

KIM REYNOLDS  
GOVERNOR

**OFFICE OF THE GOVERNOR**

ADAM GREGG  
LT GOVERNOR

June 1, 2023

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 655, an Act providing for business organizations, including limited liability companies, providing penalties, and including effective date provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds  
Governor of Iowa

cc: Secretary of the Senate  
Clerk of the House



House File 655

AN ACT  
PROVIDING FOR BUSINESS ORGANIZATIONS, INCLUDING LIMITED  
LIABILITY COMPANIES, PROVIDING PENALTIES, AND INCLUDING  
EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I  
LIMITED LIABILITY COMPANIES

Section 1. Section 489.101, Code 2023, is amended to read  
as follows:

**489.101 Short title.**

1. This chapter may be cited as the ~~"Revised Uniform~~  
"Uniform Limited Liability Company Act".

2. In addition, ~~article 14~~ subchapter XIV of this chapter  
may be cited as provided in section 489.14101.

Sec. 2. Section 489.102, Code 2023, is amended to read as  
follows:

**489.102 Definitions.**

As used in this chapter, unless the context otherwise  
requires:

1. *"Certificate of organization"* means the certificate required by section 489.201. The term includes the certificate as amended or restated.

~~2. *"Contribution"* means any benefit provided by a person to a limited liability company that is any of the following:~~

~~a. In order to become a member upon formation of the company and in accordance with an agreement between or among the persons that have agreed to become the initial members of the company.~~

~~b. In order to become a member after formation of the company and in accordance with an agreement between the person and the company.~~

~~c. In the person's capacity as a member and in accordance with the operating agreement or an agreement between the member and the company.~~

2. *"Contribution"*, except in the phrase *"right of contribution"*, means property or a benefit described in section 489.402 which is provided by a person to a limited liability company to become a member or in the person's capacity as a member.

3. *"Debtor in bankruptcy"* means a person that is the subject of any of the following:

a. An order for relief under Tit. 11 of the United States Code or a comparable order under a successor statute of general application.

b. A comparable order under federal, state, or foreign law governing insolvency.

4. *"Deliver"* or *"delivery"* means any method of delivery used in conventional commercial practice, including delivery ~~in person~~, by hand, mail, commercial delivery, and if authorized in accordance with section 489.120, by electronic transmission.

~~5. *"Distribution"*, except as otherwise provided in section 489.405, subsection 6, means a transfer of money or other property from a limited liability company to another a person on account of a transferable interest or in the person's capacity as a member.~~

a. *"Distribution"* includes all of the following:

(1) A redemption or other purchase by a limited liability company of a transferable interest.

(2) A transfer to a member in return for the member's relinquishment of any right to participate as a member in the management or conduct of the limited liability company's activities and affairs or to have access to records or other information concerning the company's activities and affairs.

b. "Distribution" does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

6. "Domestic cooperative" means an entity organized on a cooperative basis under chapter 497, 498, or 499, a cooperative organized under chapter 499A, or a cooperative organized under chapter 501 or 501A.

~~7. "Effective", with respect to a record required or permitted to be delivered to the secretary of state for filing under this chapter, means effective under section 489.205, subsection 3.~~

7. "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

8. "Electronic transmission" or "electronically transmitted" means any form or process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient. or another tangible medium that is all of the following:

a. Suitable for the retention, retrieval, and reproduction of information by the recipient.

b. Retrievable in paper form by the recipient through an automated process used in conventional commercial practice.

9. "Filing entity" means an unincorporated entity, other than a limited liability partnership, that is of a type that is created by filing a public organic record or is required to file a public organic record that evidences its creation.

~~9.~~ 10. "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state and denominated by that law as a limited liability company which would be a limited liability company if formed under the law of this state.

11. "Jurisdiction", used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

12. "Jurisdiction of formation" means the jurisdiction whose law governs the internal affairs of an entity.

~~10-~~ 13. "Limited liability company", except in the phrase "foreign limited liability company", and in subchapter X means an entity formed under this chapter or which becomes subject to this chapter under subchapter X or section 489.110.

~~11-~~ 14. "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in section 489.407, subsection 3.

~~12-~~ 15. "Manager-managed limited liability company" means a limited liability company that qualifies under section 489.407, subsection 1.

