

SENATE BILL No. 1455

August 17, 2010, Introduced by Senator HUNTER and referred to the Committee on Commerce and Tourism.

A bill to amend 1993 PA 23, entitled "Michigan limited liability company act," by amending sections 102, 103, 206, 211, 302, 304, 308, 401, 403, 404, 406, 501, 502, 503, 505, 506, 507, 510, 514, 515, 604, 702, 801, 804, and 805 (MCL 450.4102, 450.4103, 450.4206, 450.4211, 450.4302, 450.4304, 450.4308, 450.4401, 450.4403, 450.4404, 450.4406, 450.4501, 450.4502, 450.4503, 450.4505, 450.4506, 450.4507, 450.4510, 450.4514, 450.4515, 450.4604, 450.4702, 450.4801, 450.4804, and 450.4805), section 102 as amended by 2008 PA 566, sections 103, 304, 403, 406, 501, 502, 503, 506, 515, 801, and 804 as amended by 2002 PA 686, section 206 as amended by 2008 PA 567, and sections 302, 308, 401, 404, and 702 as amended by 1997 PA 52, and by adding sections 216, 409, 708, and 709; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 102. (1) Unless the context requires otherwise, the
2 definitions in this section control the interpretation of this act.

3 (2) As used in this act:

4 (a) "Administrator" means the director of the department or
5 his or her designated representative.

6 (b) "Articles of organization" means the original documents
7 filed to organize a limited liability company, as amended or
8 restated by certificates of correction, amendment, or merger, by
9 restated articles, or by other instruments filed or issued under
10 any statute.

11 (c) "Constituent" means a party to a plan of merger, including
12 the survivor.

13 (d) "Contribution" means anything of value that a person
14 contributes to the limited liability company as a prerequisite for,
15 or in connection with, membership, including cash, property,
16 services performed, or a promissory note or other binding
17 obligation to contribute cash or property, or to perform services.

18 (e) "Corporation" or "domestic corporation" means any of the
19 following:

20 (i) A corporation formed under the business corporation act,
21 1972 PA 284, MCL 450.1101 to 450.2098.

22 (ii) A corporation existing on January 1, 1973 and formed under
23 another statute of this state for a purpose for which a corporation
24 may be formed under the business corporation act, 1972 PA 284, MCL
25 450.1101 to 450.2098.

26 (iii) A corporation formed under the professional service

1 corporation act, 1962 PA 192, MCL 450.221 to 450.235.

2 (f) "Department" means the department of **ENERGY**, labor, and
3 economic growth.

4 (g) "Distribution" means a direct or indirect transfer of
5 money or other property or the incurrence of indebtedness by a
6 limited liability company to or for the benefit of its members or
7 assignees of its members in respect of the members' membership
8 interests.

9 (h) "Electronic transmission" or "electronically transmitted"
10 means any form of communication that meets all of the following:

11 (i) It does not directly involve the physical transmission of
12 paper.

13 (ii) It creates a record that may be retained and retrieved by
14 the recipient.

15 (iii) It may be directly reproduced in paper form by the
16 recipient through an automated process.

17 (i) "Foreign limited liability company" means a limited
18 liability company formed under laws other than the laws of this
19 state.

20 (j) "Foreign limited partnership" means a limited partnership
21 formed under laws other than the laws of this state.

22 (k) "Limited liability company" or "domestic limited liability
23 company" means an entity that is an unincorporated membership
24 organization formed under this act.

25 (l) "Limited partnership" or "domestic limited partnership"
26 means a limited partnership formed under the Michigan revised
27 uniform limited partnership act, 1982 PA 213, MCL 449.1101 to

1 449.2108.

2 (m) "Low-profit limited liability company" means a limited
3 liability company that has included in its articles of organization
4 a purpose that meets, and that at all times conducts its activities
5 to meet, all of the following requirements:

6 (i) The limited liability company significantly furthers the
7 accomplishment of 1 or more charitable or educational purposes
8 described in section 170(c)(2)(B) of the internal revenue code, 26
9 USC 170, and would not have been formed except to accomplish those
10 charitable or educational purposes.

11 (ii) The production of income or appreciation of property is
12 not a significant purpose of the limited liability company.
13 However, in the absence of other factors, the fact that a limited
14 liability company produces significant income or capital
15 appreciation is not conclusive evidence of a significant purpose
16 involving the production of income or the appreciation of property.

17 (iii) The purposes of the limited liability company do not
18 include accomplishing 1 or more political or legislative purposes
19 described in section 170(c)(2)(D) of the internal revenue code, 26
20 USC 170.

21 (n) "Majority in interest" means a majority of votes as
22 allocated by an operating agreement, or by the statute in the
23 absence of an allocation by operating agreement, and held by
24 members entitled to vote on a matter submitted for a vote by
25 members.

26 (o) "Manager" or "managers" means a person or persons
27 designated to manage the limited liability company pursuant to a

1 provision in the articles of organization stating that the business
2 is to be managed by or under the authority of managers.

3 (p) "Member" means a person who has been admitted to a limited
4 liability company as provided in section 501, or, in the case of a
5 foreign limited liability company, a person that is a member of the
6 foreign limited liability company in accordance with the laws under
7 which the foreign limited liability company is organized.

8 (q) "Membership interest" or "interest" means a member's
9 rights in the limited liability company, including, but not limited
10 to, any right to receive distributions of the limited liability
11 company's assets and any right to vote or participate in
12 management.

13 (r) "Operating agreement" means a written agreement by the
14 member of a limited liability company that has 1 member, or between
15 all of the members of a limited liability company that has more
16 than 1 member, pertaining to the affairs of the limited liability
17 company and the conduct of its business. The term includes any
18 provision in the articles of organization pertaining to the affairs
19 of the limited liability company and the conduct of its business.

20 (s) "Person" means an individual, partnership, limited
21 liability company, trust, custodian, estate, association,
22 corporation, governmental entity, or any other legal entity.

23 (t) "Services in a learned profession" means services rendered
24 by a dentist, an osteopathic physician, a physician, a surgeon, a
25 doctor of divinity or other clergy, or an attorney-at-law.

26 (u) "Surviving company", "surviving entity", or "survivor"
27 means the constituent that survives a merger, as identified in the

1 certificate of merger.

2 (v) "Vote" means an affirmative vote, approval, or consent.

3 Sec. 103. (1) One or more persons organizing a limited
4 liability company shall sign the original articles of organization
5 as organizers. The articles shall state the names of the organizers
6 beneath or opposite their signatures.

7 (2) Any document other than original articles of organization
8 required or permitted to be filed under this act that this act
9 requires be executed on behalf of the domestic limited liability
10 company shall be signed by a manager of the company if management
11 is vested in 1 or more managers, by at least 1 member if management
12 remains in the members, or by ~~an~~**ANY** authorized agent of the
13 company. A document required to be executed on behalf of a foreign
14 limited liability company shall be signed by a person with
15 authority to do so under the laws of the jurisdiction of its
16 organization. The document shall state the name of the person
17 signing the document and the capacity in which he or she signs
18 beneath or opposite his or her signature.

19 (3) A person ~~executing~~**MAY SIGN** a document under this section
20 ~~may sign the document by an attorney in fact. Powers~~**AS AN**
21 **AUTHORIZED AGENT OF A LIMITED LIABILITY COMPANY. IF THE**
22 **AUTHORIZATION IS PURSUANT TO A POWER OF ATTORNEY, THE POWER** of
23 attorney ~~relating to~~**AUTHORIZING** the signing of a ~~THE~~ document by
24 ~~an attorney in fact~~**THE PERSON** need not be sworn to, verified,
25 acknowledged, or filed with the administrator. A document signed by
26 a person ~~by an attorney in fact~~**UNDER THIS SUBSECTION AS AN**
27 **AUTHORIZED AGENT OF A LIMITED LIABILITY COMPANY** shall state the

1 capacity of the person signing the document. ~~by the attorney in~~
2 ~~fact.~~

3 Sec. 206. (1) A domestic or foreign limited liability company
4 may transact business under an assumed name or names other than its
5 name as set forth in its articles of organization or certificate of
6 authority, if not precluded from use of the assumed name or names
7 under section 204(3), by filing a certificate stating the true name
8 of the company and the assumed name or names under which business
9 is to be transacted.

10 (2) A certificate of assumed name is effective, unless
11 terminated by filing a certificate of termination or by the
12 dissolution or withdrawal of the company, for a period expiring on
13 December 31 of the fifth full calendar year following the year in
14 which the certificate of assumed name was filed. The certificate of
15 assumed name may be extended for additional consecutive periods of
16 5 full calendar years each by filing a similar certificate of
17 assumed name not earlier than 90 days before the expiration of the
18 initial or any subsequent 5-year period.

19 (3) The administrator shall notify a domestic or foreign
20 limited liability company of the impending expiration of a
21 certificate of assumed name not later than 90 days before the
22 expiration of the initial or any subsequent 5-year period described
23 in subsection (2).

24 (4) Filing a certificate of assumed name under this section
25 does not create substantive rights to the use of a particular
26 assumed name.

27 (5) The same name may be assumed by 2 or more limited

1 liability companies or by 1 or more limited liability companies and
2 1 or more corporations, limited partnerships, or other enterprises
3 participating together in a partnership or joint venture. Each
4 participating limited liability company shall file a certificate of
5 assumed name under this section.

6 (6) A limited liability company participating in a merger, or
7 any other entity participating in a merger under section 705a, may
8 transfer to the survivor the use of an assumed name for which a
9 certificate of assumed name is on file with the administrator
10 before the merger, if the transfer of the assumed name is noted in
11 the certificate of merger as provided in section 703(1)(c),
12 705a(7)(c), or other applicable statute. The use of an assumed name
13 transferred under this subsection may continue for the remaining
14 effective period of the certificate of assumed name on file before
15 the merger and the survivor may terminate or extend the certificate
16 in accordance with subsection (2).

