# **Contents**

### PART I FORMATION

CHAP	IER I:	INTRO	DUCTION	1-1
Introdu	ction –	The Revise	d LLC Act	1-2
1.1.	Nature	e and Use o	of this Practice Manual	1-3
1.2.	Comp	arison of th	e LLC with Other Entities	1-4
	Table	1 Comparis	son of Limited Liability Companies,	
	Limite	ed Partnersl	hips, S Corporations, and C Corporations	
	and Li	imited Liab	ility Partnerships	1-5
	1.2.1.	Comparis	son to Corporations	1-10
	1.2.2.	Comparis	sons to Partnerships	1-11
1.3.	Consid	derations W	Then Forming an LLC	1-11
1.4.	Histor	y of the LL	C Entity	1-13
1.5.	Classi	fication of	LLC as a Partnership for Tax	
	Purpo	ses		1-14
	1.5.1.	Introduct	ion	1-14
	1.5.2.	Understa	nding the Check-the-Box	
		Regulation	ons	1-15
		1.5.2.1.	Automatic Partnership	
			Classification	1-16
		1.5.2.2.	Single-Member LLC	1-16
		1.5.2.3.	Corporate Classification Election	1-17
		1.5.2.4.	LLCs Formed Prior to	
			January 1, 1997	1-18
		1.5.2.5.	Changes in Classification	1-19
		1.5.2.6.	Employer Identification Numbers	1-19
		1.5.2.7.	Tax Consequences of Conversions	1-19
	1.5.3.	Impact of	f Check-the-Box Regulations	1-20
	1.5.4.	Self-emp	loyment Tax Consequences of	
		Partnersh	ip Classification	1-21
	1.5.5.	Utah Taxa	ation	1-23

1.6.			Revised Limited Liability	1-23
1.7.			mnorison of LLC Acts	1-23
1./.	1.7.1.		emparison of LLC Acts	1-26
		Tama a £ 41a	Bulletproof Statutes	
	1.7.2.		e LLC	1-27
	1.7.3.		Members	1-27
	1.7.4		n	1-28
	1.7.5		Z	1-28
1.8.	Struc	ture of this M	[anual	1-28
СНА	PTER 2		ES OF ORGANIZATION AND	
		FORMA	ΓΙΟΝ	<b>2-</b> 1
2.1.				2-4
2.2.			ers	2-4
	Form 2	-1. Checkli	st for Formation of LLC	2-6
	Form 2	-2. Letter I	Directing Execution and Filing of	
		Articles	s of Organization and Evidencing	
		Consen	t of Members and Managers	2-32
2.3.	Article	s of Organiza	tion	2-33
	2.3.1.		rements of Articles of	
			n	2-33
	2.3.2.	~	ry Provisions in Articles of	
			n	2-38
	2.3.3.	Constructive	e Notice of Articles of Organization and	
	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		ngs	2-42
	2.3.4.		f Articles of Organization	2-43
	2.3.5.		ms of Articles of Organization	2-45
	2.3.3.	Form 2-3.		2 13
		101111 2-3.	Business Purpose – Management by	
			Member(s) without Restrictions	
			* /	2-45
		Farms 2 4	on the Authority of Member(s)	2-43
		Form 2-4.	Articles of Organization –	
			Management by Manager(s) without	
			Limiting Authority – Broadest	
			Business Purpose	2-47
		Form 2-5.	Articles of Organization – Executed	
			by Organizer – Management by	
			Manager(s) – Limited Member	
			Authority – Broad Business	
			Purpose	2-49

		Form 2-6.	Resolutio	on of Organizer – Listing	
			Initial Me	embers [and Managers]	2-51
		Form 2-7.	Execution	n of Articles of Organization	
				ey-in-Fact for a Member or	
			•		2-52
	2.3.6.	Optional P			2-52
		2.3.6.1.		Limiting Agency Authority	
		2.0.0.1.		ers	2-53
				Articles Provision –	_ 00
			1011112 0.	Management by Members -	_
				Limitation of Authority of	
				Members	2-54
		2.3.6.2.	Provision I	imiting Agency Authority of	2 3 1
		2.3.0.2.			2-54
			_	Articles Provision –	2-34
			101111 2-7.	Management by	
				Managers – Limitation of	
				Authority of Managers	
				and Members	2-55
		2.3.6.3.	Provision I	imiting Change of Tax	2-33
		2.3.0.3.			2-56
				Articles Provision –	2-30
			Form 2-10.		
				Limiting Change of	2.50
		2264	D D	Tax Classification	2-56
		2.3.6.4.		equiring Written	
				Agreement No Longer	2.56
	2.2.7	ъ	Necessary		2-56
	2.3.7.			n Articles of Organization	2 57
	2.2.0	_		nt	2-57
	2.3.8.			ganization and	2 50
2.4					2-58
2.4.					2-60
	Form 2			ion of Articles of	
					2-61
2.5.				nization	2-62
	Form 2			nt of Members to Amend	
			_	zation	2-65
	Form 2			ers to Amend Articles of	
		_	ization When		
		_	ment Does N	•	_
		Unani	mity		2-66

