization and determine its internal governance and the relations  
37 among the persons that own it, have an interest in it, or are members  
38 of it.

1 (11) "Personal liability" means liability for a debt, obligation,  
2 or other liability of an organization which is imposed on a person that  
3 co-owns, has an interest in, or is a member of the organization:

4 (a) By the governing statute solely by reason of the person  
5 co-owning, having an interest in, or being a member of the  
6 organization; or

7 (b) By the organization's organizational documents under a  
8 provision of the governing statute authorizing those documents to make  
9 one or more specified persons liable for all or specified debts,  
10 obligations, or other liabilities of the organization solely by reason  
11 of the person or persons co-owning, having an interest in, or being a  
12 member of the organization.

13 (12) "Surviving organization" means an organization into which one  
14 or more other organizations are merged whether the organization  
15 preexisted the merger or was created by the merger.

16 NEW SECTION. Sec. 1002. MERGER. (1) A limited liability company  
17 may merge with one or more other constituent organizations pursuant to  
18 this section, sections 1003 through 1005 of this act, and a plan of  
19 merger if:

20 (a) The governing statute of each of the other organizations  
21 authorizes the merger;

22 (b) The merger is not prohibited by the law of a jurisdiction that  
23 enacted any of the governing statutes; and

24 (c) Each of the other organizations complies with its governing  
25 statute in effecting the merger.

26 (2) A plan of merger must be in a record and must include:

27 (a) The name and form of each constituent organization;

28 (b) The name and form of the surviving organization and, if the  
29 surviving organization is to be created by the merger, a statement to  
30 that effect;

31 (c) The terms and conditions of the merger, including the manner  
32 and basis for converting the interests in each constituent organization  
33 into any combination of money, interests in the surviving organization,  
34 and other consideration;

35 (d) If the surviving organization is to be created by the merger,  
36 the surviving organization's organizational documents that are proposed  
37 to be in a record; and



1 (e) If the surviving organization is not to be created by the  
2 merger, any amendments to be made by the merger to the surviving  
3 organization's organizational documents that are, or are proposed to  
4 be, in a record.

5 NEW SECTION. **Sec. 1003.** ACTION ON PLAN OF MERGER BY CONSTITUENT  
6 LIMITED LIABILITY COMPANY. (1) Subject to section 1014 of this act, a  
7 plan of merger must be consented to by all the members of a constituent  
8 limited liability company.

9 (2) Subject to section 1014 of this act and any contractual rights,  
10 after a merger is approved, and at any time before articles of merger  
11 are delivered to the secretary of state for filing under section 1004  
12 of this act, a constituent limited liability company may amend the plan  
13 or abandon the merger:

- 14 (a) As provided in the plan; or
- 15 (b) Except as otherwise prohibited in the plan, with the same  
16 consent as was required to approve the plan.

17 NEW SECTION. **Sec. 1004.** FILINGS REQUIRED FOR MERGER--EFFECTIVE  
18 DATE. (1) After each constituent organization has approved a merger,  
19 articles of merger must be signed on behalf of:

- 20 (a) Each constituent limited liability company, as provided in  
21 section 203(1) of this act; and
- 22 (b) Each other constituent organization, as provided in its  
23 governing statute.

24 (2) Articles of merger under this section must include:

- 25 (a) The name and form of each constituent organization and the  
26 jurisdiction of its governing statute;
- 27 (b) The name and form of the surviving organization, the  
28 jurisdiction of its governing statute, and, if the surviving  
29 organization is created by the merger, a statement to that effect;
- 30 (c) The date the merger is effective under the governing statute of  
31 the surviving organization;
- 32 (d) If the surviving organization is to be created by the merger:
  - 33 (i) If it will be a limited liability company, the company's  
34 certificate of organization; or
  - 35 (ii) If it will be an organization other than a limited liability

1 company, the organizational document that creates the organization that  
2 is in a public record;

3 (e) If the surviving organization preexists the merger, any  
4 amendments provided for in the plan of merger for the organizational  
5 document that created the organization that are in a public record;

6 (f) A statement as to each constituent organization that the merger  
7 was approved as required by the organization's governing statute;

8 (g) If the surviving organization is a foreign organization not  
9 authorized to transact business in this state, the street and mailing  
10 addresses of an office that the secretary of state may use for the  
11 purposes of section 1005(2) of this act; and

12 (h) Any additional information required by the governing statute of  
13 any constituent organization.