~~13-~~ 16. "Member" means a person that has become a member of a limited liability company under section 489.401 and has not dissociated under section 489.602. for whom all of the following are true:

a. The person has become a member of a limited liability company under section 489.401 or was a member in a limited liability company when the company became subject to this chapter under section 489.110.

b. The person is not dissociated under section 489.602.

~~14-~~ 17. "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.

18. "Nonfiling entity" means an unincorporated entity that is of a type that is not created by filing a public organic record.

~~15-~~ 19. "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, implied, in a record, implied, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in section 489.110, subsection 1. The term includes the agreement as amended or restated.

~~16.~~ 20. *"Organizer"* means a person that acts under section 489.201 to form a limited liability company.

~~17.~~ 21. a. *"Person"* means an individual, business corporation, business trust, estate, trust, nonprofit corporation, partnership, limited partnership, limited liability company, domestic cooperative, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

b. "Person" includes a protected series, however denominated, of an entity if the protected series is established under law that limits, or limits if conditions specified under law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.

~~18.~~ 22. *"Principal office"* means the principal executive office of a limited liability company or foreign limited liability company, whether or not the office is located in this state.

23. "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.

~~19.~~ 24. *"Record"*, used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

~~20. "Registered office" means the office that a limited liability company or foreign limited liability company is required to designate and maintain under section 489.113.~~

25. "Registered agent" means an agent of a limited liability company or foreign limited liability company which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the company.

26. "Registered foreign limited liability company" means a foreign limited liability company that is registered to do business in this state pursuant to a statement of registration filed by the secretary of state.

~~21.~~ 27. "Sign" means, with the present intent to authenticate or adopt a record, to do any of the following:

- a. Execute or adopt a tangible symbol.
- b. Attach to or logically associate with the record an electronic symbol, sound, or process.

~~22.~~ 28. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

~~23.~~ 29. "Transfer" includes ~~an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, gift, or transfer by operation of law.~~ any of the following:

- a. An assignment.
- b. A conveyance.
- c. A sale.
- d. A lease.
- e. An encumbrance, including a mortgage or security interest.
- f. A gift.
- g. A transfer by operation of law.

~~24.~~ 30. a. "Transferable interest" means the right, as originally associated with initially owned by a person in the person's capacity as a member, to receive distributions from a limited liability company, ~~in accordance with the operating agreement,~~ whether or not the person remains a member or continues to own any part of the right.

b. "Transferable interest" applies to any fraction of the interest, by whomever owned.

~~25.~~ 31. a. "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a member.

b. "Transferee" includes a person that owns a transferable interest under section 489.603, subsection 1, paragraph "c".

Sec. 3. Section 489.103, Code 2023, is amended to read as follows:

**489.103 Knowledge — notice.**

1. A person knows a fact ~~when~~ if the person has or is any of the following:

a. Has actual knowledge of it.

b. Is deemed to know it under subsection 4, paragraph "a", or law other than this chapter.

2. A person has notice of a fact ~~when~~ if the person has or is any of the following:

a. Has reason to know the fact from all ~~of~~ the facts known to the person at the time in question.

b. Is deemed to have notice of the fact under subsection 4, paragraph "b".

3. ~~A~~ Subject to section 489.210, subsection 6, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person ~~knows~~ to know the fact.

4. A person ~~that is~~ not a member is deemed ~~both~~ all of the following:

a. To know of a limitation on authority to transfer real property as provided in section 489.302, subsection 7.

b. To have notice of all of the following ~~regarding a limited liability company's~~:

(1) ~~Dissolution,~~ The limited liability company's dissolution, ninety days after a statement of dissolution under section 489.702, subsection 2, paragraph "b", subparagraph (1), becomes effective.

(2) ~~Termination,~~ The limited liability company's termination, ninety days after a statement of termination under section 489.702, subsection 2, paragraph "b", subparagraph (6), becomes effective.

(3) ~~Merger,~~ The limited liability company's participation in a merger, interest exchange, conversion, or domestication, ninety days after articles of merger, interest exchange, conversion, or domestication under ~~article 10~~ subchapter X become effective.