17 (7) A limited liability company surviving a merger may use as
18 an assumed name the name of a merging limited liability company, or
19 the name of any other entity participating in the merger under
20 section 705a, by filing a certificate of assumed name under
21 subsection (1) or by providing for the use of the assumed name in
22 the certificate of merger. The surviving limited liability company
23 may also file a certificate of assumed name under subsection (1) or
24 provide in the certificate of merger for the use of an assumed name
25 of a merging entity not transferred pursuant to subsection (6). A
26 provision in the certificate of merger pursuant to this subsection
27 is treated as a new certificate of assumed name.

1 (8) A BUSINESS ORGANIZATION INTO WHICH A DOMESTIC LIMITED
2 LIABILITY COMPANY HAS CONVERTED UNDER SECTION 708 MAY USE AN
3 ASSUMED NAME OF THE CONVERTING COMPANY, IF THE COMPANY HAS A
4 CERTIFICATE OF ASSUMED NAME FOR THAT ASSUMED NAME ON FILE WITH THE
5 ADMINISTRATOR BEFORE THE CONVERSION, BY PROVIDING FOR THE USE OF
6 THE NAME AS AN ASSUMED NAME IN THE CERTIFICATE OF CONVERSION. THE
7 USE OF AN ASSUMED NAME UNDER THIS SUBSECTION MAY CONTINUE FOR THE
8 REMAINING EFFECTIVE PERIOD OF THE CERTIFICATE OF ASSUMED NAME ON
9 FILE BEFORE THE CONVERSION, AND THE SURVIVING BUSINESS ORGANIZATION
10 MAY TERMINATE OR EXTEND THE CERTIFICATE OF ASSUMED NAME IN THE
11 MANNER DESCRIBED IN SUBSECTION (2).

12 (9) A DOMESTIC LIMITED LIABILITY COMPANY INTO WHICH A BUSINESS
13 ORGANIZATION HAS CONVERTED UNDER SECTION 709 MAY USE AS AN ASSUMED
14 NAME THE NAME OF THE BUSINESS ORGANIZATION CONVERTING INTO THAT
15 COMPANY, OR USE AS AN ASSUMED NAME AN ASSUMED NAME OF THAT BUSINESS
16 ORGANIZATION, BY FILING A CERTIFICATE OF ASSUMED NAME UNDER
17 SUBSECTION (2) OR BY PROVIDING FOR THE USE OF THAT NAME OR ASSUMED
18 NAME AS AN ASSUMED NAME OF THE COMPANY IN THE CERTIFICATE OF
19 CONVERSION. A PROVISION IN THE CERTIFICATE OF CONVERSION UNDER THIS
20 SUBSECTION SHALL BE TREATED AS A NEW CERTIFICATE OF ASSUMED NAME.

21 Sec. 211. An act of a limited liability company and a transfer
22 of real or personal property to or by a limited liability company,
23 otherwise lawful, is not invalid because the company was without
24 capacity or power to do the act or make or receive the transfer,
25 except that the lack of capacity or power may be asserted in any of
26 the following:

27 (a) In an action by a member against the company to enjoin the

1 doing of an act or the transfer of real or personal property by or
2 to the company.

3 (b) In an action by or in the right of the company to procure
4 a judgment in its favor against an incumbent or former member or
5 manager of the company for loss or damage due to ~~his or her~~ **AN**
6 unauthorized act **OF THAT MEMBER OR MANAGER.**

7 (c) In an action or special proceeding by the attorney general
8 to dissolve the company or to enjoin it from the transaction of
9 unauthorized business.

10 **SEC. 216. EXCEPT AS OTHERWISE PROVIDED IN AN OPERATING**
11 **AGREEMENT, A LIMITED LIABILITY COMPANY MAY DO ANY OF THE FOLLOWING:**

12 (A) INDEMNIFY, HOLD HARMLESS, AND DEFEND A MEMBER, MANAGER, OR
13 OTHER PERSON FROM AND AGAINST ANY AND ALL LOSSES, EXPENSES, CLAIMS,
14 AND DEMANDS SUSTAINED BY THAT PERSON, EXCEPT THAT THE COMPANY MAY
15 NOT INDEMNIFY A PERSON FOR CONDUCT DESCRIBED IN SECTION 407(A),
16 (B), OR (C).

17 (B) PURCHASE AND MAINTAIN INSURANCE ON BEHALF OF A MEMBER,
18 MANAGER, OR OTHER PERSON AGAINST ANY LIABILITY OR EXPENSE ASSERTED
19 AGAINST OR INCURRED BY THAT PERSON, WHETHER OR NOT THE COMPANY MAY
20 INDEMNIFY THAT PERSON UNDER SUBDIVISION (A).

21 Sec. 302. (1) A promise by a member to contribute to the
22 limited liability company is not enforceable unless the promise is
23 in writing and signed by the member.

24 (2) Unless otherwise provided in an operating agreement, a
25 member is obligated to the limited liability company to perform any
26 enforceable promise to contribute cash or property or to perform
27 services, even if ~~he or she~~ **THE MEMBER** is unable to perform because

1 of death, disability, or other reason. If a member does not make
2 the required contribution of property or services, ~~he or she~~ **THE**
3 **MEMBER** is obligated, at the option of the limited liability
4 company, to contribute cash equal to that portion of value of the
5 stated contribution that is not made.

6 (3) The rights of the limited liability company under
7 subsection (2) are in addition to any other rights that the limited
8 liability company may have under an operating agreement or
9 applicable law.

10 (4) Unless otherwise provided in an operating agreement, a
11 member's obligation to make a contribution or to return money or
12 other property paid or distributed in violation of this act may be
13 compromised only upon the unanimous vote of the members of the
14 limited liability company entitled to vote. Notwithstanding a
15 compromise of a member's obligation, a creditor of a limited
16 liability company who extends credit or otherwise acts in reliance
17 on the member's obligation after the member signs a writing that
18 reflects the obligation and before the amendment of the writing to
19 reflect the compromise may enforce the member's original
20 obligation.

21 Sec. 304. (1) Except as otherwise provided in this act **AND**
22 **SUBJECT TO SUBSECTION (2)**, a member is entitled to receive
23 ~~distributions~~ **A DISTRIBUTION** from a limited liability company
24 before the withdrawal of the member from the limited liability
25 company ~~and~~ **OR** before the dissolution and winding up of the limited
26 liability company to the extent and at the times or upon the
27 happening of the events specified in an operating agreement.

1 (2) IF AN OPERATING AGREEMENT DOES NOT ADDRESS A MEMBER'S
2 RIGHT TO RECEIVE A DISTRIBUTION BEFORE THE WITHDRAWAL OF THE MEMBER
3 FROM THE LIMITED LIABILITY COMPANY OR BEFORE THE DISSOLUTION AND
4 WINDING UP OF THE LIMITED LIABILITY COMPANY, THE UNANIMOUS APPROVAL
5 OF THE MEMBERS IS REQUIRED FOR ANY DISTRIBUTION TO THAT MEMBER.

6 Sec. 308. (1) A member or manager ~~who~~**THAT** votes for or
7 assents to a distribution in violation of an operating agreement or
8 section 307 is personally liable, jointly and severally, to the
9 limited liability company for the amount of the distribution that
10 exceeds what could have been distributed without violating the
11 operating agreement or section 307 if it is established that the
12 member or manager did not comply with section 404.

13 (2) For purposes of liability under subsection (1), a member
14 or manager entitled to participate in a decision to make a
15 distribution is presumed to have assented to a distribution unless
16 ~~he or she files~~**THE MEMBER OR MANAGER DOES 1 OF THE FOLLOWING:**

17 (A) VOTES AGAINST THE DISTRIBUTION.

18 (B) **FILES** a written dissent with the limited liability company
19 ~~either at the meeting at which the distribution decision is made if~~
20 ~~it is made at a meeting and he or she is present or within a~~
21 reasonable time after ~~he or she~~**THE MEMBER OR MANAGER** has knowledge
22 of the decision.

23 (3) A member ~~who~~**THAT** accepts or receives a distribution with
24 knowledge of facts indicating it is in violation of an operating
25 agreement or section 307 is liable to the limited liability company
26 for the amount the member accepts or receives that exceeds the
27 member's share of the amount that could have been distributed

1 without violating section 307 or the operating agreement.

2 (4) Each member or manager held liable under subsection (1)
3 for an unlawful distribution is entitled to contribution from each
4 other member or manager who could be held liable under subsection
5 (1) or (3). The contribution of a person held liable under both
6 subsections (1) and (3) shall not exceed ~~his or her~~ **THE PERSON'S**
7 liability under either subsection (1) or (3), whichever is greater.

8 (5) A proceeding under this section is barred unless it is
9 commenced within 2 years after the date on which the effect of the
10 distribution is measured under section 307.

11 Sec. 401. Unless the articles of organization state that the
12 business of the limited liability company is to be managed by **1 OR**
13 **MORE** managers, the business of the limited liability company shall
14 be managed by the members, subject to any provision in an operating
15 agreement restricting or enlarging the management rights and duties
16 of any member or group of members. If management is vested in the
17 members, both of the following apply:

18 (a) The members are considered managers for purposes of
19 applying this act, including section 406 regarding the agency
20 authority of managers, unless the context clearly requires
21 otherwise.

22 (b) The members have, and are subject to, all duties and
23 liabilities of managers and to all limitations on liability and
24 indemnification rights of managers.