14 (3) Each constituent limited liability company shall deliver the  
15 articles of merger for filing in the office of the secretary of state.

16 (4) A merger becomes effective under this article:

17 (a) If the surviving organization is a limited liability company,  
18 upon the later of:

19 (i) Compliance with subsection (3) of this section; or

20 (ii) Subject to section 205(3) of this act, as specified in the  
21 articles of merger; or

22 (b) If the surviving organization is not a limited liability  
23 company, as provided by the governing statute of the surviving  
24 organization.

25 NEW SECTION. **Sec. 1005.** EFFECT OF MERGER. (1) When a merger  
26 becomes effective:

27 (a) The surviving organization continues or comes into existence;

28 (b) Each constituent organization that merges into the surviving  
29 organization ceases to exist as a separate entity;

30 (c) All property owned by each constituent organization that ceases  
31 to exist vests in the surviving organization;

32 (d) All debts, obligations, or other liabilities of each  
33 constituent organization that ceases to exist continue as debts,  
34 obligations, or other liabilities of the surviving organization;

35 (e) An action or proceeding pending by or against any constituent  
36 organization that ceases to exist may be continued as if the merger had  
37 not occurred;

1 (f) Except as prohibited by other law, all of the rights,  
2 privileges, immunities, powers, and purposes of each constituent  
3 organization that ceases to exist vest in the surviving organization;

4 (g) Except as otherwise provided in the plan of merger, the terms  
5 and conditions of the plan of merger take effect;

6 (h) Except as otherwise agreed, if a constituent limited liability  
7 company ceases to exist, the merger does not dissolve the limited  
8 liability company for the purposes of article 7 of this chapter;

9 (i) If the surviving organization is created by the merger:

10 (i) If it is a limited liability company, the certificate of  
11 organization becomes effective; or

12 (ii) If it is an organization other than a limited liability  
13 company, the organizational document that creates the organization  
14 becomes effective; and

15 (j) If the surviving organization preexisted the merger, any  
16 amendments provided for in the articles of merger for the  
17 organizational document that created the organization become effective.

18 (2) A surviving organization that is a foreign organization  
19 consents to the jurisdiction of the courts of this state to enforce any  
20 debt, obligation, or other liability owed by a constituent  
21 organization, if before the merger the constituent organization was  
22 subject to suit in this state on the debt, obligation, or other  
23 liability. A surviving organization that is a foreign organization and  
24 not authorized to transact business in this state appoints the  
25 secretary of state as its agent for service of process for the purposes  
26 of enforcing a debt, obligation, or other liability under this  
27 subsection. Service on the secretary of state under this subsection  
28 must be made in the same manner and has the same consequences as in  
29 section 116 (3) and (4) of this act.

30 NEW SECTION. **Sec. 1006.** CONVERSION. (1) An organization other  
31 than a limited liability company or a foreign limited liability company  
32 may convert to a limited liability company, and a limited liability  
33 company may convert to an organization other than a foreign limited  
34 liability company pursuant to this section, sections 1007 through 1009  
35 of this act, and a plan of conversion, if:

36 (a) The other organization's governing statute authorizes the  
37 conversion;

1 (b) The conversion is not prohibited by the law of the jurisdiction  
2 that enacted the other organization's governing statute; and

3 (c) The other organization complies with its governing statute in  
4 effecting the conversion.

5 (2) A plan of conversion must be in a record and must include:

6 (a) The name and form of the organization before conversion;

7 (b) The name and form of the organization after conversion;

8 (c) The terms and conditions of the conversion, including the  
9 manner and basis for converting interests in the converting  
10 organization into any combination of money, interests in the converted  
11 organization, and other consideration; and

12 (d) The organizational documents of the converted organization that  
13 are, or are proposed to be, in a record.

14 NEW SECTION. **Sec. 1007.** ACTION ON PLAN OF CONVERSION BY  
15 CONVERTING LIMITED LIABILITY COMPANY. (1) Subject to section 1014 of  
16 this act, a plan of conversion must be consented to by all the members  
17 of a converting limited liability company.