Sec. 4. Section 489.104, Code 2023, is amended to read as follows:

489.104 Nature, purpose, and duration of limited liability company.

1. A limited liability company is an entity distinct from its member or members.



2. A limited liability company may have any lawful purpose, regardless of whether for profit.

3. A limited liability company has perpetual duration.

Sec. 5. Section 489.105, Code 2023, is amended to read as follows:

**489.105 Powers.**

1. Except as otherwise provided in subsection 2, a limited liability company has the capacity to sue and be sued in its own name and the power to do all things necessary or convenient to carry on its activities and affairs.

2. Until a limited liability company has or has had at least one member, the limited liability company lacks the capacity to do any act or carry on any activity except all of the following:

a. Delivering to the secretary of state for filing a statement of change under section 489.114, an amendment to the certificate under section 489.202, a statement of correction under section 489.206, a biennial report under section 489.209, a statement of withdrawal or a statement of rescission under section 489.701A, or a statement of termination under section 489.702, subsection 2, paragraph "b", subparagraph (6).

b. Admitting a member under section 489.401.

c. Dissolving under section 489.701.

3. A limited liability company that has or has had at least one member may ratify an act or activity that occurred when the company lacked capacity under subsection 2.

Sec. 6. Section 489.106, Code 2023, is amended to read as follows:

**489.106 Governing law.**

The law of this state governs all of the following:

1. The internal affairs of a limited liability company.

2. The liability of a member as member and a manager as manager for ~~the debts, obligations,~~ a debt, obligation, or other ~~liabilities~~ liability of a limited liability company.

Sec. 7. Section 489.108, Code 2023, is amended to read as follows:

**489.108 Name Permitted names.**

1. The name of a limited liability company must contain the ~~words~~ phrase "limited liability company" or "limited

company" or the abbreviation "L. L. C.", "LLC", "L. C.", or "LC". "Limited" may be abbreviated as "Ltd.", and "company" may be abbreviated as "Co."

2. ~~Unless authorized by~~ Except as otherwise provided in subsection 3, the name of a limited liability company, and the name under which a foreign limited liability company may register to do business in this state, must be distinguishable in on the records of the secretary of state from all any of the following:

~~a. The name of each person that is not an individual and that is incorporated, organized, or authorized to transact business in this state.~~

~~b. Each name reserved under section 489.109.~~

a. The name of an existing person whose formation required the filing of a record by the secretary of state and which is not at the time administratively dissolved, or if such person has been administratively dissolved, within five years of the effective date of dissolution.

b. The name of a limited liability partnership whose statement of qualification is in effect.

c. The name under which a person is registered to do business in this state by the filing of a record by the secretary of state.

d. The name reserved under section 489.109 or other law of this state providing for the reservation of a name by the filing of a record by the secretary of state.

e. The name registered under section 489.114 or other law of this state providing for the registration of a name by the filing of a record by the secretary of state.

f. The name registered with the secretary of state as a fictitious name.

3. ~~A limited liability company may apply to the secretary of state for authorization to use a name that does not comply with subsection 2. The secretary of state shall authorize use of the name applied for if either of the following applies: If a person consents in a record to the use of its name and submits an undertaking in a form satisfactory to the secretary of state to change its name to a name that is distinguishable on the records of the secretary of state from any name in any category~~

of names in subsection 2, the name of the consenting person may be used by the person to which the consent was given.

~~a. The present user, registrant, or owner of the noncomplying name consents in a signed record to the use and submits an undertaking in a form satisfactory to the secretary of state to change the noncomplying name to a name that complies with subsection 2 and is distinguishable in the records of the secretary of state from the name applied for.~~

~~b. The applicant delivers to the secretary of state a certified copy of the final judgment of a court establishing the applicant's right to use in this state the name applied for.~~

4. ~~A limited liability company may use the name, including the fictitious name, of another entity that is used in this state if the other entity is formed under the law of this state or is authorized to transact business in this state and the proposed user limited liability company meets any of the following conditions:~~ In determining whether a name is the same as or not distinguishable on the records of the secretary of state from the name of another person, words, phrases, or abbreviations indicating a type of person, such as "corporation", "corp.", "incorporated", "Inc.", "professional corporation", "P.C.", "PC", "professional association", "P.A.", "PA", "Limited", "Ltd.", "limited partnership", "L.P.", "LP", "limited liability partnership", "L.L.P.", "LLP", "registered limited liability partnership", "R.L.L.P.", "RLLP", "limited liability limited partnership", "L.L.L.P.", "LLLP", "registered limited liability limited partnership", "R.L.L.L.P.", "RLLLP", "limited liability company", "L.L.C.", "LLC", "cooperative", "coop", or "CP" shall not be taken into account.