25 Sec. 403. (1) A vote of a majority in interest of the members
26 entitled to vote in accordance with section 502(1) is required to
27 select **1 OR MORE** managers to fill initial positions or vacancies.

1 (2) The members may remove 1 or more managers with or without
2 cause unless an operating agreement provides that managers may be
3 removed only for cause.

4 (3) The members may remove a manager for cause only at a
5 meeting called expressly for that purpose, and ~~that~~ **THE** manager
6 shall have reasonable advance notice of the allegations against ~~him~~
7 ~~or her~~ **THAT MANAGER** and an opportunity to be heard at the meeting.

8 Sec. 404. (1) A manager shall discharge ~~his or her~~ **THE** duties
9 ~~as a~~ **OF** manager in good faith, with the care an ordinarily prudent
10 person in a like position would exercise under similar
11 circumstances, and in a manner ~~he or she~~ **THE MANAGER** reasonably
12 believes to be in the best interests of the limited liability
13 company.

14 (2) In discharging ~~his or her~~ **THE MANAGER'S** duties, a manager
15 may rely on information, opinions, reports, or statements,
16 including, but not limited to, financial statements or other
17 financial data, if prepared or presented by any of the following:

18 (a) One or more other managers or members or employees of the
19 limited liability company whom the manager reasonably believes to
20 be reliable and competent in the matter presented.

21 (b) Legal counsel, public accountants, engineers, or other
22 persons as to matters the manager reasonably believes are within
23 the person's professional or expert competence.

24 (c) A committee of managers of which ~~he or she~~ **THE MANAGER** is
25 not a member if the manager reasonably believes the committee
26 merits confidence.

27 (3) A manager is not entitled to rely on the information,

1 opinions, reports, or statements described in subsection (2) if ~~he~~
2 ~~or she~~ **THE MANAGER** has knowledge concerning the matter in question
3 that makes reliance otherwise permitted by subsection (2)
4 unwarranted.

5 (4) A manager is not liable for an action taken as a manager
6 or the failure to take an action if ~~he or she~~ **THE MANAGER** performs
7 the duties of ~~his or her~~ **THE MANAGER'S** office in compliance with
8 this section.

9 (5) Except as otherwise provided in an operating agreement or
10 by vote of the members pursuant to section 502(4) and (7), a
11 manager shall account to the limited liability company and hold as
12 trustee for it any profit or benefit derived by the manager from
13 any transaction connected with the conduct or winding up of the
14 limited liability company or from any personal use by the manager
15 of its property.

16 (6) An action against a manager for failure to perform the
17 duties imposed by this act shall be commenced within 3 years after
18 the cause of action has accrued or within 2 years after the cause
19 of action is discovered or should reasonably have been discovered
20 by the complainant, whichever occurs first.

21 Sec. 406. A manager is an agent of the limited liability
22 company for the purpose of its business, and the act of a manager,
23 including the execution in the limited liability company name of
24 any instrument, that apparently carries on in the usual way the
25 business of the limited liability company of which ~~he or she~~ **THE**
26 **MANAGER** is a manager binds the limited liability company, unless
27 both of the following apply:

1 (a) The manager does not have the authority to act for the
2 limited liability company in that particular matter.

3 (b) The person with whom the manager is dealing has actual
4 knowledge that the manager lacks authority to act or the articles
5 of organization or this act establishes that the manager lacks
6 authority to act.

7 SEC. 409. (1) EXCEPT AS OTHERWISE PROVIDED IN AN OPERATING
8 AGREEMENT, A TRANSACTION IN WHICH A MANAGER OR AGENT OF A LIMITED
9 LIABILITY COMPANY IS DETERMINED TO HAVE AN INTEREST SHALL NOT,
10 BECAUSE OF THE INTEREST, BE ENJOINED, BE SET ASIDE, OR GIVE RISE TO
11 AN AWARD OF DAMAGES OR OTHER SANCTIONS, IN A PROCEEDING BY A MEMBER
12 OR BY OR IN THE RIGHT OF THE COMPANY, IF THE MANAGER OR AGENT
13 INTERESTED IN THE TRANSACTION ESTABLISHES ANY OF THE FOLLOWING:

14 (A) THE TRANSACTION WAS FAIR TO THE COMPANY AT THE TIME
15 ENTERED INTO.

16 (B) THE MATERIAL FACTS OF THE TRANSACTION AND THE MANAGER'S OR
17 AGENT'S INTEREST WERE DISCLOSED OR KNOWN TO THE MANAGERS AND THE
18 MANAGERS AUTHORIZED, APPROVED, OR RATIFIED THE TRANSACTION.

19 (C) THE MATERIAL FACTS OF THE TRANSACTION AND THE MANAGER'S OR
20 AGENT'S INTEREST WERE DISCLOSED OR KNOWN TO THE MEMBERS ENTITLED TO
21 VOTE AND THEY AUTHORIZED, APPROVED, OR RATIFIED THE TRANSACTION.

22 (2) EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF
23 ORGANIZATION OR AN OPERATING AGREEMENT, A TRANSACTION IS
24 AUTHORIZED, APPROVED, OR RATIFIED FOR PURPOSES OF SUBSECTION (1) (B)
25 IF IT RECEIVES THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MANAGERS
26 THAT HAVE NO INTEREST IN THE TRANSACTION. THE PRESENCE OF, OR A
27 VOTE CAST BY, A MANAGER WITH AN INTEREST IN THE TRANSACTION DOES

1 NOT AFFECT THE VALIDITY OF AN ACTION TAKEN UNDER SUBSECTION (1) (B) .

2 (3) EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF
3 ORGANIZATION OR AN OPERATING AGREEMENT, A TRANSACTION IS
4 AUTHORIZED, APPROVED, OR RATIFIED FOR PURPOSES OF SUBSECTION (1) (C)
5 IF IT RECEIVES A MAJORITY OF VOTES CAST BY THE MEMBERS ENTITLED TO
6 VOTE THAT DO NOT HAVE AN INTEREST IN THE TRANSACTION.

7 (4) SATISFYING THE REQUIREMENTS OF SUBSECTION (1) DOES NOT
8 PRECLUDE OTHER CLAIMS RELATING TO A TRANSACTION IN WHICH A MANAGER
9 OR AGENT IS DETERMINED TO HAVE AN INTEREST. THOSE CLAIMS SHALL BE
10 EVALUATED UNDER PRINCIPLES OF LAW APPLICABLE TO A TRANSACTION IN
11 WHICH A SIMILARLY SITUATED PERSON DOES NOT HAVE AN INTEREST.

12 Sec. 501. (1) A person may be admitted as a member of a
13 limited liability company in ~~1 or more~~ CONNECTION WITH THE
14 FORMATION OF THE LIMITED LIABILITY COMPANY IN ANY of the following
15 ways:

16 ~~—— (a) In connection with the formation of the limited liability~~
17 ~~company, by signing the initial operating agreement.~~

18 (A) IF AN OPERATING AGREEMENT INCLUDES REQUIREMENTS FOR
19 ADMISSION, BY COMPLYING WITH THOSE REQUIREMENTS.

20 (B) IF AN OPERATING AGREEMENT DOES NOT INCLUDE REQUIREMENTS
21 FOR ADMISSION, IF EITHER OF THE FOLLOWING ARE MET:

22 (i) THE PERSON SIGNS THE INITIAL OPERATING AGREEMENT.

23 (ii) THE PERSON'S STATUS AS A MEMBER IS REFLECTED IN THE
24 RECORDS, TAX FILINGS, OR OTHER WRITTEN STATEMENTS OF THE LIMITED
25 LIABILITY COMPANY.

26 (C) IN ANY MANNER ESTABLISHED IN A WRITTEN AGREEMENT OF THE
27 MEMBERS.

1 (2) ~~(b) After~~ **A PERSON MAY BE ADMITTED AS A MEMBER OF A**
2 **LIMITED LIABILITY COMPANY AFTER** the formation of the limited
3 liability company ~~, in 1 or more~~ **ANY** of the following ways:

4 **(A) ~~(i) In~~ IF** the ~~case of a person~~ **IS** acquiring a membership
5 interest directly from the limited liability company, by complying
6 with the provisions of an operating agreement prescribing the
7 requirements for admission or, in the absence of provisions
8 prescribing the requirements for admission in an operating
9 agreement, upon the unanimous vote of the members entitled to vote.

10 **(B) ~~(ii) In~~ IF** the ~~case of~~ **PERSON IS** an assignee of a
11 membership interest, as provided in section 506.

12 **(C) IF THE PERSON IS BECOMING A MEMBER OF A SURVIVING LIMITED**
13 **LIABILITY COMPANY AS THE RESULT OF A MERGER OR CONVERSION APPROVED**
14 **UNDER THIS ACT, AS PROVIDED IN THE PLAN OF MERGER OR PLAN OF**
15 **CONVERSION.**

16 (3) ~~(2)~~ A limited liability company may admit a person as a
17 member ~~who~~ **THAT** does not make a contribution or incur an obligation
18 to make a contribution to the limited liability company.

19 (4) ~~(3)~~ Unless otherwise provided by law or in an operating
20 agreement, a person ~~who~~ **THAT** is a member or manager, or both, of a
21 limited liability company is not liable for the acts, debts, or
22 obligations of the limited liability company.

23 Sec. 502. (1) An operating agreement may establish and
24 allocate the voting rights of members and may provide that certain
25 members or groups of members have only limited or no voting rights.
26 If an operating agreement does not address voting rights, votes are
27 allocated as follows:

1 (a) ~~Prior to~~ **BEFORE** July 1, 1997, the members of a limited
2 liability company shall vote in proportion to their shares of
3 distributions of the company, as determined ~~in accordance with~~
4 **UNDER** section 303.