18 (2) Subject to section 1014 of this act and any contractual rights,  
19 after a conversion is approved, and at any time before articles of  
20 conversion are delivered to the secretary of state for filing under  
21 section 1008 of this act, a converting limited liability company may  
22 amend the plan or abandon the conversion:

23 (a) As provided in the plan; or

24 (b) Except as otherwise prohibited in the plan, by the same consent  
25 as was required to approve the plan.

26 NEW SECTION. **Sec. 1008.** FILINGS REQUIRED FOR  
27 CONVERSION--EFFECTIVE DATE. (1) After a plan of conversion is  
28 approved:

29 (a) A converting limited liability company shall deliver to the  
30 secretary of state for filing articles of conversion, which must be  
31 signed as provided in section 203(1) of this act and must include:

32 (i) a statement that the limited liability company has been  
33 converted into another organization;

34 (ii) The name and form of the organization and the jurisdiction of  
35 its governing statute;

1 (iii) The date the conversion is effective under the governing  
2 statute of the converted organization;

3 (iv) A statement that the conversion was approved as required by  
4 this chapter;

5 (v) A statement that the conversion was approved as required by the  
6 governing statute of the converted organization; and

7 (vi) If the converted organization is a foreign organization not  
8 authorized to transact business in this state, the street and mailing  
9 addresses of an office which the secretary of state may use for the  
10 purposes of section 1009(3) of this act; and

11 (b) If the converting organization is not a converting limited  
12 liability company, the converting organization shall deliver to the  
13 secretary of state for filing a certificate of organization, which must  
14 include, in addition to the information required by section 201(2) of  
15 this act:

16 (i) A statement that the converted organization was converted from  
17 another organization;

18 (ii) The name and form of that converting organization and the  
19 jurisdiction of its governing statute; and

20 (iii) A statement that the conversion was approved in a manner that  
21 complied with the converting organization's governing statute.

22 (2) A conversion becomes effective:

23 (a) If the converted organization is a limited liability company,  
24 when the certificate of organization takes effect; and

25 (b) If the converted organization is not a limited liability  
26 company, as provided by the governing statute of the converted  
27 organization.

28 NEW SECTION. Sec. 1009. EFFECT OF CONVERSION. (1) An  
29 organization that has been converted pursuant to this article is for  
30 all purposes the same entity that existed before the conversion.

31 (2) When a conversion takes effect:

32 (a) All property owned by the converting organization remains  
33 vested in the converted organization;

34 (b) All debts, obligations, or other liabilities of the converting  
35 organization continue as debts, obligations, or other liabilities of  
36 the converted organization;

1 (c) An action or proceeding pending by or against the converting  
2 organization may be continued as if the conversion had not occurred;

3 (d) Except as prohibited by law other than this chapter, all of the  
4 rights, privileges, immunities, powers, and purposes of the converting  
5 organization remain vested in the converted organization;

6 (e) Except as otherwise provided in the plan of conversion, the  
7 terms and conditions of the plan of conversion take effect; and

8 (f) Except as otherwise agreed, the conversion does not dissolve a  
9 converting limited liability company for the purposes of article 7 of  
10 this chapter.

11 (3) A converted organization that is a foreign organization  
12 consents to the jurisdiction of the courts of this state to enforce any  
13 debt, obligation, or other liability for which the converting limited  
14 liability company is liable if, before the conversion, the converting  
15 limited liability company was subject to suit in this state on the  
16 debt, obligation, or other liability. A converted organization that is  
17 a foreign organization and not authorized to transact business in this  
18 state appoints the secretary of state as its agent for service of  
19 process for purposes of enforcing a debt, obligation, or other  
20 liability under this subsection. Service on the secretary of state  
21 under this subsection must be made in the same manner and has the same  
22 consequences as in section 116 (3) and (4) of this act.

23 NEW SECTION. **Sec. 1010.** DOMESTICATION. (1) A foreign limited  
24 liability company may become a limited liability company pursuant to  
25 this section, sections 1011 through 1013 of this act, and a plan of  
26 domestication if:

27 (a) The foreign limited liability company's governing statute  
28 authorizes the domestication;

29 (b) The domestication is not prohibited by the law of the  
30 jurisdiction that enacted the governing statute; and

31 (c) The foreign limited liability company complies with its  
32 governing statute in effecting the domestication.