	Form 2	-14. Cert	ificate of Amendment to Articles of		
		Orga	anization – Option of Deleting a		
		_	r Member and Adding a New Member	2-67	
2.6.	Name Selection, Protection, and Use				
	2.6.1.		g a Distinguishable Name	2-68	
	2.6.2.		eservation with the Division	2-71	
	2.6.3.		Infringement, and Unfair Competition	2-72	
	2.6.4.		and State Protection of Name as a		
			rk or Service Mark	2-73	
		2.6.4.1.	How a Trademark Differs from a		
			Name or DBA	2-73	
		2.6.4.2.	Benefits of Trademark Registration	2-73	
		2.6.4.3.			
			Registration	2-74	
		2.6.4.4.	Utah State Trademark Registration		
			Process	2-75	
		2.6.4.5.	Federal Trademark Application		
		_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Process	2-75	
		2.6.4.6.	Benefits Specific to Federal Trademark		
			Registration	2-76	
		2.6.4.7.	Cost of Federal Trademark		
			Registration	2-78	
		2.6.4.8.	Name and Trademark Searches	2-78	
	2.6.5.	Use the I	Full LLC Name to Avoid Personal		
				2-79	
2.7.	Annual	-	led with the Division	2-79	
	Form 2		nge of Registered Agent	2-81	
	Form 2		nge of Address of Registered Agent	2-82	
	Form 2		gnation of Registered Agent	2-82	
			nge of Address of Registered Office	2-82	
			PART II		
			OPERATIONS		
СНА	PTER 3	. THE (	OPERATING AGREEMENT	3-1	
3.1.				3-1	
3.1.			ement" Defined	3-2	
3.2. 3.3.			C Form	3-3	
3.4.			g Agreement	3-5	
J. <del>4</del> .			ye an Operating Agreement	3-5	
		vv iiv iid	vv an viiviainis /vsiivillelle	. , – . :	

	3.4.2. Written Statement Required for Some Matters	3-6
	3.4.3. One Member LLCs	3-8
3.5.	Unanimous Adoption of Initial Operating Agreement	3-8
3.6.	Amendment of Operating Agreement	3-8
	Form 3-1. General Form of Amendment to Operating	
	Agreement	3-9
	Form 3-2. General Form of Amendment and	
	Restatement of Operating Agreement	3-10
3.7.	LLC as a Party to its Operating Agreement	3-11
3.8.	Interpretation and Enforcement	3-11
3.9.	Form Operating Agreements	3-11
СНА	PTER 4: ORGANIZATION	4-1
4.1	Drafting LLC Organization Provisions	4-3
4.2.	Introductory Paragraph	4-4
	Form 4-1. Introductory Paragraph – Names Parties	4-4
	Form 4-2. Introductory Paragraph – Parties Referenced	
	as Signatories	4-4
4.3.	Background to Agreement	4-4
	4.3.1. LLC Already Organized	4-5
	Form 4-3. Recital Confirming Articles of	
	Organization Have Been Filed	4-5
	4.3.2. Agreement to Organize LLC	4-6
	Form 4-4. Alternate Recital: General	
	Agreement to Organize LLC	4-6
4.4.	Confirmation of Agreement	4-6
4.5	Form 4-5. Confirmation of Agreement	4-6
4.5.	Definitions	4-7
	4.5.1. "Interest" Compared with "Membership"	4-7 4-8
	4.5.2. "Interest Holder" Compared with "Member" Form 4-6. General Definitions	4-8 4-9
4.6.		4-10
4.0.	Name	4-10
	LLC	4-11
	Form 4-8. Name Provision for Manager-managed	<del>4</del> -11
	LLC	4-11
4.7	Purpose	4-11
<b>T.</b> /	Form 4-9. Any Lawful Purpose	4-11
	Form 4-10. Specific Purpose	4-11
	Form 4-11. Purpose Limited to Real Estate	4-12
4 8	Term	4-12

	Form 4-12	. Term Commences on Date of Filing	
		of Articles	4-13
	Form 4-13		
		Operating Agreement	4-13
4.9.	Registered	Office and Agent	4-13
	Form 4-14.		4-14
4.10.	Street Adda	ress of LLC's Designated Office	4-14
	Form 4-15		
		Records	4-15
4.11.	Members .		4-15
	Form 4-16	. Schedule of Members Set Forth in	
		Exhibit	4-15
	Form 4-17		
		Text of Agreement	4-16
	Form 4-18	. Schedule of Members (without	
		Percentages)	4-16
4.12.	Miscellane	ous Provisions	4-17
	Form 4-19.	Miscellaneous Provisions	4-17
	Form 4-20	. Mandatory Arbitration Provision;	
		Attorney Fees	4-20
4.13.	Execution .		4-21
4.14.	Post-Organ	nization Communication with Clients	4-22
	Form 4-21	. Form of Post-Organization Reporting	
		Letter to Client	4-22
	Form 4-22		
		Regarding Operational and Other Post-	
		Formation Matters	4-24
CILA	DTED 5. C	NADITAL INTUIE LLC	<b>.</b> 1
		CAPITAL IN THE LLC	<b>5-1</b> 5-3
5.1. 5.2.		pital Provisions	5-3 5-3
3.2.	Form 5-1.	al Contributions	5-2 5-4
		Initial Capital Contributions in Cash	3-4
	Form 5-2.	Initial Capital Contributions – Partly in Cash	5-4
	Earm 5 2	and Partly in Services	3-2
	Form 5-3.	Initial Capital Contributions – Partly in Cash	5 5
	Earm 5 4	and Partly in Property	5-5
	Form 5-4.	Representation in Connection with Contribution of Property II Ica with Form 5, 31	5-5
	Earn 5 5	of Property [Use with Form 5-3]	3-3
	Form 5-5.	Initial Capital Contributions – Nature and Value of Contribution Set Forth on Exhibit	<i>5</i>
	5 2 1 O		5-5
	5.2.1. Con	ntribution Agreement	5-6