5 (b) On and after July 1, 1997, except as otherwise provided in
6 subsection (2), each member of a limited liability company has 1
7 vote. For purposes of this subdivision, a membership interest held
8 by 2 or more persons, whether as fiduciaries, members of a
9 partnership, tenants in common, joint tenants, tenants by the
10 entirety, or otherwise, is ~~treated as~~ **CONSIDERED** held by 1 member.

11 (2) If a limited liability company in existence before July 1,
12 1997 allocated votes on the basis of subsection (1)(a), the company
13 shall continue to allocate votes pursuant to subsection (1)(a)
14 until the allocation is changed by an operating agreement.

15 (3) If a membership interest that has voting rights is held by
16 2 or more persons, whether as fiduciaries, members of a
17 partnership, tenants in common, joint tenants, tenants by the
18 entirety, or otherwise, the voting of the interest shall be in
19 accordance with the instrument or order appointing them or creating
20 the relationship if a copy of that instrument or order is furnished
21 to the limited liability company. If an instrument or order is not
22 furnished to the limited liability company, 1 of the following
23 applies to the voting of that membership interest:

24 (a) If an operating agreement applies to the voting of the
25 membership interest, the vote shall be in accordance with that
26 operating agreement.

27 (b) If an operating agreement does not apply to the voting of

1 the membership interest and only 1 of the persons ~~who~~**THAT** hold the
2 membership interest votes, that person's vote determines the voting
3 of the membership interest.

4 (c) If an operating agreement does not apply to the voting of
5 the membership interest and 2 or more of the persons ~~who~~**THAT** hold
6 the membership interest vote, the vote of a majority determines the
7 voting of the membership interest, and if there is no majority, the
8 voting of the membership interest is divided among those voting.

9 (4) Only members of a limited liability company, and not its
10 managers, may authorize the following actions:

11 (a) The dissolution of the limited liability company ~~pursuant~~
12 ~~to~~**UNDER** section 801(c).

13 (b) Merger of the limited liability company ~~pursuant to~~**UNDER**
14 sections 701 through 706.

15 (c) An amendment to the articles of organization.

16 **(D) CONVERSION OF THE LIMITED LIABILITY COMPANY UNDER SECTION**
17 **708.**

18 ~~(5) Unless authorized in advance by an operating agreement, a~~
19 ~~transaction with the limited liability company or a transaction~~
20 ~~connected with the conduct or winding up of the limited liability~~
21 ~~company in which a manager of the limited liability company has a~~
22 ~~direct or indirect interest or a manager's personal use of property~~
23 ~~of the limited liability company may be authorized or ratified only~~
24 ~~by a vote of the disinterested members entitled to vote. The~~
25 ~~manager shall disclose all material facts regarding the transaction~~
26 ~~and the manager's interest in the transaction or all material facts~~
27 ~~about the manager's personal use of the limited liability company's~~

1 ~~property before the members vote on that transaction or use.~~ **EXCEPT**
2 **AS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION OR AN**
3 **OPERATING AGREEMENT, MEMBERS HAVE THE VOTING RIGHTS PROVIDED IN**
4 **SECTION 409 REGARDING TRANSACTIONS IN WHICH A MANAGER OR AGENT HAS**
5 **AN INTEREST.**

6 (6) Unless otherwise provided in an operating agreement, the
7 sale, exchange, lease, or other transfer of all or substantially
8 all of the assets of a limited liability company, other than in the
9 ordinary course of business, may be authorized only by a vote of
10 the members entitled to vote.

11 (7) The articles of organization or an operating agreement may
12 provide for additional voting rights of members of the limited
13 liability company.

14 (8) Unless the vote of a greater percentage of the voting
15 interest of members is required by this act, the articles of
16 organization, or an operating agreement, a vote of a majority in
17 interest of the members entitled to vote is required to approve any
18 matter submitted for a vote ~~by~~ **OF** the members.

19 Sec. 503. (1) Upon written request of a member, a limited
20 liability company shall send a copy of its most recent annual
21 financial statement and its most recent federal, state, and local
22 income tax returns, and ~~reports~~ **ANY OTHER RETURNS OR FILINGS THE**
23 **LIMITED LIABILITY COMPANY HAS SUBMITTED OR IS REQUIRED TO SUBMIT TO**
24 **ANY FEDERAL, STATE, LOCAL, OR OTHER GOVERNMENTAL TAXING AUTHORITY,**
25 to the member by mail or electronic transmission.

26 (2) Upon reasonable request, a member may obtain true and full
27 information regarding the current state of ~~the~~ **A** limited liability

1 company's financial condition.

2 (3) ~~(2)~~ Upon reasonable written request and during ordinary
3 business hours, a member or ~~his or her~~ **THE MEMBER'S** designated
4 representative may inspect and copy, at the member's expense, any
5 of the records ~~required to be maintained~~ **A LIMITED LIABILITY**
6 **COMPANY IS REQUIRED TO MAINTAIN** under section 213, at the location
7 where the records are kept.

8 (4) ~~(3)~~ Upon reasonable written request, a member may obtain
9 other information regarding ~~the~~ **A** limited liability company's
10 affairs or may inspect, personally or through a representative and
11 during ordinary business hours, other books and records of the
12 limited liability company, as is just and reasonable.

13 (5) ~~(4)~~ A member may have a formal accounting of ~~the~~ **A** limited
14 liability company's affairs, as provided in an operating agreement
15 or whenever circumstances render it just and reasonable.

16 Sec. 505. (1) Except as provided in an operating agreement, a
17 membership interest is assignable in whole or in part.

18 (2) An assignment of a membership interest does not of itself
19 entitle the assignee to participate in the management and affairs
20 of ~~the~~ **A LIMITED LIABILITY** company or to become or exercise any
21 rights of a member. An assignment entitles the assignee to receive,
22 to the extent assigned, only the distributions to which the
23 assignor would be entitled.

24 (3) Unless otherwise provided in an operating agreement and
25 except to the extent assumed by agreement, an assignee has no
26 liability as a member solely as a result of the assignment.

27 (4) Except as provided in an operating agreement, a member

1 ceases to be a member ~~upon assignment of all of his or her~~
2 ~~membership interest~~ **WHEN THE MEMBER'S ENTIRE MEMBERSHIP INTEREST IS**
3 **ASSIGNED**. The assignor is not released from ~~his or her~~ **ANY**
4 liability to the company under sections 302 and 308, ~~even if the~~
5 assignee becomes a member.

6 Sec. 506. (1) Unless otherwise provided in an operating
7 agreement, an assignee of a membership interest in a limited
8 liability company ~~having~~ **THAT HAS** more than 1 member may become a
9 member only upon a unanimous vote of the members entitled to vote.
10 An assignee of a membership interest in a limited liability company
11 ~~having~~ **THAT HAS** 1 member may become a member in accordance with the
12 terms of the agreement between the member and the assignee.

13 (2) An assignee ~~who~~ **THAT** becomes a member **OF A LIMITED**
14 **LIABILITY COMPANY** has, to the extent assigned, the rights and
15 powers, and is subject to the restrictions and liabilities, of a
16 member under the articles of organization, an operating agreement,
17 and this act. An assignee ~~who~~ **THAT** becomes a member also is liable
18 for any obligations ~~of his or her~~ **THE** assignor **HAS** to make
19 contributions and to return distributions under sections 302 and
20 308(3). An assignee is not obligated for liabilities unknown to the
21 assignee ~~when he or she~~ **AT THE TIME THE ASSIGNEE** became a member
22 unless the liabilities are shown on the financial records of the
23 limited liability company.

24 Sec. 507. (1) ~~On application to~~ **IF** a court of competent
25 jurisdiction ~~by~~ **RECEIVES AN APPLICATION FROM** any judgment creditor
26 of a member **OF A LIMITED LIABILITY COMPANY**, the court may charge
27 the membership interest of the member with payment of the

1 unsatisfied amount of judgment with interest. ~~To the extent the~~
2 ~~membership interest is so charged, the judgment creditor has only~~
3 ~~the rights of an assignee of the membership interest.~~

4 (2) IF A LIMITED LIABILITY COMPANY IS SERVED WITH A CHARGING
5 ORDER AND NOTIFIED OF THE TERMS OF THAT ORDER, THEN TO THE EXTENT
6 DESCRIBED IN THE ORDER, THE MEMBER'S JUDGMENT CREDITOR DESCRIBED IN
7 THE ORDER IS ENTITLED TO RECEIVE ONLY ANY DISTRIBUTION OR
8 DISTRIBUTIONS TO WHICH THE JUDGMENT CREDITOR IS ENTITLED WITH
9 RESPECT TO THE MEMBER'S MEMBERSHIP INTEREST.

10 (3) This act does not deprive any member of the benefit of any
11 exemption laws applicable to ~~his or her~~ THE MEMBER'S membership
12 interest.

13 (4) ~~(2)~~ Unless otherwise provided in an operating agreement ~~7~~
14 ~~the member remains a member~~ OR ADMITTED AS A MEMBER UNDER SECTION
15 501, A JUDGMENT CREDITOR OF A MEMBER THAT OBTAINS A CHARGING ORDER
16 DOES NOT BECOME A MEMBER OF THE LIMITED LIABILITY COMPANY, AND THE
17 MEMBER THAT IS THE SUBJECT OF THE CHARGING ORDER REMAINS A MEMBER
18 OF THE LIMITED LIABILITY COMPANY and retains all rights and powers
19 of membership except the right to receive distributions to the
20 extent charged.