33 (2) A limited liability company may become a foreign limited  
34 liability company pursuant to this section, sections 1011 through 1013  
35 of this act, and a plan of domestication if:

36 (a) The foreign limited liability company's governing statute  
37 authorizes the domestication;

1 (b) The domestication is not prohibited by the law of the  
2 jurisdiction that enacted the governing statute; and

3 (c) The foreign limited liability company complies with its  
4 governing statute in effecting the domestication.

5 (3) A plan of domestication must be in a record and must include:

6 (a) The name of the domesticating company before domestication and  
7 the jurisdiction of its governing statute;

8 (b) The name of the domesticated company after domestication and  
9 the jurisdiction of its governing statute;

10 (c) The terms and conditions of the domestication, including the  
11 manner and basis for converting interests in the domesticating company  
12 into any combination of money, interests in the domesticated company,  
13 and other consideration; and

14 (d) The organizational documents of the domesticated company that  
15 are, or are proposed to be, in a record.

16 NEW SECTION. Sec. 1011. ACTION ON PLAN OF DOMESTICATION BY  
17 DOMESTICATING LIMITED LIABILITY COMPANY. (1) A plan of domestication  
18 must be consented to:

19 (a) By all the members, subject to section 1014 of this act, if the  
20 domesticating company is a limited liability company; and

21 (b) As provided in the domesticating company's governing statute,  
22 if the company is a foreign limited liability company.

23 (2) Subject to any contractual rights, after a domestication is  
24 approved, and at any time before articles of domestication are  
25 delivered to the secretary of state for filing under section 1012 of  
26 this act, a domesticating limited liability company may amend the plan  
27 or abandon the domestication:

28 (a) As provided in the plan; or

29 (b) Except as otherwise prohibited in the plan, by the same consent  
30 as was required to approve the plan.

31 NEW SECTION. Sec. 1012. FILINGS REQUIRED FOR  
32 DOMESTICATION--EFFECTIVE DATE. (1) After a plan of domestication is  
33 approved, a domesticating company shall deliver to the secretary of  
34 state for filing articles of domestication, which must include:

35 (a) A statement, as the case may be, that the company has been  
36 domesticated from or into another jurisdiction;

1 (b) The name of the domesticating company and the jurisdiction of  
2 its governing statute;

3 (c) The name of the domesticated company and the jurisdiction of  
4 its governing statute;

5 (d) The date the domestication is effective under the governing  
6 statute of the domesticated company;

7 (e) If the domesticating company was a limited liability company,  
8 a statement that the domestication was approved as required by this  
9 chapter;

10 (f) If the domesticating company was a foreign limited liability  
11 company, a statement that the domestication was approved as required by  
12 the governing statute of the other jurisdiction; and

13 (g) If the domesticated company was a foreign limited liability  
14 company not authorized to transact business in this state, the street  
15 and mailing addresses of an office that the secretary of state may use  
16 for the purposes of section 1013(2) of this act.

17 (2) A domestication becomes effective:

18 (a) When the certificate of organization takes effect, if the  
19 domesticated company is a limited liability company; and

20 (b) According to the governing statute of the domesticated company,  
21 if the domesticated organization is a foreign limited liability  
22 company.

23 NEW SECTION. **Sec. 1013.** EFFECT OF DOMESTICATION. (1) When a  
24 domestication takes effect:

25 (a) The domesticated company is for all purposes the company that  
26 existed before the domestication;

27 (b) All property owned by the domesticating company remains vested  
28 in the domesticated company;

29 (c) All debts, obligations, or other liabilities of the  
30 domesticating company continue as debts, obligations, or other  
31 liabilities of the domesticated company;

32 (d) An action or proceeding pending by or against a domesticating  
33 company may be continued as if the domestication had not occurred;

34 (e) Except as prohibited by other law, all of the rights,  
35 privileges, immunities, powers, and purposes of the domesticating  
36 company remain vested in the domesticated company;



1 (f) Except as otherwise provided in the plan of domestication, the  
2 terms and conditions of the plan of domestication take effect; and

3 (g) Except as otherwise agreed, the domestication does not dissolve  
4 a domesticating limited liability company for the purposes of article  
5 7 of this chapter.