	For	rm 5-6. Contribution Agreement – Interest	
		in an LLC Contributed to a Holding	
		Company	
5.3.	Additional (	Capital Contributions	. 5-8
	Form 5-7.	No Liability beyond Additional Capital	
		Contributions	5-8
	Form 5-8.	Additional Capital Contributions at	
		Discretion of Manager – Limit on	
		Amount	5-8
	Form 5-9.	Additional Capital Contributions at	
		Discretion of Members – Limit on Amount	. 5-9
	Form 5-10.	Additional Capital Contributions Required by	
		Members' Vote – Dilution of Interest for not	
		Contributing – Limit on Amount	5-10
	Form 5-11.	<del>-</del>	
5.4.		Payment of Contributions	
		Reduction of Member's Interest for Failure	
		to Make Contribution	5-13
	Form 5-13.	Reduction of Member's Interest for Failure	
	1011110 101	to Make Contribution – Alternate	
		Contributors Allowed	5-13
	Form 5-14	Damages and Collection Costs on Unpaid	0 10
	101111 5 1 1.	Contribution – Reduction of Member's	
		Interest for Failure to Make Contribution	
		and Pay Damages	5_13
5.5.	Interest on (	Capital Contributions	
5.5.		No Interest on Capital Contributions	
		Interest on Capital Contributions	
5.6.		apital Contributions to Members	
5.0.		Return of Capital Contributions –	5-15
	F01111 3-1 /.	Unanimous Consent of Members and	
			5 1 <i>6</i>
- 7	E (D:-	Compliance with Act Required	
5.7.		stribution	5-16
		Form of Distribution – No Right to Receive	c 17
		Anything but Cash	5-17
	Form 5-19.		
		Distribution in Discretion of the	
		Company	
5.8.	_	ounts	
	Form 5-20.		
5.9	Loans		5-19

	Form 5-21	. Loans – General Authority of LLC to	
		Borrow Money from Members on Terms	
		to Be Agreed upon in Future	5-19
	Form 5-22		
		Loan with General Authority to Borrow	
		Money from Members on Terms to	
		Be Agreed upon in Future	5-20
5.10.	Noncompe	ensatory Options and Convertible Equity	5-20
		Treatment of Grant of Options	5-21
		Freatment of Lapse of Noncompensatory	
		Options	5-21
		Exercise of Noncompensatory Options	5-21
		Capital Accounts and Noncompensatory	
		Options	5-21
		When an Optionee Is Considered a Partner	5-22
5.11.		ember to Return Wrongful Distributions	
	•		5-23
CHA		ALLOCATION AND DISTRIBUTION	
		PROVISIONS	6-1
6.1.		f the LLC	6-3
6.2.		llocation and Distribution Concepts	6-3
6.3.		on Restrictions Under the Act	6-4
6.4.		Restrictions; Code Section 704(b)	6-5
		verview	6-5
		he Three Alternative Allocation Tests	6-7
		4.2.1. The First Test: Partners' Interests	6-8
	6.	.4.2.2. The Second Test: Substantial	
		Economic Effect and	
		Capital Accounts	6-8
		.4.2.3. The Third Test: Nonrecourse Debt	6-9
		llocations to Interest Holders	6-10
6.5.		S	6-11
		vistribution-related Definitions	6-11
		orm 6-1. Distribution Definitions	6-11
		Illocation-related Definitions	6-12
		orm 6-2. Tax Definitions	6-12
6.6.		ribution Provisions	6-15
		General	6-15
		ash Flow from Operations	6-16
	F	orm 6-3 Distributions of Cash Flow	6-16

	6.6.3.	Cash Flow I	Distributions to Fund Tax Liabilities	6-16
		Form 6-4.	Distributions to Pay Taxes	6-16
		Form 6-5.	Tax Payment Loans	6-17
	6.6.4.	Capital Proc	eeds	6-19
		Form 6-6.	Distributions of Capital Proceeds	6-19
	6.6.5.	Liquidation	Proceeds	6-19
		Form 6-7.	Liquidation and Dissolution	6-20
		Form 6-8.	Liquidation and Dissolution – Deficit	
			Restoration Obligation	6-20
6.7.	Basic A	llocation Pro	visions	6-21
	6.7.1.	Basic Alloca	ations of Income and Loss	6-21
		Form 6-9.	Profit or Loss with Optional	
			Special Allocations for Capital	
			Transactions	6-22
	6.7.2.	Qualified In	come Offset and Minimum	
		Gain Charge	eback	6-23
		Form 6-10.	Qualified Income Offset and	
			Minimum Gain Chargeback	6-23
	6.7.3.	Other Regul	atory Allocations with	
		Optional Sp	ecial Allocations for Capital	
		Transactions	S	6-24
		Form 6-11.	Regulatory Allocations	
			(Optional)	6-25
	6.7.4.	General Pro	visions	6-26
		Form 6-12.	General Provisions	6-27
6.8.	Disprop	ortionate Dis	tribution and Allocation Provisions	6-28
	6.8.1.	Distribution	Preferences	6-28
		Form 6-13.	Distribution Preference	6-28
	6.8.2.	Disproportio	onate Allocation of Losses	6-29
		Form 6-14.	Disproportionate Allocation	
			of Loss	
	6.8.3.			
			Flip-Flop on Sale	6-31
	6.8.4.		pital Account Approach	
			ns	6-32
		Form 6-16.	Targeted Capital	
			Account Allocation	6-32
СНА	PTER 7	MANAGI	EMENT PROVISIONS	7-1
7.1.			gement Provisions	
. • - •		•	xibility under the Δct	