21 (5) A CHARGING ORDER IS A LIEN ON THE MEMBERSHIP INTEREST OF
22 THE MEMBER THAT IS THE SUBJECT OF THE CHARGING ORDER. HOWEVER, A
23 PERSON MAY NOT FORECLOSE ON THAT LIEN OR ON THE MEMBERSHIP INTEREST
24 UNDER THIS ACT OR ANY OTHER LAW, AND THE CHARGING ORDER IS NOT AN
25 ASSIGNMENT OF THE MEMBER'S MEMBERSHIP INTEREST FOR PURPOSES OF
26 SECTION 505(4).

27 (6) THIS SECTION PROVIDES THE EXCLUSIVE REMEDY BY WHICH A

1 JUDGMENT CREDITOR OF A MEMBER MAY SATISFY A JUDGMENT OUT OF THE
2 MEMBER'S MEMBERSHIP INTEREST IN A LIMITED LIABILITY COMPANY. A
3 COURT ORDER TO WHICH A MEMBER MAY HAVE BEEN ENTITLED THAT REQUIRES
4 A LIMITED LIABILITY COMPANY TO TAKE AN ACTION, PROVIDE AN
5 ACCOUNTING, OR ANSWER AN INQUIRY IS NOT AVAILABLE TO A JUDGMENT
6 CREDITOR OF THAT MEMBER ATTEMPTING TO SATISFY A JUDGMENT OUT OF THE
7 MEMBER'S MEMBERSHIP INTEREST, AND A COURT MAY NOT ISSUE AN ORDER TO
8 A JUDGMENT CREDITOR.

9 Sec. 510. A member may commence and maintain a civil suit in
10 the right of a limited liability company if all of the following
11 conditions are met:

12 (a) Either management of the limited liability company is
13 vested in a manager or managers ~~who~~ **THAT** have the sole authority to
14 cause the limited liability company to sue in its own right or
15 management of the limited liability company is reserved to the
16 members but the plaintiff does not have the authority to cause the
17 limited liability company to sue in its own right under the
18 provisions of an operating agreement.

19 (b) The plaintiff has made written demand on the managers or
20 the members with the authority requesting that the managers or
21 members cause the limited liability company to take suitable
22 action.

23 (c) Ninety days have expired from the date the demand was made
24 unless the member has earlier been notified that the demand has
25 been rejected or unless irreparable injury to the limited liability
26 company would result by waiting for the expiration of the 90-day
27 period.

1 (d) The plaintiff was a member of the limited liability
2 company at the time of the act or omission of which ~~he or she~~**THE**
3 **MEMBER** complains, or ~~his or her~~**THE MEMBER'S** status as a member
4 devolved upon ~~him or her~~**THE MEMBER** by operation of law or pursuant
5 to **THIS ACT OR** the terms of an operating agreement from a person
6 ~~who~~**THAT** was a member at that time.

7 (e) The plaintiff fairly and adequately represents the
8 interests of the limited liability company in enforcing the right
9 of the limited liability company.

10 (f) The plaintiff continues to be a member until the time of
11 judgment, unless the failure to continue to be a member is the
12 result of action by the limited liability company in which the
13 former member did not acquiesce and the ~~derivative proceeding~~
14 **DEMAND** was ~~commenced prior to~~**MADE BEFORE** the termination of the
15 former member's status as a member.

16 Sec. 514. ~~Upon termination of the~~**IF A** derivative proceeding
17 **IS TERMINATED**, the court may order 1 of the following:

18 (a) The plaintiff to pay any of the defendants' reasonable
19 expenses, including reasonable attorney fees, incurred in defending
20 the proceeding if it finds that the proceeding was commenced or
21 maintained in bad faith or without reasonable cause.

22 (b) The limited liability company to pay the plaintiff's
23 reasonable expenses, including reasonable attorney fees, incurred
24 in the proceeding if it finds that the proceeding has resulted in a
25 substantial benefit to the company. The court shall direct the
26 plaintiff to account to the company for any proceeds received by
27 the plaintiff in excess of expenses awarded by the court, except

1 that this provision does not apply to a judgment rendered for the
2 benefit of an injured member only and limited to a recovery of the
3 loss or damage sustained by ~~him or her~~ **THAT MEMBER**.

4 Sec. 515. (1) A member of a limited liability company may
5 bring an action in the circuit court of the county in which the
6 limited liability company's principal place of business or
7 registered office is located to establish that acts of the managers
8 or members in control of the limited liability company are illegal
9 or fraudulent or constitute willfully unfair and oppressive conduct
10 toward the limited liability company or the member. If the member
11 establishes grounds for relief, the circuit court may issue an
12 order or grant relief as it considers appropriate, including, but
13 not limited to, an order providing for any of the following:

14 (a) The dissolution and liquidation of the assets and business
15 of the limited liability company.

16 (b) The cancellation or alteration of a provision in the
17 articles of organization or in an operating agreement.

18 (c) The direction, alteration, or prohibition of an act of the
19 limited liability company, ~~or of members, managers, or other~~
20 ~~persons party to the action~~ **ITS MEMBERS OR MANAGERS**.

21 (d) The purchase at fair value of the member's interest in the
22 limited liability company, either by the company or by ~~the managers~~
23 ~~or other~~ **ANY** members responsible for the wrongful acts.

24 (e) An award of damages to the limited liability company or to
25 the member. An action seeking an award of damages must be commenced
26 within 3 years after the cause of action under this section has
27 accrued or within 2 years after the member discovers or reasonably

1 should have discovered the cause of action under this section,
2 whichever occurs first.

3 (2) As used in this section, "willfully unfair and oppressive
4 conduct" means a continuing course of conduct or a significant
5 action or series of actions that substantially interferes with the
6 interests of the member as a member. **WILLFULLY UNFAIR AND**
7 **OPPRESSIVE CONDUCT MAY INCLUDE THE TERMINATION OF EMPLOYMENT OR**
8 **LIMITATIONS ON EMPLOYMENT BENEFITS TO THE EXTENT THAT THE ACTIONS**
9 **INTERFERE WITH DISTRIBUTIONS OR OTHER MEMBER INTERESTS**
10 **DISPROPORTIONATELY AS TO THE AFFECTED MEMBER.** The term does not
11 include conduct or actions that are permitted by the articles of
12 organization, an operating agreement, another agreement to which
13 the member is a party, or a consistently applied written company
14 policy or procedure.

15 Sec. 604. (1) A limited liability company may integrate into a
16 single instrument the provisions of its articles of organization
17 that are then in effect and operative by filing restated articles
18 of organization executed as provided in section 103.

19 (2) A limited liability company may ~~at the same time amend~~
20 **INCLUDE AMENDMENTS TO** its articles of organization ~~and include the~~
21 ~~amendment in the restated articles~~ **OF ORGANIZATION FILED UNDER**
22 **SUBSECTION (1).** An amendment ~~effected~~ **TO THE ARTICLES OF**
23 **ORGANIZATION OF A LIMITED LIABILITY COMPANY** in connection with the
24 integration and restatement of the articles **UNDER THIS SECTION** is
25 subject to any other provision of this act that would apply if a
26 certificate of amendment were ~~to be~~ filed to effect the amendment,
27 including the requirement of member approval.

1 (3) ~~Restated~~ **A LIMITED LIABILITY COMPANY SHALL SPECIFICALLY**
 2 **DESIGNATE RESTATED** articles of organization ~~shall be specifically~~
 3 ~~designated~~ **FILED UNDER THIS SECTION** as such in the heading and
 4 shall state, either in the heading or in an introductory paragraph,
 5 the present name of the limited liability company, ~~and,~~ **ALL OF THE**
 6 **FORMER NAMES OF THE LIMITED LIABILITY COMPANY** if the name has
 7 changed, ~~all of its former names,~~ and the date of filing of its
 8 original articles of organization. If the restated articles include
 9 a further amendment ~~pursuant to~~ **UNDER** subsection (2), the articles
 10 shall state that the amendment was approved by ~~the members.~~ **1 OF**
 11 **THE FOLLOWING:**

12 **(A) IF AN OPERATING AGREEMENT ESTABLISHES A VOTE REQUIREMENT**
 13 **FOR AMENDING THE ARTICLES OF ORGANIZATION, BY THE VOTE REQUIRED**
 14 **UNDER THE OPERATING AGREEMENT.**

15 **(B) IF SUBDIVISION (A) DOES NOT APPLY, BY A UNANIMOUS VOTE OF**
 16 **ALL OF THE MEMBERS ENTITLED TO VOTE ON THE AMENDMENT.**

17 (4) When ~~the~~ **ITS** restated articles of organization become
 18 effective ~~in accordance with~~ **UNDER** section 104, the limited
 19 liability company's original articles of organization are
 20 superseded and the restated articles are the articles of
 21 organization of the company.

22 Sec. 702. (1) A plan of merger shall be submitted to the
 23 members of each constituent company for approval. ~~, and approval~~
 24 ~~shall be by~~ **A** unanimous vote of the members entitled to vote in
 25 each constituent company **IS REQUIRED TO APPROVE A MERGER**, unless an
 26 operating agreement of a constituent company provides otherwise.

27 (2) If an operating agreement of a constituent company

1 provides for approval **OF A MERGER** by less than unanimous vote of
2 members entitled to vote and the merger is approved, a member ~~who~~
3 ~~voted against~~ **THAT DID NOT VOTE IN FAVOR OF** the merger may withdraw
4 from the limited liability company and receive, within a reasonable
5 time, the fair value of the member's interest in the limited
6 liability company, based upon the member's share of distributions
7 as determined under section 303.