~~a. Has merged with the other entity.~~

~~b. Has been formed by reorganization of the other entity.~~

~~c. Has acquired all or substantially all of the assets, including the name, of the other entity.~~

5. ~~This article does not control the use of fictitious names. However, if a limited liability company uses a fictitious name in this state, it shall deliver to the secretary of state for filing a certified copy of the resolution of its members if it is member managed or its~~

~~managers if it is manager-managed, adopting the fictitious name.~~ The name of a limited liability company or foreign limited liability company shall not contain words that may be used only with approval by another state department or state agency unless the company obtains the approval of such other state department or agency and delivers to the secretary of state for filing a record certifying such approval.

~~6. Subject to section 489.805, this section applies to a foreign limited liability company transacting business in this state which has a certificate of authority to transact business in this state or which has applied for a certificate of authority.~~ A limited liability company or foreign limited liability company may use a name that is not distinguishable from a name described in subsection 2, paragraphs "a" through "f", if the company delivers to the secretary of state a certified copy of a final judgment of a court of competent jurisdiction establishing the right of the company to use the name in this state.

7. A limited liability company may use the name, including the fictitious name, of another entity that is used in this state if the other entity is formed under the law of this state or is authorized to transact business in this state and the proposed user limited liability company meets any of the following conditions:

- a. Has merged with the other entity.
- b. Has been formed by reorganization of the other entity.
- c. Has acquired all or substantially all of the assets, including the name, of the other entity.

8. This subchapter does not control the use of fictitious names. However, if a limited liability company uses a fictitious name in this state, it shall deliver to the secretary of state for filing a certified copy of the resolution of its members if it is member-managed or its managers if it is manager-managed, adopting the fictitious name.

Sec. 8. Section 489.109, Code 2023, is amended to read as follows:

**489.109 Reservation of name.**

1. A person may reserve the exclusive use of the a name

~~of a limited liability company, including a fictitious or assumed name for a foreign limited liability company whose name is not available, by delivering an application to the secretary of state for filing~~ that complies with section 489.112 by delivering an application to the secretary of state for filing. The application must state the name and address of the applicant and the name ~~proposed~~ to be reserved. If the secretary of state finds that the name ~~applied for~~ is available, ~~it must be reserved~~ the secretary of state shall reserve the name for the applicant's exclusive use for a one hundred and twenty day period ~~one hundred and twenty day period~~ one hundred and twenty days.

2. The owner of a reserved name ~~reserved for a limited liability company~~ may transfer the reservation to another person by delivering to the secretary of state ~~for filing~~ a signed notice in a record of the transfer which states the name and address of the ~~transferee~~ person to which the reservation is being transferred.

Sec. 9. Section 489.110, Code 2023, is amended to read as follows:

**489.110 Operating agreement — scope, function, and limitations.**

1. Except as otherwise provided in subsections ~~2~~ 3 and ~~3~~ 4, the operating agreement governs all of the following:

a. Relations among the members as members and between the members and the limited liability company.

b. The rights and duties under this chapter of a person in the capacity of manager.

c. The activities and affairs of the company and the conduct of those activities and affairs.

d. The means and conditions for amending the operating agreement.

2. To the extent the operating agreement does not ~~otherwise~~ provide for a matter described in subsection 1, this chapter governs the matter.

3. An operating agreement shall not do any of the following:

a. ~~Vary a limited liability company's capacity under section 489.105 to sue and be sued in its own name~~ the law applicable under section 489.104.

b. ~~Vary the law applicable under section 489.106~~ a limited

liability company's capacity under section 489.109 to sue and be sued in its own name.

~~c. Vary the power of the court under section 489.204.~~ any requirement, procedure, or other provision of this chapter pertaining to any of the following:

(1) Registered agents.

(2) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this chapter.

