

489.407 Management of limited liability company.

1. A limited liability company is a member-managed limited liability company unless the operating agreement does any of the following:

- a. Expressly provides that any of the following apply:
 - (1) The company is or will be “manager-managed”.
 - (2) The company is or will be “managed by managers”.
 - (3) Management of the company is or will be “vested in managers”.

b. Includes words of similar import.

2. In a member-managed limited liability company, all of the following rules apply:

a. The management and conduct of the company are vested in the members.
 b. Each member has equal rights in the management and conduct of the company’s activities.

c. A difference arising among members as to a matter in the ordinary course of the activities of the company may be decided by a majority of the members.

d. An act outside the ordinary course of the activities of the company, including selling, leasing, exchanging, or otherwise disposing of all, or substantially all, of the company’s property, with or without the goodwill, may be undertaken only with the consent of all members.

e. The operating agreement may be amended only with the consent of all members.

f. Approve a merger, conversion, or domestication under article 10.*

3. In a manager-managed limited liability company, all of the following rules apply:

a. Except as otherwise expressly provided in this chapter, any matter relating to the activities of the company is decided exclusively by the managers.

b. Each manager has equal rights in the management and conduct of the activities of the company.

c. A difference arising among managers as to a matter in the ordinary course of the activities of the company may be decided by a majority of the managers.

d. The consent of all members is required to do any of the following:

(1) Sell, lease, exchange, or otherwise dispose of all, or substantially all, of the company’s property, with or without the goodwill, outside the ordinary course of the company’s activities.

(2) Approve a merger, conversion, or domestication under article 10.

(3) Undertake any other act outside the ordinary course of the company’s activities.

(4) Amend the operating agreement.

e. A manager may be chosen at any time by the consent of a majority of the members and remains a manager until a successor has been chosen, unless the manager at an earlier time resigns, is removed, or dies, or, in the case of a manager that is not an individual, terminates. A manager may be removed at any time by the consent of a majority of the members without notice or cause.

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

g. A person’s ceasing to be a manager does not discharge any debt, obligation, or other liability to the limited liability company or members which the person incurred while a manager.

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

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

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

2008 Acts, ch 1162, §37, 155

[SP] *Description of approval process and any restrictions on the approval process probably intended; corrective legislation is pending