8 **SEC. 708. (1) A DOMESTIC LIMITED LIABILITY COMPANY MAY CONVERT**
9 **INTO A BUSINESS ORGANIZATION IF ALL OF THE FOLLOWING REQUIREMENTS**
10 **ARE SATISFIED:**

11 (A) THE CONVERSION IS PERMITTED BY THE LAW THAT WILL GOVERN
12 THE INTERNAL AFFAIRS OF THE BUSINESS ORGANIZATION AFTER CONVERSION
13 AND THE SURVIVING BUSINESS ORGANIZATION COMPLIES WITH THAT LAW IN
14 CONVERTING.

15 (B) UNLESS SUBDIVISION (D) APPLIES, THE DOMESTIC LIMITED
16 LIABILITY COMPANY PROPOSING TO CONVERT ADOPTS A PLAN OF CONVERSION
17 THAT INCLUDES ALL OF THE FOLLOWING:

18 (i) THE NAME OF THE DOMESTIC LIMITED LIABILITY COMPANY, THE
19 NAME OF THE BUSINESS ORGANIZATION INTO WHICH THE DOMESTIC LIMITED
20 LIABILITY COMPANY IS CONVERTING, THE TYPE OF BUSINESS ORGANIZATION
21 INTO WHICH THE DOMESTIC LIMITED LIABILITY COMPANY IS CONVERTING,
22 IDENTIFICATION OF THE STATUTE THAT WILL GOVERN THE INTERNAL AFFAIRS
23 OF THE SURVIVING BUSINESS ORGANIZATION, THE STREET ADDRESS OF THE
24 SURVIVING BUSINESS ORGANIZATION, THE STREET ADDRESS OF THE DOMESTIC
25 LIMITED LIABILITY COMPANY IF DIFFERENT FROM THE STREET ADDRESS OF
26 THE SURVIVING BUSINESS ORGANIZATION, AND THE PRINCIPAL PLACE OF
27 BUSINESS OF THE SURVIVING BUSINESS ORGANIZATION.

1 (ii) THE TERMS AND CONDITIONS OF THE PROPOSED CONVERSION,
2 INCLUDING THE MANNER AND BASIS OF CONVERTING THE MEMBERSHIP
3 INTERESTS OF THE DOMESTIC LIMITED LIABILITY COMPANY INTO OWNERSHIP
4 INTERESTS OR OBLIGATIONS OF THE SURVIVING BUSINESS ORGANIZATION,
5 INTO CASH, INTO OTHER CONSIDERATION THAT MAY INCLUDE OWNERSHIP
6 INTERESTS OR OBLIGATIONS OF AN ENTITY THAT IS NOT A PARTY TO THE
7 CONVERSION, OR INTO A COMBINATION OF CASH AND OTHER CONSIDERATION.

8 (iii) THE TERMS AND CONDITIONS OF THE ORGANIZATIONAL DOCUMENTS
9 THAT ARE TO GOVERN THE SURVIVING BUSINESS ORGANIZATION.

10 (iv) ANY OTHER PROVISIONS WITH RESPECT TO THE PROPOSED
11 CONVERSION THAT THE DOMESTIC LIMITED LIABILITY COMPANY CONSIDERS
12 NECESSARY OR DESIRABLE.

13 (C) A VOTE OF THE MEMBERS OF A DOMESTIC LIMITED LIABILITY
14 COMPANY IS REQUIRED TO ADOPT A PLAN OF CONVERSION UNDER SUBDIVISION
15 (B). A UNANIMOUS VOTE OF THE MEMBERS ENTITLED TO VOTE IS REQUIRED
16 TO APPROVE A PLAN OF CONVERSION UNLESS THE ARTICLES OF ORGANIZATION
17 OR AN OPERATING AGREEMENT PROVIDE OTHERWISE. IF THE ARTICLES OF
18 ORGANIZATION OR AN OPERATING AGREEMENT OF THE DOMESTIC LIMITED
19 LIABILITY COMPANY PROVIDE FOR APPROVAL BY LESS THAN A UNANIMOUS
20 VOTE OF MEMBERS ENTITLED TO VOTE AND THE CONVERSION IS APPROVED, A
21 MEMBER THAT DID NOT VOTE IN FAVOR OF THE CONVERSION MAY WITHDRAW
22 FROM THE DOMESTIC LIMITED LIABILITY COMPANY BEFORE THE CONVERSION
23 AND RECEIVE, WITHIN A REASONABLE TIME, THE FAIR VALUE OF THE
24 MEMBER'S INTEREST IN THE DOMESTIC LIMITED LIABILITY COMPANY.

25 (D) IF THE DOMESTIC LIMITED LIABILITY COMPANY HAS NOT
26 COMMENCED BUSINESS; HAS NOT ISSUED ANY MEMBERSHIP INTERESTS; HAS NO
27 DEBTS OR OTHER LIABILITIES; AND HAS NOT RECEIVED ANY PAYMENTS, OR

1 HAS RETURNED ANY PAYMENTS IT HAS RECEIVED AFTER DEDUCTING ANY
2 AMOUNT DISBURSED FOR PAYMENT OF EXPENSES, FOR SUBSCRIPTIONS FOR ITS
3 MEMBERSHIP INTERESTS, SUBDIVISIONS (B) AND (C) DO NOT APPLY AND THE
4 ORGANIZERS OF THE DOMESTIC LIMITED LIABILITY COMPANY MAY APPROVE OF
5 THE CONVERSION OF THE DOMESTIC LIMITED LIABILITY COMPANY INTO A
6 BUSINESS ORGANIZATION BY UNANIMOUS CONSENT. TO EFFECT THE
7 CONVERSION, A MAJORITY OF THE ORGANIZERS MUST EXECUTE AND FILE A
8 CERTIFICATE OF CONVERSION UNDER SUBDIVISION (E).

9 (E) IF THE PLAN OF CONVERSION IS APPROVED UNDER SUBDIVISION
10 (C) OR THE CONVERSION IS APPROVED UNDER SUBDIVISION (D), THE
11 DOMESTIC LIMITED LIABILITY COMPANY FILES ANY FORMATION DOCUMENTS
12 REQUIRED TO BE FILED UNDER THE LAWS GOVERNING THE INTERNAL AFFAIRS
13 OF THE SURVIVING BUSINESS ORGANIZATION, IN THE MANNER PRESCRIBED BY
14 THOSE LAWS, AND FILES A CERTIFICATE OF CONVERSION WITH THE
15 ADMINISTRATOR. THE CERTIFICATE OF CONVERSION SHALL INCLUDE ALL OF
16 THE FOLLOWING:

17 (i) UNLESS SUBDIVISION (D) APPLIES, ALL OF THE INFORMATION
18 DESCRIBED IN SUBDIVISION (B) (i).

19 (ii) A STATEMENT THAT THE MEMBERS OF THE DOMESTIC LIMITED
20 LIABILITY COMPANY HAVE ADOPTED THE PLAN OF CONVERSION UNDER
21 SUBDIVISION (C), OR THAT THE ORGANIZERS OF THE DOMESTIC LIMITED
22 LIABILITY COMPANY HAVE APPROVED OF THE CONVERSION UNDER SUBDIVISION
23 (D), AS APPLICABLE.

24 (iii) A STATEMENT THAT THE SURVIVING BUSINESS ORGANIZATION WILL
25 FURNISH A COPY OF THE PLAN OF CONVERSION, ON REQUEST AND WITHOUT
26 COST, TO ANY MEMBER OF THE DOMESTIC LIMITED LIABILITY COMPANY.

27 (iv) A STATEMENT SPECIFYING EACH ASSUMED NAME OF THE DOMESTIC

1 LIMITED LIABILITY COMPANY THAT THE SURVIVING BUSINESS ORGANIZATION
2 IS AUTHORIZED TO CONTINUE TO USE UNDER SECTION 206(8).

3 (2) SECTION 104 APPLIES IN DETERMINING WHEN A CERTIFICATE OF
4 CONVERSION UNDER THIS SECTION BECOMES EFFECTIVE.

5 (3) WHEN A CONVERSION UNDER THIS SECTION TAKES EFFECT, ALL OF
6 THE FOLLOWING APPLY:

7 (A) THE DOMESTIC LIMITED LIABILITY COMPANY CONVERTS INTO THE
8 SURVIVING BUSINESS ORGANIZATION, AND THE ARTICLES OF ORGANIZATION
9 OF THE DOMESTIC LIMITED LIABILITY COMPANY ARE CANCELED. EXCEPT AS
10 OTHERWISE PROVIDED IN THIS SECTION, THE SURVIVING BUSINESS
11 ORGANIZATION IS ORGANIZED UNDER AND SUBJECT TO THE ORGANIZATIONAL
12 LAWS OF THE JURISDICTION OF THE SURVIVING BUSINESS ORGANIZATION AS
13 STATED IN THE CERTIFICATE OF CONVERSION.

14 (B) THE SURVIVING BUSINESS ORGANIZATION HAS ALL OF THE
15 LIABILITIES OF THE DOMESTIC LIMITED LIABILITY COMPANY. THE
16 CONVERSION OF THE DOMESTIC LIMITED LIABILITY COMPANY INTO A
17 BUSINESS ORGANIZATION UNDER THIS SECTION SHALL NOT BE CONSIDERED TO
18 AFFECT ANY OBLIGATIONS OR LIABILITIES OF THE DOMESTIC LIMITED
19 LIABILITY COMPANY INCURRED BEFORE THE CONVERSION OR THE PERSONAL
20 LIABILITY OF ANY PERSON INCURRED BEFORE THE CONVERSION, AND THE
21 CONVERSION SHALL NOT BE CONSIDERED TO AFFECT THE CHOICE OF LAW
22 APPLICABLE TO THE DOMESTIC LIMITED LIABILITY COMPANY WITH RESPECT
23 TO MATTERS ARISING BEFORE THE CONVERSION.