	7.1.2.			roaches	7-5
	7.1.3.			nd Officers	7-5
7.2.	Membe			LC Provisions	7-6
	Form 7	-1. S	imple	Member-management Provision	7-7
	Form 7			er Management with Appointment	
		o	f Min	isterial Manager	7-8
7.3.	Repres	entative !	Mana	gement	7-8
	7.3.1.	Manag	anagement by a "General Partner"-like		
		Manag	er		7-10
		Form 7	-3.	Manager with "General Partner"-like	
				Authority [with Reservation of Authority	tv
				to Members and Limitation of Agency	,
				Authority of Members]	7-10
		Form 7	-4.	Manager with "General Partner"-like	
		1 01111 /	• •	Authority – Alternate Form [No	
				Reservation of Authority to Members;	
				with Limitation of Agency Authority	
				of Members]	7-13
	7.3.2.	Manao	emen	t by Management Committee	7-14
	7.3.2.	Form 7		Management Committee	7-14
	7.3.3.			t by One Class of Members	7-16
	1.5.5.	Form 7		Definition of Class A and	/-10
		101111 /	-0.	Class B Members	7-17
		Form 7	7	Management by Class A Members	/-1/
		rom /	-/.	(Class B Members Not Agents)	7-17
		Form 7	. 0	•	/-1/
		FOIIII /	-0.	Management by Class A	
				Members (Class B Members Remain	7 10
	724	<b>C</b>	4 . 19	Agents)	7-18
	7.3.4.		Corporate-like Management by "Board of Directors," with Committee Appointed and		
					7 10
				cted by the Board	7-19
		Form 7	-9.	Corporate-like Management by	7.10
	_	1 15		"Board of Directors"	7-19
7.4.				ement of Managers	7-25
	Form	7-10.		noval of Manager for Any Reason or	
	_			Reason	7-25
	Form	7-11.		noval of Manager for Only	
				cified Reasons	7-26
	Form	7-12.	-	lacement of Manager with	
				ignated Successor	7-27
7.5	Meeti	ngs of M	[embe	ers	7-27

	Form 7-13.	Procedure for Calling and Holding	
		Meetings – Tracks the Act	7-29
	Form 7-14.	Procedure for Calling and Holding	
		Meetings – Only Class A Members Vote	7-30
7.6.	Action Withou	at a Meeting	7-31
	Form 7-15.	Informal Actions	7-33
7.7.	Consents of M	lembers and Managers	7-33
	Form 7-16.	Written Consents and Notices	7-34
	Form 7-17.	Form of Unanimous Written Consent	
		of Members	7-34
	Form 7-18.	Form of Written Consent of Members	
		Entitled to Receive Majority of	
		LLC's Profits	7-36
	Form 7-19.	Form of Unanimous Written Consent of	
		Managers	7-37
	Form 7-20.	Form of Written Consent of Majority of	
		Managers	7-39
	Form 7-21.	Sample Resolutions Regarding Bank	
		Accounts [Manager-managed LLC;	
		Signing Authority Specified]	7-40
7.8.	Certain Funda	mental Change Decisions	7-41
7.9.	Deadlock and	Resolution	7-42
	Form 7-22.	Arbitration of Deadlock	7-43
	Form 7-23A.	"Shot Gun" Buy-out in the Event of	
		Deadlock	7-43
	Form 7-23B.	"Shot Gun" Buy-Sell Any Time	7-46
	Form 7-24.	Submission of Sealed Bids in the	
		Event of Deadlock	7-48
	Form 7-25.	Put-Call Option for Deadlock	
		Resolution	7-49
7.10.	Compensation	and Reimbursement	7-50
	Form 7-26.	No Arrangement for Compensation, but	
		Reimbursement (Member-managed)	7-50
	Form 7-27.	Approval Required for Compensation	
		and Reimbursement	
		(Member-managed)	7-51
	Form 7-28.	Approval Required for Compensation	
		and Reimbursement	
		(Manager-managed)	7-51
	Form 7-29.	Extraordinary Compensation	
		(Manager-managed)	7-52