6 (2) A domesticated company that is a foreign limited liability  
7 company consents to the jurisdiction of the courts of this state to  
8 enforce any debt, obligation, or other liability owed by the  
9 domesticating company if, before the domestication, the domesticating  
10 company was subject to suit in this state on the debt, obligation, or  
11 other liability. A domesticated company that is a foreign limited  
12 liability company and not authorized to transact business in this state  
13 appoints the secretary of state as its agent for service of process for  
14 purposes of enforcing a debt, obligation, or other liability under this  
15 subsection. Service on the secretary of state under this subsection  
16 must be made in the same manner and has the same consequences as in  
17 section 116 (3) and (4) of this act.

18 (3) If a limited liability company has adopted and approved a plan  
19 of domestication under section 1010 of this act providing for the  
20 company to be domesticated in a foreign jurisdiction, a statement  
21 surrendering the company's certificate of organization must be  
22 delivered to the secretary of state for filing setting forth:

23 (a) The name of the company;

24 (b) A statement that the certificate of organization is being  
25 surrendered in connection with the domestication of the company in a  
26 foreign jurisdiction;

27 (c) A statement the domestication was approved as required by this  
28 chapter; and

29 (d) The jurisdiction of formation of the domesticated foreign  
30 limited liability company.

31 NEW SECTION. **Sec. 1014.** RESTRICTIONS ON APPROVAL OF MERGERS,  
32 CONVERSIONS, AND DOMESTICATIONS. (1) If a member of a constituent,  
33 converting, or domesticating limited liability company will have  
34 personal liability with respect to a surviving, converted, or  
35 domesticated organization, approval or amendment of a plan of merger,  
36 conversion, or domestication are ineffective without the consent of the  
37 member, unless:

1 (a) The company's operating agreement provides for approval of a  
2 merger, conversion, or domestication with the consent of fewer than all  
3 the members; and

4 (b) The member has consented to the provision of the operating  
5 agreement.

6 (2) A member does not give the consent required by subsection (1)  
7 of this section merely by consenting to a provision of the operating  
8 agreement that permits the operating agreement to be amended with the  
9 consent of fewer than all the members.

10 NEW SECTION. **Sec. 1015.** ARTICLE NOT EXCLUSIVE. This article does  
11 not preclude an entity from being merged, converted, or domesticated  
12 under law other than this chapter.

13 **ARTICLE 11**  
14 **MISCELLANEOUS PROVISIONS**

15 NEW SECTION. **Sec. 1101.** UNIFORMITY OF APPLICATION AND  
16 CONSTRUCTION. In applying and construing this uniform act,  
17 consideration must be given to the need to promote uniformity of the  
18 law with respect to its subject matter among states that enact it.

19 NEW SECTION. **Sec. 1102.** RELATION TO ELECTRONIC SIGNATURES IN  
20 GLOBAL AND NATIONAL COMMERCE ACT. This chapter modifies, limits, and  
21 supersedes the federal electronic signatures in global and national  
22 commerce act (15 U.S.C. Sec. 7001 et seq.) but does not modify, limit,  
23 or supersede section 101(c) of that act (15 U.S.C. Sec. 7001(c)) or  
24 authorize electronic delivery of any of the notices described in  
25 section 103(b) of that act (15 U.S.C. Sec. 7003(b)).

26 NEW SECTION. **Sec. 1103.** SAVINGS CLAUSE. This chapter does not  
27 affect an action commenced, proceeding brought, or right accrued before  
28 this chapter takes effect.

29 NEW SECTION. **Sec. 1104.** APPLICATION TO EXISTING RELATIONSHIPS.  
30 (1) Before . . . ., this chapter governs only:

31 (a) A limited liability company formed on or after the effective  
32 date of this act; and

1 (b) Except as otherwise provided in subsection (3) of this section,  
2 a limited liability company formed before the effective date of this  
3 act which elects, in the manner provided in its operating agreement or  
4 by law for amending the operating agreement, to be subject to this  
5 chapter.

6 (2) Except as otherwise provided in subsection (3) of this section,  
7 on and after . . . . this chapter governs all limited liability  
8 companies.

9 (3) For the purposes of applying this chapter to a limited  
10 liability company formed before the effective date of this act:

11 (a) The company's articles of organization are deemed to be the  
12 company's certificate of organization; and

13 (b) For the purposes of applying section 102(10) of this act and  
14 subject to section 112(4) of this act, language in the company's  
15 articles of organization designating the company's management structure  
16 operates as if that language were in the operating agreement.