24 (C) THE TITLE TO ALL REAL ESTATE AND OTHER PROPERTY AND RIGHTS
25 OWNED BY THE DOMESTIC LIMITED LIABILITY COMPANY REMAIN VESTED IN
26 THE SURVIVING BUSINESS ORGANIZATION WITHOUT REVERSION OR
27 IMPAIRMENT. THE RIGHTS, PRIVILEGES, POWERS, AND INTERESTS IN

1 PROPERTY OF THE DOMESTIC LIMITED LIABILITY COMPANY, AS WELL AS THE
2 DEBTS, LIABILITIES, AND DUTIES OF THE DOMESTIC LIMITED LIABILITY
3 COMPANY, SHALL NOT BE CONSIDERED, AS A CONSEQUENCE OF THE
4 CONVERSION, TO HAVE BEEN TRANSFERRED TO THE SURVIVING BUSINESS
5 ORGANIZATION TO WHICH THE DOMESTIC LIMITED LIABILITY COMPANY HAS
6 CONVERTED FOR ANY PURPOSE OF THE LAWS OF THIS STATE.

7 (D) THE SURVIVING BUSINESS ORGANIZATION MAY USE THE NAME AND
8 THE ASSUMED NAMES OF THE DOMESTIC LIMITED LIABILITY COMPANY IF THE
9 FILINGS REQUIRED UNDER SECTION 206(8) OR ANY OTHER APPLICABLE
10 STATUTE ARE MADE AND THE LAWS REGARDING USE AND FORM OF NAMES ARE
11 FOLLOWED.

12 (E) A PROCEEDING PENDING AGAINST THE DOMESTIC LIMITED
13 LIABILITY COMPANY MAY BE CONTINUED AS IF THE CONVERSION HAD NOT
14 OCCURRED, OR THE SURVIVING BUSINESS ORGANIZATION MAY BE SUBSTITUTED
15 IN THE PROCEEDING FOR THE DOMESTIC LIMITED LIABILITY COMPANY.

16 (F) THE SURVIVING BUSINESS ORGANIZATION IS CONSIDERED TO BE
17 THE SAME ENTITY THAT EXISTED BEFORE THE CONVERSION AND IS
18 CONSIDERED TO BE ORGANIZED ON THE DATE THAT THE DOMESTIC LIMITED
19 LIABILITY COMPANY WAS ORIGINALLY ORGANIZED.

20 (G) THE MEMBERSHIP INTERESTS OF THE DOMESTIC LIMITED LIABILITY
21 COMPANY THAT WERE TO BE CONVERTED INTO OWNERSHIP INTERESTS OR
22 OBLIGATIONS OF THE SURVIVING BUSINESS ORGANIZATION OR INTO CASH OR
23 OTHER PROPERTY ARE CONVERTED.

24 (H) UNLESS OTHERWISE PROVIDED IN A PLAN OF CONVERSION ADOPTED
25 IN ACCORDANCE WITH THIS SECTION, THE DOMESTIC LIMITED LIABILITY
26 COMPANY IS NOT REQUIRED TO WIND UP ITS AFFAIRS OR PAY ITS
27 LIABILITIES AND DISTRIBUTE ITS ASSETS ON ACCOUNT OF THE CONVERSION,

1 AND THE CONVERSION DOES NOT CONSTITUTE A DISSOLUTION OF THE
2 DOMESTIC LIMITED LIABILITY COMPANY.

3 (4) IF THE SURVIVING BUSINESS ORGANIZATION OF A CONVERSION
4 UNDER THIS SECTION IS A FOREIGN BUSINESS ORGANIZATION, IT IS
5 SUBJECT TO THE LAWS OF THIS STATE PERTAINING TO THE TRANSACTION OF
6 BUSINESS IN THIS STATE IF IT TRANSACTS BUSINESS IN THIS STATE. THE
7 SURVIVING BUSINESS ORGANIZATION IS LIABLE FOR, AND IS SUBJECT TO
8 SERVICE OF PROCESS IN A PROCEEDING IN THIS STATE FOR THE
9 ENFORCEMENT OF, AN OBLIGATION OF THE DOMESTIC LIMITED LIABILITY
10 COMPANY, AND IN A PROCEEDING FOR THE ENFORCEMENT OF A RIGHT OF A
11 MEMBER OF THE DOMESTIC LIMITED LIABILITY COMPANY THAT HAS WITHDRAWN
12 UNDER SUBSECTION (1) (C) .

13 (5) AS USED IN THIS SECTION AND SECTION 709, "BUSINESS
14 ORGANIZATION" AND "ENTITY" MEAN THOSE TERMS AS DEFINED IN SECTION
15 705A.

16 SEC. 709. (1) A BUSINESS ORGANIZATION MAY CONVERT INTO A
17 DOMESTIC LIMITED LIABILITY COMPANY IF ALL OF THE FOLLOWING
18 REQUIREMENTS ARE SATISFIED:

19 (A) THE CONVERSION IS PERMITTED BY THE LAW THAT GOVERNS THE
20 INTERNAL AFFAIRS OF THE BUSINESS ORGANIZATION, AND THE BUSINESS
21 ORGANIZATION COMPLIES WITH THAT LAW IN CONVERTING.

22 (B) THE BUSINESS ORGANIZATION PROPOSING TO CONVERT INTO A
23 DOMESTIC LIMITED LIABILITY COMPANY ADOPTS A PLAN OF CONVERSION THAT
24 INCLUDES ALL OF THE FOLLOWING:

25 (i) THE NAME OF THE BUSINESS ORGANIZATION, THE TYPE OF BUSINESS
26 ORGANIZATION THAT IS CONVERTING, IDENTIFICATION OF THE STATUTE THAT
27 GOVERNS THE INTERNAL AFFAIRS OF THE BUSINESS ORGANIZATION, THE NAME

1 OF THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY INTO WHICH THE
2 BUSINESS ORGANIZATION IS CONVERTING, THE STREET ADDRESS OF THE
3 SURVIVING DOMESTIC LIMITED LIABILITY COMPANY, THE STREET ADDRESS OF
4 THE BUSINESS ORGANIZATION IF DIFFERENT FROM THE STREET ADDRESS OF
5 THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY, AND THE PRINCIPAL
6 PLACE OF BUSINESS OF THE SURVIVING DOMESTIC LIMITED LIABILITY
7 COMPANY.

8 (ii) THE TERMS AND CONDITIONS OF THE PROPOSED CONVERSION,
9 INCLUDING THE MANNER AND BASIS OF CONVERTING THE OWNERSHIP
10 INTERESTS OF THE BUSINESS ORGANIZATION INTO MEMBERSHIP INTERESTS OF
11 THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY, INTO CASH, INTO
12 OTHER CONSIDERATION THAT MAY INCLUDE OWNERSHIP INTERESTS OR
13 OBLIGATIONS OF AN ENTITY THAT IS NOT A PARTY TO THE CONVERSION, OR
14 INTO A COMBINATION OF CASH AND OTHER CONSIDERATION.

15 (iii) THE TERMS AND CONDITIONS OF THE ARTICLES OF ORGANIZATION
16 THAT ARE TO GOVERN THE SURVIVING DOMESTIC LIMITED LIABILITY
17 COMPANY.

18 (iv) ANY OTHER PROVISIONS WITH RESPECT TO THE PROPOSED
19 CONVERSION THAT THE BUSINESS ORGANIZATION CONSIDERS NECESSARY OR
20 DESIRABLE.

21 (C) IF A PLAN OF CONVERSION IS ADOPTED BY THE BUSINESS
22 ORGANIZATION UNDER SUBDIVISION (B), THE PLAN OF CONVERSION IS
23 SUBMITTED FOR APPROVAL IN THE MANNER REQUIRED BY THE LAW GOVERNING
24 THE INTERNAL AFFAIRS OF THAT BUSINESS ORGANIZATION.

25 (D) IF THE PLAN OF CONVERSION IS APPROVED UNDER SUBDIVISIONS
26 (B) AND (C), THE BUSINESS ORGANIZATION EXECUTES AS PROVIDED IN
27 SECTION 103 AND FILES A CERTIFICATE OF CONVERSION WITH THE

1 ADMINISTRATOR. THE CERTIFICATE OF CONVERSION SHALL INCLUDE ALL OF
2 THE FOLLOWING:

3 (i) ALL OF THE INFORMATION DESCRIBED IN SUBDIVISION (B) (i) AND
4 (ii) .

5 (ii) A STATEMENT THAT THE BUSINESS ORGANIZATION HAS OBTAINED
6 APPROVAL OF THE PLAN OF CONVERSION UNDER SUBDIVISION (C) .

7 (iii) A STATEMENT THAT THE SURVIVING DOMESTIC LIMITED LIABILITY
8 COMPANY WILL FURNISH A COPY OF THE PLAN OF CONVERSION, ON REQUEST
9 AND WITHOUT COST, TO ANY OWNER OF THE BUSINESS ORGANIZATION.

10 (iv) A STATEMENT SPECIFYING EACH ASSUMED NAME OF THE BUSINESS
11 ORGANIZATION THAT THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY
12 IS AUTHORIZED TO CONTINUE TO USE UNDER SECTION 206(9) .

13 (v) ARTICLES OF ORGANIZATION FOR THE SURVIVING DOMESTIC
14 LIMITED LIABILITY COMPANY THAT MEET ALL OF THE REQUIREMENTS OF THIS
15 ACT APPLICABLE TO ARTICLES OF ORGANIZATION.

16 (2) SECTION 104 APPLIES IN DETERMINING WHEN A CERTIFICATE OF
17 CONVERSION UNDER THIS SECTION BECOMES EFFECTIVE.