	Form 7-		nimum and Maximum Compensation gregated with Family	
		•	•	7 52
7.11.		d of Care an	mpensation	7-52 7-53
	Form 7-		ndard of Care and Degree	
			Loyalty	7-55
	Form 7-	32. Star	ndard of Care and Degree of	
		Loy	valty – Same Obligations as Imposed on	
		Cor	porate Directors	7-56
7.12.	Indemni	ification		7-57
	7.12.1.	Limitation	ns	7-57
		Form 7-3.	3. Articles of Organization	
			Provision – Broadest Purpose	
			Including Indemnification of	
			Members, Officers, and	
			Managers	7-58
	7.12.2.	Discretion	nary Indemnification of Managers	7-58
	7.12.3.		y Indemnification of Managers and	, 0
	7.12.5.		· · · · · · · · · · · · · · · · · · ·	7-60
	7.12.4.		nary Indemnification of Members,	, 00
	7.12.1.		es and Others	7-60
	7.12.5.			7-61
	7.12.5.		ication Provisions	7-61
	7.12.0.	Form 7-3		/-01
		FOIII /-3	<b>3</b>	7-61
		E 7.2	Members (Member-managed)	/-01
		Form 7-3	3	7.60
		F 7.2	of Manager	7-62
		Form 7-3	•	7.60
<b>5</b> 10	<b>D</b>	<b>C.</b> A	Managers – Similar to URBCA	7-62
7.13.				7-63
	Form 7-		r of Attorney to General Manager	7-64
7.14.		•		7-65
	Form 7-	38. Conf	identiality	7-65
CHAI	PTER 8:	TRANSF	ER AND BUY-SELL	
		PROVISI	ONS	8-1
8.1.	Introducti	ion		8-4
8.2.	The Act's	Default Ru	les for Transfers	8-4
8.3.	Tax Aspe	cts of Trans	fer Restrictions	8-6
	•		n of the LLC	8-6
		Rasis Issues		8-7

8.4.	Prelimin	ary Drafting	Considerations	8-7			
	Form 8-		on Provision – Transfer	8-7			
	Form 8-2	2. Definiti	on Provisions – Interest and				
		Member	ship	8-8			
8.5.	Transfer	Provisions E	mbodying the Act's Default Rule	8-8			
	Form 8-	3. Transfer	Provision Following Act's				
		Default	Rule [with No Deemed				
		Termina	tion Option]	8-9			
8.6.	Transfer	Provisions Po	ermitting Transfer of Interests	8-9			
	Form 8-	4. Free Tra	insferability of Interests and				
		Member	rship	8-9			
	Form 8-	5. Definiti	on of Class A and Class B				
		Member	rs, Interests, and Interest Holders	8-10			
	Form 8-	6. Free Tra	Insferability of Interests of All				
		Classes	of Members and of the Rights of				
		One Cla	ss of Members, but Limited				
		Transfer	Transferability of Rights of a Class of				
		Member	r-managers	8-11			
	Form 8-7. Free T		insferability of Interests				
		and Lim	nited Transferability of				
		Member	rship	8-12			
8.7.	Transfer	Provisions th	at Prohibit All Transfers	8-12			
	Form 8-	8. Absolut	e Prohibition of Transfers	8-12			
8.8.	Transfer	Provisions Pe	ermitting Transfers on Conditions	8-13			
	8.8.1.	In General .		8-13			
		Form 8-9.	Transfer Permitted on Satisfaction				
			of Certain Conditions	8-14			
	8.8.2.	Rights of Fin	rst Refusal	8-15			
		Form 8-10.	Right of First Refusal; LLC				
			Purchases; Installments Allowed	8-15			
		Form 8-11.	Right of First Refusal; Members				
			Match Purchase Payment Terms	8-16			
		Form 8-12.	Right of First Offer; LLC				
			Purchases at Calculated Value;				
			Cash Purchase	8-18			
	8.8.3.	Admission of	of Transferee as a Member	8-19			
		Form 8-13.	Admission of Transferee as				
			Member – Unanimous Written				
			Consent of Members Required	8-20			
		Form 8-14.	Transferee Automatically Admitted				
			as Member	8-20			

	]	Form	8-15.	Admission of Transferee as	
				Member – Multiple Consents	
				of Members	8-20
	8.8.4.	Trans	sfers to	Members' Affiliates and Family	8-21
	]	Form	8-16.	Definition Provision – Family	8-21
	]	Form	8-17.	Transfers to Affiliates and Family	8-22
8.9.	Withdraw	al Ur	nder the	Act	8-22
	8.9.1.	Volu	ntary W	Tithdrawal	8-22
			8-18.		
				Withdrawal	8-22
	]	Form	8-19.	Voluntary Withdrawal – Not	
				Permitted	8-23
	8.9.2.	Invol	untary	Withdrawal	8-23
	]	Form	8-20.	Definition Provision – Involuntary	
				Withdrawal (Long Form)	8-23
		Form	8-21.	Definition Provision – Involuntary	
				Withdrawal (Short Form)	8-25
8.10.	Conseque	nces	of Diss	ociation in General	8-25
	Form 8-22.		Succes	sor of Withdrawn Member Continues	
			as Una	dmitted Assignee	8-25
	Form 8-23	3.	Succes	sor of Withdrawn Member Continues	
			as Sub	stitute Member (Option to LLC and	
			Remai	ning Member to Buy All or Part of	
			Interes	t)	8-26
8.11.	Creating I	Buy-(	Out Rig	thts	8-27
	Form 8-24	4.	Option	al Buy-Out After Involuntary	
			Withdi	rawal; LLC Buys for Cash	8-27
	Form 8-25	5.	Manda	tory Buy-Out After Involuntary	
				rawal; Members Buy; Installments	
				ted	8-28
8.12.			isions .		8-29
	Form 8-26	5.	Agree	d Values	8-29
	Form 8-27	7.	Book V	Value	8-30
	Form 8-28	3.	Apprai	sed Value	8-31
8.13.	Miscellan	eous	Transfe	er Provisions and Forms	8-31
	Form 8-29	9.		ment Buy-Outs	8-31
	Form 8-30			ure for Discretionary Buy-Outs	8-32
	Form 8-31	1.		ers' Purchase Obligation if LLC Is	
				ent	8-33
	Form 8-32			ers Not Required to Assume LLC's	
			Purcha	se Obligation	8-34