17 NEW SECTION. **Sec. 1105.** REPEALS. The following acts or parts of  
18 acts are each repealed, effective . . . . :

19 (1) RCW 25.15.005 (Definitions) and 2002 c 296 s 3, 2000 c 169 s 1,  
20 1995 c 337 s 13, & 1994 c 211 s 101;

21 (2) RCW 25.15.007 (Standards for electronic filing--Rules) and 2002  
22 c 74 s 15;

23 (3) RCW 25.15.010 (Name set forth in certificate of formation) and  
24 1998 c 102 s 9, 1996 c 231 s 5, & 1994 c 211 s 102;

25 (4) RCW 25.15.015 (Reserved name--Registered name) and 1998 c 102  
26 s 11 & 1994 c 211 s 103;

27 (5) RCW 25.15.020 (Registered office--Registered agent) and 2002 c  
28 74 s 16, 1996 c 231 s 6, & 1994 c 211 s 104;

29 (6) RCW 25.15.025 (Service of process on domestic limited liability  
30 companies) and 1994 c 211 s 105;

31 (7) RCW 25.15.030 (Nature of business permitted--Powers) and 2006  
32 c 48 s 1 & 1994 c 211 s 106;

33 (8) RCW 25.15.035 (Business transactions of member or manager with  
34 the limited liability company) and 1994 c 211 s 107;

35 (9) RCW 25.15.040 (Limitation of liability and indemnification) and  
36 1994 c 211 s 108;

1 (10) RCW 25.15.045 (Professional limited liability companies) and  
2 2001 c 251 s 32, 1999 c 128 s 2, 1998 c 293 s 5, & 1997 c 390 s 4;  
3 (11) RCW 25.15.050 (Member agreements) and 1994 c 211 s 110;  
4 (12) RCW 25.15.055 (Membership residency) and 1994 c 211 s 111;  
5 (13) RCW 25.15.060 (Piercing the veil) and 1995 c 337 s 15 & 1994  
6 c 211 s 112;  
7 (14) RCW 25.15.070 (Certificate of formation) and 1994 c 211 s 201;  
8 (15) RCW 25.15.075 (Amendment to certificate of formation) and 1994  
9 c 211 s 202;  
10 (16) RCW 25.15.080 (Cancellation of certificate) and 1994 c 211 s  
11 203;  
12 (17) RCW 25.15.085 (Execution) and 2002 c 74 s 17, 2001 c 307 s 3,  
13 1995 c 337 s 16, & 1994 c 211 s 204;  
14 (18) RCW 25.15.090 (Execution, amendment, or cancellation by  
15 judicial order) and 1994 c 211 s 205;  
16 (19) RCW 25.15.095 (Filing) and 2002 c 74 s 18, 2001 c 307 s 4, &  
17 1994 c 211 s 206;  
18 (20) RCW 25.15.100 (Restated certificate) and 1994 c 211 s 207;  
19 (21) RCW 25.15.105 (Initial and annual reports) and 2001 c 307 s 2  
20 & 1994 c 211 s 208;  
21 (22) RCW 25.15.115 (Admission of members) and 1994 c 211 s 301;  
22 (23) RCW 25.15.120 (Voting and classes of membership) and 1994 c  
23 211 s 302;  
24 (24) RCW 25.15.125 (Liability of members and managers to third  
25 parties) and 1994 c 211 s 303;  
26 (25) RCW 25.15.130 (Events of dissociation) and 2000 c 169 s 2,  
27 1995 c 337 s 17, & 1994 c 211 s 304;  
28 (26) RCW 25.15.135 (Records and information) and 1994 c 211 s 305;  
29 (27) RCW 25.15.140 (Remedies for breach of limited liability  
30 company agreement by member) and 1994 c 211 s 306;  
31 (28) RCW 25.15.150 (Management) and 1996 c 231 s 8 & 1994 c 211 s  
32 401;  
33 (29) RCW 25.15.155 (Liability of managers and members) and 1994 c  
34 211 s 402;  
35 (30) RCW 25.15.160 (Manager--Members' rights and duties) and 1994  
36 c 211 s 403;  
37 (31) RCW 25.15.165 (Voting and classes of managers) and 1994 c 211  
38 s 404;