18 (3) WHEN A CONVERSION UNDER THIS SECTION TAKES EFFECT, ALL OF
19 THE FOLLOWING APPLY:

20 (A) THE BUSINESS ORGANIZATION CONVERTS INTO THE SURVIVING
21 DOMESTIC LIMITED LIABILITY COMPANY. EXCEPT AS OTHERWISE PROVIDED IN
22 THIS SECTION, THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY IS
23 ORGANIZED UNDER AND SUBJECT TO THIS ACT.

24 (B) THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY HAS ALL
25 OF THE LIABILITIES OF THE BUSINESS ORGANIZATION. THE CONVERSION OF
26 THE BUSINESS ORGANIZATION INTO A DOMESTIC LIMITED LIABILITY COMPANY
27 UNDER THIS SECTION SHALL NOT BE CONSIDERED TO AFFECT ANY

1 OBLIGATIONS OR LIABILITIES OF THE BUSINESS ORGANIZATION INCURRED
2 BEFORE THE CONVERSION OR THE PERSONAL LIABILITY OF ANY PERSON
3 INCURRED BEFORE THE CONVERSION, AND THE CONVERSION SHALL NOT BE
4 CONSIDERED TO AFFECT THE CHOICE OF LAW APPLICABLE TO THE BUSINESS
5 ORGANIZATION WITH RESPECT TO MATTERS ARISING BEFORE THE CONVERSION.

6 (C) THE TITLE TO ALL REAL ESTATE AND OTHER PROPERTY AND RIGHTS
7 OWNED BY THE BUSINESS ORGANIZATION REMAINS VESTED IN THE SURVIVING
8 DOMESTIC LIMITED LIABILITY COMPANY WITHOUT REVERSION OR IMPAIRMENT.
9 THE RIGHTS, PRIVILEGES, POWERS, AND INTERESTS IN PROPERTY OF THE
10 BUSINESS ORGANIZATION, AS WELL AS THE DEBTS, LIABILITIES, AND
11 DUTIES OF THE BUSINESS ORGANIZATION, SHALL NOT BE CONSIDERED, AS A
12 CONSEQUENCE OF THE CONVERSION, TO HAVE BEEN TRANSFERRED TO THE
13 SURVIVING DOMESTIC LIMITED LIABILITY COMPANY TO WHICH THE BUSINESS
14 ORGANIZATION HAS CONVERTED FOR ANY PURPOSE OF THE LAWS OF THIS
15 STATE.

16 (D) THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY MAY USE
17 THE NAME AND THE ASSUMED NAMES OF THE BUSINESS ORGANIZATION IF THE
18 FILINGS REQUIRED UNDER SECTION 206(9) OR ANY OTHER APPLICABLE
19 STATUTE ARE MADE AND THE LAWS REGARDING USE AND FORM OF NAMES ARE
20 FOLLOWED.

21 (E) A PROCEEDING PENDING AGAINST THE BUSINESS ORGANIZATION MAY
22 BE CONTINUED AS IF THE CONVERSION HAD NOT OCCURRED, OR THE
23 SURVIVING DOMESTIC LIMITED LIABILITY COMPANY MAY BE SUBSTITUTED IN
24 THE PROCEEDING FOR THE BUSINESS ORGANIZATION.

25 (F) THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY IS
26 CONSIDERED TO BE THE SAME ENTITY THAT EXISTED BEFORE THE CONVERSION
27 AND IS CONSIDERED TO BE ORGANIZED ON THE DATE THAT THE BUSINESS

1 ORGANIZATION WAS ORIGINALLY ORGANIZED.

2 (G) THE OWNERSHIP INTERESTS OF THE BUSINESS ORGANIZATION THAT
3 WERE TO BE CONVERTED INTO MEMBERSHIP INTERESTS OR OBLIGATIONS OF
4 THE SURVIVING DOMESTIC LIMITED LIABILITY COMPANY OR INTO CASH OR
5 OTHER PROPERTY ARE CONVERTED.

6 (H) UNLESS OTHERWISE PROVIDED IN A PLAN OF CONVERSION ADOPTED
7 IN ACCORDANCE WITH THIS SECTION, THE BUSINESS ORGANIZATION IS NOT
8 REQUIRED TO WIND UP ITS AFFAIRS OR PAY ITS LIABILITIES AND
9 DISTRIBUTE ITS ASSETS ON ACCOUNT OF THE CONVERSION, AND THE
10 CONVERSION DOES NOT CONSTITUTE A DISSOLUTION OF THE BUSINESS
11 ORGANIZATION.

12 Sec. 801. A limited liability company is dissolved and its
13 affairs shall be wound up when the first of the following occurs:

14 (a) Automatically, ~~at the~~ **IF A** time specified in the articles
15 of organization **IS REACHED**.

16 (b) ~~Upon the happening of an~~ **IF A VOTE OF THE MEMBERS OR OTHER**
17 event specified in the articles of organization or in an operating
18 agreement ~~, including a vote of members~~ **TAKES PLACE**.

19 (c) ~~Upon the unanimous vote of all~~ **THE** members entitled to
20 vote **UNANIMOUSLY VOTE FOR DISSOLUTION**.

21 (d) Automatically, ~~upon the entry of~~ **IF** a decree of judicial
22 dissolution **IS ENTERED**.

23 (E) A MAJORITY OF THE ORGANIZERS OF THE LIMITED LIABILITY
24 COMPANY VOTE FOR DISSOLUTION, IF THE LIMITED LIABILITY COMPANY HAS
25 NOT COMMENCED BUSINESS; HAS NOT ISSUED ANY MEMBERSHIP INTERESTS;
26 HAS NO DEBTS OR OTHER LIABILITIES; AND HAS NOT RECEIVED ANY
27 PAYMENTS, OR HAS RETURNED ANY PAYMENTS IT HAS RECEIVED AFTER

1 DEDUCTING ANY AMOUNT DISBURSED FOR PAYMENT OF EXPENSES, FOR
2 SUBSCRIPTIONS FOR ITS MEMBERSHIP INTERESTS.

3 Sec. 804. (1) ~~Upon the dissolution and commencement of winding~~
4 ~~up of the limited liability company~~ WHEN IT BEGINS WINDING UP ITS
5 AFFAIRS, A LIMITED LIABILITY COMPANY THAT DISSOLVES under section
6 801(b) or (c) ~~, SHALL EXECUTE~~ a certificate of dissolution ~~shall be~~
7 ~~signed as provided in section 103 and filed~~ FILE THE CERTIFICATE
8 with the administrator. The certificate OF DISSOLUTION shall ~~set~~
9 ~~forth~~ CONTAIN all of the following:

10 (a) The name of the limited liability company.

11 (b) The reason for the dissolution.

12 (c) The effective date of the dissolution if later than the
13 date of filing of the certificate of dissolution.

14 (2) WHEN IT BEGINS WINDING UP ITS AFFAIRS, A LIMITED LIABILITY
15 COMPANY THAT DISSOLVES UNDER SECTION 801(E) SHALL EXECUTE A
16 CERTIFICATE OF DISSOLUTION AS PROVIDED IN SECTION 103 AND FILE THE
17 CERTIFICATE WITH THE ADMINISTRATOR. THE CERTIFICATE OF DISSOLUTION
18 SHALL CONTAIN ALL OF THE FOLLOWING:

19 (A) THE NAME OF THE LIMITED LIABILITY COMPANY.

20 (B) A STATEMENT THAT INCLUDES ALL OF THE FOLLOWING:

21 (i) THAT THE LIMITED LIABILITY COMPANY HAS NOT COMMENCED
22 BUSINESS, HAS NOT ISSUED ANY MEMBERSHIP INTERESTS, AND HAS NO DEBTS
23 OR OTHER LIABILITIES.

24 (ii) THAT THE LIMITED LIABILITY COMPANY HAS NOT RECEIVED ANY
25 PAYMENTS, OR HAS RETURNED ANY PAYMENTS IT HAS RECEIVED AFTER
26 DEDUCTING ANY AMOUNT DISBURSED FOR PAYMENT OF EXPENSES, FOR
27 SUBSCRIPTIONS FOR ITS MEMBERSHIP INTERESTS.

1 **(iii) THAT A MAJORITY OF THE ORGANIZERS OF THE LIMITED LIABILITY**
2 **COMPANY HAVE APPROVED THE DISSOLUTION.**

3 Sec. 805. (1) Except as otherwise provided in the articles of
4 organization, an operating agreement, or this section, the members
5 or managers ~~who~~**THAT** have not wrongfully dissolved a limited
6 liability company may wind up the company's affairs, but the
7 circuit court for the county in which the registered office is
8 located may wind up the limited liability company's affairs on
9 application of, and for good cause shown by, any member ~~, his or~~
10 ~~her~~**OR** legal representative ~~, or~~ assignee **OF A MEMBER.**

11 (2) The members or managers ~~who~~**THAT** are winding up ~~the~~**A**
12 limited liability company's affairs shall continue to function, for
13 the purpose of winding up, in accordance with the procedures
14 established by this act, the articles of organization, and
15 operating agreements, shall **NOT** be held to ~~no~~**A** greater standard of
16 conduct than that described ~~by~~**IN** section 404, and ~~shall be~~**ARE NOT**
17 subject to ~~no~~**ANY** greater liabilities than would apply in the
18 absence of dissolution.

19 (3) ~~The~~**A DISSOLVED** limited liability company may sue and be
20 sued in its name and process may issue by and against the company
21 in the same manner as if dissolution had not occurred. An action
22 brought by or against ~~the~~**A LIMITED LIABILITY** company before its
23 dissolution does not abate because of the dissolution.

24 Enacting section 1. Section 408 of the Michigan limited
25 liability company act, 1993 PA 23, MCL 450.4408, is repealed.