CHA	PTER 9: I	DISSOLUTION AND WINDING UP	9-1			
9.1.	Introduction	n – Some Historical Perspective	9-3			
9.2.	The Revise	d Act's Dissolution Provisions	9-4			
9.3.	Operating Agreement Dissolution Provisions					
	Form 9-1.	Dissolution – Comprehensive Events of				
		Dissolution; Requires All Members to				
		Continue if Dissolution Is Due to Dissociation				
		or Withdrawal of Member	9-7			
	Form 9-2.	Dissolution – Limited Possibility of				
		Dissolution	9-7			
	Form 9-3.	Dissolution - Requires Definition of				
		Involuntary Withdrawal; Requires Unanimity				
		of Members to Continue if Dissolution Is				
		Due to Dissociation of Member	9-8			
	Form 9-4.	Dissolution – Requires Definition of				
		Involuntary Withdrawal; Requires Consent of				
		Members to Continue if Dissolution Is				
		Due to Dissociation of a Class A				
		Member-manager	9-8			
	Form 9-5.	Less than Unanimous Vote Required to				
		Continue after Dissolution	9-9			
9.4.	Operating A	Agreement Provisions for Avoiding				
	Dissolution		9-9			
	Form 9-6.	Provision for Avoidance of Dissolution if LLC				
		Has No Members	9-10			
9.5.	Approving	Dissolution or Continuance	9-10			
	Form 9-7.	Sample Resolutions Approving Continuation				
		of Business after Dissolution	9-10			
	Form 9-8.	Sample Resolution Approving Dissolution				
		of the LLC	9-11			
	Form 9-9.	Consent of Members to Dissolution,				
		Liquidation and Winding Up of Affairs of				
		LLC and Subsidiary	9-12			
9.6.	Articles of	Dissolution	9-14			
	Form 9-10.	Articles of Dissolution Signed by Manager				
		or Authorized Member	9-16			
9.7.	Judicial Dis	ssolution	9-17			
9.8.	Procedure f	For Winding Up and Distribution				
			9-19			
	Form 9-11.	Procedure for Winding Up in				
		Member-managed LLC	9-23			

	Form 9-12.	Procedure for Winding Up in	
		Manager-managed LLC	9-24
	Form 9-13.	Procedure for Winding Up in	
		Member-managed LLC; Reference to	
		Another Section of Operating Agreement for	
		Manner of Distribution to Members	9-24
	Form 9-14.	Procedure for Winding Up in	
		Manager-managed LLC; Reference to	
		Another Section of Operating Agreement	
		for Manner of Distribution to Members	9-25
	Form 9-15.	Procedure for Winding Up and Distribution of	
		Assets in Manager-managed LLC – Manager	
		Acts as Liquidating Trustee	9-25
CHAI	PTER 10:	BOOKS, RECORDS, AND	
	1	ACCOUNTING	10-1
10.1.	Introductio	n	10-3
10.2.	Banking		10-5
	Form 10-1.	Bank Accounts	10-5
10.3.	Records		10-6
	Form 10-2.	Maintenance of Records – Member-	
		managed or Manager-managed LLC	
		(Short Form)	10-6
	Form 10-3.		
		managed or Manager-managed LLC	
		(Long Form)	10-7
10.4.		g Period	10-8
	Form 10-4.	S	
		Specified	10-8
	Form 10-5.	$\mathcal{E}$ 1	10-9
	Form 10-6.		10-9
	Form 10-7.	S	
		by Manager	10-9
10.5.	Reports to	Members	10-9
	Form 10-8.	• •	
		managed or Manager-managed LLC	
		(Short Form)	10-10
	Form 10-9.		
		managed or Manager-managed LLC	
		(Long Form)	10-10
10.6.	Annual Rep	ports Filed with the Division	10-11

10.7.	"Tax Matters Partner"				
	Form 10-10.	Tax Ma	tters Partner for Member-		
		manage	d or Manager-managed LLC		
			Form)	10-13	
	Form 10-11.		tters Partner for Member-		
		manage	d or Manager-managed LLC		
		_	orm)	10-13	
10.8.	Tax Elections	3		10-14	
	Form 10-12.	Tax Elec	ctions – Member-managed or		
		Manage	r-Managed LLC	10-14	
	Form 10-13.	Tax Elec	ctions – Applies to Code		
		Section	754 Only – Member-managed		
			ger-managed LLC	10-14	
10.9.	Title to Prope				
	Form 10-14.	Title to	Property – in		
		LLC's N	Name	10-15	
	Form 10-15.	Title to	LLC Property – Use of		
			e Permitted	10-15	
10.10.	Copyright Ownership of Management's				
	Works of Aut	thorship		0-16	
	C		PART III		
	3	PECIAL (	CONSIDERATIONS		
CHAP	TER 11: REC	ORGANIZ	ATION OF THE LLC	11-1	
11.1.	In General			11-3	
11.2.	Obtaining an	d Admittin	g Additional Members	11-3	
	•		dditional Members Acquiring		
			om LLC	11-3	
	Fo	rm 11-1.	Admission of Additional Member		
			Acquiring Interest from LLC		
			with Unanimous Consent of		
			Members	11-5	
	Fo	rm 11-2.	Admission of Additional		
			Member Acquiring Interest		
			from LLC with Consent of		
			Members Entitled to Receive		
			Majority of Profits		
			of LLC	11-6	
	Fo	rm 11-3.	Member's Preemptive Right –		
			Installments Allowed	11-6	