1 (32) RCW 25.15.170 (Remedies for breach of limited liability  
2 company agreement by manager) and 1994 c 211 s 405;  
3 (33) RCW 25.15.175 (Reliance on reports and information by member  
4 or manager) and 1994 c 211 s 406;  
5 (34) RCW 25.15.180 (Resignation of manager) and 1994 c 211 s 407;  
6 (35) RCW 25.15.185 (Loss of sole remaining manager) and 2000 c 169  
7 s 3;  
8 (36) RCW 25.15.190 (Form of contribution) and 1994 c 211 s 501;  
9 (37) RCW 25.15.195 (Liability for contribution) and 1994 c 211 s  
10 502;  
11 (38) RCW 25.15.200 (Allocation of profits and losses) and 1994 c  
12 211 s 503;  
13 (39) RCW 25.15.205 (Allocation of distributions) and 1994 c 211 s  
14 504;  
15 (40) RCW 25.15.215 (Interim distributions) and 1994 c 211 s 601;  
16 (41) RCW 25.15.220 (Distribution on event of dissociation) and 1995  
17 c 337 s 18 & 1994 c 211 s 602;  
18 (42) RCW 25.15.225 (Distribution in-kind) and 1994 c 211 s 603;  
19 (43) RCW 25.15.230 (Right to distribution) and 1994 c 211 s 604;  
20 (44) RCW 25.15.235 (Limitations on distribution) and 1994 c 211 s  
21 605;  
22 (45) RCW 25.15.245 (Nature of limited liability company interest--  
23 Certificate of interest) and 1994 c 211 s 701;  
24 (46) RCW 25.15.250 (Assignment of limited liability company  
25 interest) and 1995 c 337 s 19 & 1994 c 211 s 702;  
26 (47) RCW 25.15.255 (Rights of judgment creditor) and 1994 c 211 s  
27 703;  
28 (48) RCW 25.15.260 (Right of assignee to become member) and 1994 c  
29 211 s 704;  
30 (49) RCW 25.15.270 (Dissolution) and 2006 c 48 s 4, 2000 c 169 s 4,  
31 1997 c 21 s 1, 1996 c 231 s 9, & 1994 c 211 s 801;  
32 (50) RCW 25.15.275 (Judicial dissolution) and 1994 c 211 s 802;  
33 (51) RCW 25.15.280 (Administrative dissolution--Commencement of  
34 proceeding) and 1995 c 337 s 20 & 1994 c 211 s 803;  
35 (52) RCW 25.15.285 (Administrative dissolution--Notice--Opportunity  
36 to correct deficiencies) and 1994 c 211 s 804;  
37 (53) RCW 25.15.290 (Administrative dissolution--Reinstatement--  
38 Application--When effective) and 1994 c 211 s 805;

1 (54) RCW 25.15.295 (Winding up) and 1994 c 211 s 806;  
2 (55) RCW 25.15.300 (Distribution of assets) and 1994 c 211 s 807;  
3 (56) RCW 25.15.303 (Remedies available after dissolution) and 2006  
4 c 325 s 1;  
5 (57) RCW 25.15.310 (Law governing) and 1995 c 337 s 21 & 1994 c 211  
6 s 901;  
7 (58) RCW 25.15.315 (Registration required--Application) and 1994 c  
8 211 s 902;  
9 (59) RCW 25.15.320 (Issuance of registration) and 1994 c 211 s 903;  
10 (60) RCW 25.15.325 (Name--Registered office--Registered agent) and  
11 2002 c 74 s 19, 1998 c 102 s 10, 1996 c 231 s 10, & 1994 c 211 s 904;  
12 (61) RCW 25.15.330 (Amendments to application) and 1994 c 211 s  
13 905;  
14 (62) RCW 25.15.335 (Cancellation of registration) and 1994 c 211 s  
15 906;  
16 (63) RCW 25.15.340 (Doing business without registration) and 1994  
17 c 211 s 907;  
18 (64) RCW 25.15.345 (Foreign limited liability companies doing  
19 business without having qualified--Injunctions) and 1994 c 211 s 908;  
20 (65) RCW 25.15.350 (Transactions not constituting transacting  
21 business) and 1994 c 211 s 909;  
22 (66) RCW 25.15.355 (Service of process on registered foreign  
23 limited liability companies) and 1994 c 211 s 910;  
24 (67) RCW 25.15.360 (Service of process on unregistered foreign  
25 limited liability companies) and 1994 c 211 s 911;  
26 (68) RCW 25.15.365 (Revocation of registration--Requirements for  
27 commencement) and 1996 c 231 s 11;  
28 (69) RCW 25.15.366 (Revocation of registration--Procedure--Notice--  
29 Correction of grounds--Certificate of revocation--Authority of agent)  
30 and 1996 c 231 s 12;  
31 (70) RCW 25.15.370 (Right to bring action) and 1994 c 211 s 1001;  
32 (71) RCW 25.15.375 (Proper plaintiff) and 1994 c 211 s 1002;  
33 (72) RCW 25.15.380 (Complaint) and 1994 c 211 s 1003;  
34 (73) RCW 25.15.385 (Expenses) and 1994 c 211 s 1004;  
35 (74) RCW 25.15.395 (Merger--Plan--Effective date) and 1998 c 103 s  
36 1319 & 1994 c 211 s 1101;  
37 (75) RCW 25.15.400 (Merger--Plan--Approval) and 1998 c 103 s 1320  
38 & 1994 c 211 s 1102;

