

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 limited liability company is or will be “manager-managed”.
 - (2) The limited liability company is or will be “managed by managers”.
 - (3) Management of the limited liability 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. Except as expressly provided in [this chapter](#), the management and conduct of the limited liability company are vested in the members.

b. Each member has equal rights in the management and conduct of the limited liability company’s activities and affairs.

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

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

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

(2) Undertake an act outside the ordinary course of the activities and affairs of the limited liability company.

(3) Approve a merger, interest exchange, conversion, or domestication under [subchapter X](#).

(4) Amend the operating agreement.

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

a. Except as expressly provided in [this chapter](#), any matter relating to the activities and affairs of the limited liability company is decided exclusively by the manager, or, if there is more than one manager, by a majority of the managers.

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

c. The affirmative vote or 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 limited liability company’s property, with or without goodwill, outside the ordinary course of the company’s activities.

(2) Undertake any other act outside the ordinary course of the limited liability company’s activities and affairs.

(3) Approve a merger, interest exchange, conversion, or domestication under [subchapter X](#).

(4) Amend the operating agreement.

d. A manager may be chosen at any time by the affirmative vote or 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 affirmative vote or consent of a majority of the members without notice or cause.

e. 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.

f. 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 vote or consent of members under [this chapter](#) may be taken without a meeting, and a member may appoint a proxy or other agent to vote, 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. A limited liability company shall reimburse a member for an advance to the company beyond the amount of capital the member agreed to contribute.

7. A payment or advance made by a member which gives rise to a limited liability company obligation under [subsection 6](#) or [section 489.408, subsection 1](#), constitutes a loan to the company which accrues interest from the date of the payment or advance.

8. A member is not entitled 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](#); [2019 Acts, ch 26, §54](#); [2023 Acts, ch 152, §41, 161](#)

Referred to in [§489.102](#), [489.408](#), [489.702](#)