~~d. Subject to subsections 4 through 7, eliminate the duty of loyalty, the duty of care, or any other fiduciary duty~~ Vary the provisions of section 489.204.

~~e. Subject to subsections 4 through 7, eliminate the contractual obligation of good faith and fair dealing under section 489.409, subsection 4~~ Alter or eliminate the duty of loyalty or the duty of care, except as otherwise provided in subsection 4.

~~f. Unreasonably restrict the duties and rights stated in section 489.410~~ Eliminate the contractual obligation of good faith and fair dealing under section 489.409, subsection 4, but the operating agreement may prescribe the standards, if not manifestly unreasonable, by which the performance of the obligation is to be measured.

~~g. Vary the power of a court to decree dissolution in the circumstances specified in section 489.701, subsection 1, paragraphs "d" and "e"~~ Relieve or exonerate a person from liability for conduct except as provided in subsection 6.

~~h. Vary the requirement to wind up a limited liability company's business as specified in section 489.702, subsection 1, and section 489.702, subsection 2, paragraph "a"~~ Unreasonably restrict the duties and rights under section 489.410, but the operating agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use.

~~i. Unreasonably restrict the right of a member to maintain an action under article 9~~ Vary the causes of dissolution specified in section 489.701, subsection 1, paragraph "d".

~~j. Restrict the right to approve a merger, conversion, or domestication under section 489.1014 to a member that will have personal liability with respect to a surviving, converted, or domesticated organization~~ Vary the requirement to wind up the limited liability company's activities and affairs as specified in section 489.702, subsection 1; subsection 2, paragraph "a"; and subsection 5.

~~k. Except as otherwise provided in section 489.112, subsection 2, restrict the rights under this chapter of a person other than a member or manager~~ Unreasonably restrict the right of a member to maintain an action under subchapter VIII.

l. Vary the provisions of section 489.805A, but the operating agreement may provide that the limited liability company shall not have a special litigation committee.

m. Vary the right of a member to approve a merger, interest exchange, conversion, or domestication under section 489.1023, subsection 1, paragraph "b"; section 489.1033, subsection 1, paragraph "b"; section 489.1043, subsection 1, paragraph "b"; or section 489.1053, subsection 1, paragraph "b".

n. Vary the required contents of a plan of merger under section 489.1022, subsection 1; plan of interest exchange under section 489.1032, subsection 1; plan of conversion under section 489.1042, subsection 1; or plan of domestication under section 489.1052, subsection 1.

o. Except as otherwise provided in sections 489.111 and 489.112, subsection 2, restrict the rights under this chapter of a person other than a member or manager.

~~4. If not manifestly unreasonable, the operating agreement may do any of the following:~~ Subject to subsection 3, paragraph "g", without limiting other terms that may be included in an operating agreement, all the following rules apply:

a. Restrict or eliminate the duty to do any The operating agreement may do all of the following:

~~(1) As required in section 489.409, subsection 2, paragraph "a", and section 489.409, subsection 8, to account to the limited liability company and to hold as trustee for it any property, profit, or benefit derived by the member in the conduct or winding up of the company's business, from a use by the member of the company's property, or from the appropriation~~

~~of a limited liability company opportunity~~ Specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one or more disinterested and independent persons after full disclosure of all material facts.

~~(2) As required in section 489.409, subsection 2, paragraph "b", and section 489.409, subsection 8, to refrain from dealing with the company in the conduct or winding up of the company's business as or on behalf of a party having an interest adverse to the company~~ Alter the prohibition in section 489.405, subsection 1, paragraph "b", so that the prohibition requires only that the limited liability company's total assets not be less than the sum of its total liabilities.

~~(3) As required by section 489.409, subsection 2, paragraph "c", and section 489.409, subsection 8, to refrain from competing with the company in the conduct of the company's business before the dissolution of the company.~~

*b.* ~~Identify specific types or categories of activities that do not violate the duty of loyalty~~ To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of a responsibility that the member otherwise would have under this chapter and imposes the responsibility on one or more other members, the agreement also may eliminate or limit any fiduciary duty of the member relieved of the responsibility which would have pertained to the responsibility.

*c.* ~~Alter the duty of care, except to authorize intentional misconduct or knowing violation of law.~~ If not manifestly unreasonable, the operating agreement may do all of the following:

(1) Alter or eliminate the aspects of the duty of loyalty stated in section 489.409, subsections 2 and 9.