1 (76) RCW 25.15.405 (Articles of merger--Filing) and 1998 c 103 s  
2 1321 & 1994 c 211 s 1103;  
3 (77) RCW 25.15.410 (Effect of merger) and 1998 c 103 s 1322 & 1994  
4 c 211 s 1104;  
5 (78) RCW 25.15.415 (Merger--Foreign and domestic) and 1998 c 103 s  
6 1323 & 1994 c 211 s 1105;  
7 (79) RCW 25.15.425 (Definitions) and 1994 c 211 s 1201;  
8 (80) RCW 25.15.430 (Member--Dissent--Payment of fair value) and  
9 1994 c 211 s 1202;  
10 (81) RCW 25.15.435 (Dissenters' rights--Notice--Timing) and 1994 c  
11 211 s 1203;  
12 (82) RCW 25.15.440 (Member--Dissent--Voting restriction) and 1994  
13 c 211 s 1204;  
14 (83) RCW 25.15.445 (Members--Dissenters' notice--Requirements) and  
15 1994 c 211 s 1205;  
16 (84) RCW 25.15.450 (Member--Payment demand--Entitlement) and 1994  
17 c 211 s 1206;  
18 (85) RCW 25.15.455 (Member's interests--Transfer restriction) and  
19 1994 c 211 s 1207;  
20 (86) RCW 25.15.460 (Payment of fair value--Requirements for  
21 compliance) and 1994 c 211 s 1208;  
22 (87) RCW 25.15.465 (Merger--Not effective within sixty days--  
23 Transfer restrictions) and 1994 c 211 s 1209;  
24 (88) RCW 25.15.470 (Dissenter's estimate of fair value--Notice) and  
25 1994 c 211 s 1210;  
26 (89) RCW 25.15.475 (Unsettled demand for payment--Proceeding--  
27 Parties--Appraisers) and 1994 c 211 s 1211;  
28 (90) RCW 25.15.480 (Unsettled demand for payment--Costs--Fees and  
29 expenses of counsel) and 1994 c 211 s 1212;  
30 (91) RCW 25.15.800 (Construction and application of chapter and  
31 limited liability company agreement) and 1994 c 211 s 1301;  
32 (92) RCW 25.15.805 (Establishment of filing fees and miscellaneous  
33 charges) and 1994 c 211 s 1302;  
34 (93) RCW 25.15.810 (Authority to adopt rules) and 1994 c 211 s  
35 1303;  
36 (94) RCW 25.15.900 (Effective date--1994 c 211) and 1994 c 211 s  
37 1312;  
38 (95) RCW 25.15.901 (Short title) and 1994 c 211 s 1313; and

1 (96) RCW 25.15.902 (Severability--1994 c 211) and 1994 c 211 s  
2 1314.

3 NEW SECTION. **Sec. 1106.** Part headings and captions used in this  
4 act are not any part of the law.

5 NEW SECTION. **Sec. 1107.** EFFECTIVE DATE. This act takes effect .  
6 . . .

7 NEW SECTION. **Sec. 1108.** Sections 101 through 1104, 1106, and 1107  
8 of this act constitute a new chapter in Title 25 RCW.

--- END ---