		Form 11-4.	Second Offer to Members	
			Before Sale to	
			Third Parties	11-7
	11.2.2.	Acquisition of	f Interest from the LLC	11-8
		Form 11-5.	Simple Subscription	
			Agreement for LLC	
			Membership Interest	
			(Letter Format)	11-9
		Form 11-6.	Long Form of Subscription	
			Agreement for LLC Membership	р
			Interest [Managed by General	•
			Manager][Refers to an	
			Offering Memorandum]	11-10
		Form 11-7.	First Amendment to Operating	
			Agreement and Consent	
			Admitting Acquiror of	
			Interest as a Member	11-16
	11.2.3.	Acquisition o	of Interest from Another	
		_		11-17
		Form 11-8.	Assignment of LLC	
			Membership Right [with	
			Attached Form of	
			Written Consent of the	
			Company]	11-19
		Form 11-9.	Joinder Agreement	11-24
		Form 11-10.	Agreement of Sale and	
			Purchase	11-25
11.3.	Conversi	on of an Existin	ng Entity into an LLC	11-30
	11.3.1.			11-30
	11.3.2.		f General Partnership into LLC.	11-32
		Form 11-11.	_	
			Partnership into LLC	11-35
		Form 11-12.		
			Conversion of General	
			Partnership into LLC	11-37
		Form 11-13.	Term Is Continuation of Term	
			of Partnership	11-38
		Form 11-14.	Initial Capital Contributions –	
			In Property Consisting of	
			Partnership Interests in LLC's	
			Predecessor	11-38

СНАР	TER 15:	L	: COMMERCIAL AND S LAW ASPECTS OF LLCS]	15-1
СНАР	PTER 14:	•	: EQUITY-BASED TION STRATEGIES]	14-1
СНАР	PTER 13:	•	: PROFESSIONAL LCS]	13-1
	Requirer	nents		12-11
			reign LLC Registration	10.11
12.2.			ess Outside Utah	12-10
		Authorization		12-9
	12.1.9.		s in Utah Without	
	12.1.8.		d Revocation of Registration	12-8
	12.1.7.		lications	12-7
	12.1.6.		gistration	12-6
	12.1.5.		Name Requirements or e for Use in Utah	12-6
	10.1.5			12-4
	12.1.4.		Registration in Utah of	
	· ·- •			12-3
	12.1.2.		Definition of Doing Business	122
	12.1.1.		V	12-2
14.1.	12.1.1.		siness in Otan	12-2
12.1.	TER 12:		ERSTATE BUSINESS siness in Utah	<b>12-1</b> 12-2
CILAR	TED 12	DOING IND	EDSTATE DUSTAINSS	10.1
	Form 11	-17. Agreemen	nt of Division	11-49
11.7.			Two or More LLCs	11-48
11.6.				11-48
11.5.			h LLC	11-46
11.4.			Corporation	11-43
	11.3.4.		Corporation into LLC	11-40
	11.3.3.		Limited Partnership into	11-40
	11 2 2	Convension -	Partnership into LLC	11-39
			Approving Liquidation of	11.00
		Form 11-16.	Resolutions of Members	
			Partnership Interests to LLC	11-38
		Form 11-15.	Assignment of General	

СНАРТ	ΓER 16:	[RESERVED: SINGLE MEMBER LLCS]	16-1
СНАРТ	ΓER 17:	LIMITED USE OF LLC BY TAX-EXEMPT ORGANIZATIONS	17-1
17.1.	Introdu	action	17-2
17.2.		LLC by Exempt Organizations	17-2
	17.2.1.	• • •	
		Subsidiary of an Exempt Organization to	
		Carry out a "Business" Purpose	17-2
	17.2.2.	•	
		by Two or More Tax-Exempt Organizations	
		to Carry out a Business Purpose	17-3
	17.2.3.		
		of an Exempt Organization to Carry out an	
		Exempt Purpose	17-4
	17.2.4.	* *	
		Organization	17-7
	17.2.5.		
		by Two or More Tax-Exempt Organizations to	
		Carry out an Exempt Purpose	17-8
17.3.	Use of	the LLC as "Freestanding" Exempt	
		zation	17-8
СНАРТ	ΓER 18:	BANKRUPTCY ISSUES CONCERNING	
		LLCS	18-1
18.1.	Overvie	ew	18-3
18.2.	Eligibili	ity of LLCs for Voluntary Relief Under the	
	Bankruj	ptcy Code	18-3
18.3.	Property	y of the Estate	18-4
	Form 18		
		Limitation on Obligation to Make	
		Additional Capital Contributions	18-5
18.4.	May a N	Member Commence an Involuntary Case	
		an LLC?	18-5
18.5.	What A	pproval is Needed to Approve the Filing of a	
	Volunta	ry Case by an LLC?	18-6
	Form 18		
		Unanimous Consent of Members to	
		Filing a Voluntary Case	18-7

