

## **490A.702 Management of limited liability company.**

1. Unless the articles of organization or an operating agreement provides for management of a limited liability company by a manager or managers, management of a limited liability company shall be vested in its members.

2. Unless otherwise provided in the articles of organization and except as provided in subsection 3, every member is an agent of the limited liability company for the purpose of its business or affairs. The act of any member, including, but not limited to, the execution in the name of the limited liability company of any instrument, for apparently carrying on in the ordinary course the business or affairs of the limited liability company shall bind the limited liability company, unless the member so acting has, in fact, no authority to act for the limited liability company in the particular matter, and the person with whom the member is dealing has knowledge of the fact that the member has no such authority.

3. If the articles of organization provide that management of the limited liability company is vested in a manager or managers the following apply:

*a.* A member, acting solely in the capacity as a member, is not an agent of the limited liability company.

*b.* Every manager is an agent of the limited liability company for the purpose of its business or affairs, unless otherwise provided in the articles of organization or an operating agreement. The act of any manager with agency authority, including, but not limited to, the execution in the name of the limited liability company of any instrument, for apparently carrying on in the ordinary course the business or affairs of the limited liability company shall bind the limited liability company, unless the manager so acting has, in fact, no authority to act for the limited liability company in the particular matter, and the person with whom the manager is dealing has knowledge of the fact that the manager has no such authority.

4. Except as provided in subsection 5, the validity of an act of a limited liability company is not challengeable on the ground that the limited liability company lacks or lacked the power or authority to act.

5. A limited liability company's power to act may be challenged in the following proceedings:

*a.* In an action by a member against the limited liability company to enjoin an unauthorized act.

*b.* In an action by the limited liability company against an incumbent or former manager, employee, or agent of the limited liability company, either directly, derivatively, or through a receiver, trustee, or other legal representative.

*c.* By the attorney general under section 490A.1409.

6. In a member's proceeding under subsection 5, paragraph "a", to enjoin an unauthorized act, the court may enjoin or set aside the act if equitable and if all affected persons are parties to the proceeding. The court may award damages, other than anticipated profits, for loss suffered by the limited liability company or another party as a result of the unauthorized act being enjoined.

7. An act of a manager or member in contravention of a restriction on authority shall not bind the limited liability company to persons having knowledge of the restriction.

92 Acts, ch 1151, § 36; 93 Acts, ch 39, § 25; 95 Acts, ch 138, §3, 4; 97 Acts, ch 188, § 61, 62; 2000 Acts, ch 1041, §1