	Form 18-3.	Operating Agreement Provision –	
		Consent of Majority of Members to	
		Filing a Voluntary Case	18-8
	Form 18-4.	Operating Agreement Provision –	
		Member Vote Required for Filing of	
		Voluntary Case	18-8
	Form 18-5.	Operating Agreement Provision –	
		Member and Manager Vote Required	
		for Filing of Voluntary Case	18-9
	Form 18-6.	Resolutions of Members in Member-	
		managed LLC Consenting to Filing a	
		Voluntary Case Under Chapter 7	18-10
	Form 18-7.	Resolutions of Board of Directors in	
		Director-managed LLC Consenting to	
		Filing a Voluntary Case Under	
		Chapter 11	18-11
18.6.	Creating Limi	itations on the Ability of an LLC to	
	•	Voluntary Case – Single-Purpose	
		Lemote LLCs	18-12
	Form 18-8.	Operating Agreement Provision –	
		Purpose Clause for a SPBR LLC	18-13
	Form 18-9.	Operating Agreement Provision –	
		Management of Business and Affairs	
		of the Company	18-14
	Form 18-10.	Operating Agreement Provision –	
		Transfers	18-18
	Form 18-11.	Operating Agreement Provision –	
		Dissolution of the Company	18-19
	Form 18-12.	Operating Agreement Provision –	
		Special Amendment Provision	18-20
18.7.	LLC Interest	as Property of a Bankrupt Member's	
			18-20
18.8.		LC or Remaining Members to Terminate	
		Rights of a Bankrupt Member	18-21
18.9.		nkruptcy as an Event of Dissolution	
18.10.		Member's Interest in the Event of the	
	•	nkruptcy	18-24
CII A DŒI	ED 10. IDEC	CEDVED, DEDCOMAL LICE LL CC	10 1
CHAPT	ER 19: [RES	SERVED: PERSONAL USE LLCS	19-1
CHAPT	ER 20: IRES	SERVEDI	20-1

CHAP	TER 21: [R	RESERVED]	21-1
CHAP	TER 22: [R	RESERVED]	22-1
СНАР	TER 23: [R	RESERVED]	23-1
СНАР	TER 24: [F	RESERVED]	24-1
CHAP	TER 25: [R	RESERVED]	25-1
CHAP	TER 26: [F	RESERVED]	26-1
CHAP	TER 27: [F	RESERVED]	27-1
СНАР	TER 28: [R	RESERVED]	28-1
_		IISCELLANEOUS FORMS	29-1
29.1.	Opinion Le Form 29-1.	Checklist of Due Organization, Valid Existence, and Good Standing of a	29-2
	Form 29-2.	Utah LLC	29-2
	Form 29-3.	with a Bank Loan to an LLC  Form of Borrower's Certificate per	29-5
20.2	D 11. 11	Opinion Letter	29-11
29.2.		lity for Losses Derived from Guarantees	29-13
	Form 29-4.	ligations	
	Form 29-5.	by Members	29-15
		Member	29-19
29.3.	•	LLC Interests	29-21
	Form 29-6.	Collateral Assignment of Membership Interest and Security Agreement –	
		Including a Consent to the Assignment	20.22
	Form 20.7	by the Members of the LLC	29-22
	Form 29-7. Form 29-8.	Financing Statement	29-31 29-32
29.4.		Form of Pledge of Interest in LLC Dispute Resolution [Reserved]	29-32
∠J.Ħ.	Form 29-9.	Alternative Dispute Resolution [Reserved]	29-51
		TRESERVEGI	Z9-01

## PART IV APPENDICES

APPENDICI	ES O OPERATING AGREEMENTS	
O-1:	MEMBER-MANAGED OPERATING	
	AGREEMENT OF UTAH LIMITED	
	LIABILITY COMPANY	APP 01-1
O-2:	MANAGER-MANAGED OPERATING	
	AGREEMENT OF UTAH LIMITED	
	LIABILITY COMPANY	APP O2-1
O-3:	[RESERVED]	APP O3-1
O-4:	TWO CLASSES OF MEMBERS, WITH	
	ONE CLASS OF MEMBER-MANAGERS	
	OPERATING AGREEMENT OF UTAH	
	LIMITED LIABILITY COMPANY	APP O4-1
O-5:	SHORT FORM OF OPERATING	
	AGREEMENT (MANAGER-MANAGED)	APP O5-1
O-6:	[RESERVED]	APP O6-1
APPENDIC	ES S STATUTES, REGULATIONS AND	
	LEGISLATION	
S-1:		
	COMPANY ACT	
S-2:		APP S2-1
S-3:		
	(1995-3 I.R.B. 20)	APP S3-1
S-4:		
	OF THE LLC AS A PARTNERSHIP FOR	
	FEDERAL INCOME TAX PURPOSES	APP S4-1
APPENDIC	ES U UTAH STATE FORMS AND	
	DOCUMENTS	
U-1:	Form TC-69 Utah Business and Tax	
	Registration Form	APP U1-1
	Utah Entity Annual Report/Renewal Form	APP U2-1
U-3:	Form of Articles of Dissolution of Limited	
	Liability Company	APP U3-1
U-4:		
	Limited Liability Company (to do	
	business in Utah)	APP IJ4-1

## PART V LLP AND LLC CASES

LLP and LLC Cases	LC Cases-1	
INDICES		
Internal Revenue Code Citations	INDEX-1	
Revenue Rulings and Revenue Procedures	INDEX-2	
Table of Treasury Regulations	INDEX-3	
Utah Limited Liability Company		
Act Section Numbers	INDEX-4	
Subject Index	INDEX-15	
Forms Index	INDEX-33	