(2) Identify specific types or categories of activities that do not violate the duty of loyalty.

(3) Alter the duty of care, but may not authorize conduct involving bad faith, willful or intentional misconduct, or knowing violation of law.

(4) Alter or eliminate any other fiduciary duty.

~~*d.* Alter any other fiduciary duty, including eliminating~~



~~particular aspects of that duty.~~

~~e. Prescribe the standards by which to measure the performance of the contractual obligation of good faith and fair dealing under section 489.409, subsection 4.~~

~~5. The operating agreement may specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one or more disinterested and independent persons after full disclosure of all material facts~~ The court shall decide as a matter of law whether a term of an operating agreement is manifestly unreasonable under subsection 3, paragraph "f", or subsection 4, paragraph "c". All of the following shall apply:

a. The court shall make its determination as of the time the challenged term became part of the operating agreement and by considering only circumstances existing at that time.

b. The court may invalidate the term only if, in light of the purposes, activities, and affairs of the limited liability company, it is readily apparent that any of the following apply:

(1) The objective of the term is unreasonable.

(2) The term is an unreasonable means to achieve the term's objective.

~~6. To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of a responsibility that the member would otherwise have under this chapter and imposes the responsibility on one or more other members, the operating agreement may, to the benefit of the member that the operating agreement relieves of the responsibility, also eliminate or limit any fiduciary duty that would have pertained to the responsibility.~~

~~7.~~ 6. ~~The~~ An operating agreement may alter or eliminate the indemnification for a member or manager provided by section 489.408, subsection 1, and may eliminate or limit a member's or manager's liability to the limited liability company and members for money damages, except for any of the following:

a. A breach of the duty of loyalty.

b. A financial benefit received by the member or manager to which the member or manager is not entitled.

c. A breach of a duty under section 489.406.

d. Intentional infliction of harm on the company or a member.

e. An intentional violation of criminal law.

~~8. The court shall decide any claim under subsection 4 that a term of an operating agreement is manifestly unreasonable. All of the following apply:~~

~~a. The court shall make its determination as of the time the challenged term became part of the operating agreement and by considering only circumstances existing at that time.~~

~~b. The court may invalidate the term only if, in light of the purposes and activities of the limited liability company, it is readily apparent that any of the following applies:~~

~~(1) The objective of the term is unreasonable.~~

~~(2) The term is an unreasonable means to achieve the provision's objective.~~

Sec. 10. Section 489.111, Code 2023, is amended to read as follows:

**489.111 Operating agreement — effect on limited liability company and persons becoming members — preformation agreement.**

1. A limited liability company is bound by and may enforce the operating agreement, whether or not the company has itself manifested assent to the operating agreement.

2. A person that becomes a member of a limited liability company is deemed to assent to the operating agreement.

3. Two or more persons intending to become the initial members of a limited liability company may make an agreement providing that upon the formation of the company the agreement will become the operating agreement. One person intending to become the initial member of a ~~limited liability~~ company may assent to terms providing that upon the formation of the company the terms will become the operating agreement.

4. An operating agreement in a signed record that excludes modification or rescission except by a signed record cannot be otherwise modified or rescinded.

Sec. 11. Section 489.112, Code 2023, is amended to read as follows:

**489.112 Operating agreement — effect on third parties and relationship to records effective on behalf of limited liability company.**

1. An operating agreement may specify that its amendment requires the approval of a person that is not a party to the operating agreement or the satisfaction of a condition. An amendment is ineffective if its adoption does not include the required approval or satisfy the specified condition.

2. The obligations of a limited liability company and its members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement. Subject only to any a court order issued under section 489.503, subsection 2, paragraph "b", to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member is or is not effective as follows:

a. Is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member.

b. Is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.

3. If a record ~~that has been~~ delivered by a limited liability company to the secretary of state for filing ~~and has become~~ becomes effective ~~under this chapter~~ and contains a provision that would be ineffective under section 489.110, subsection 3 or subsection 4, paragraph "c", if contained in the operating agreement, the provision is ~~likewise~~ ineffective in the record.

4. Subject to subsection 3, if a record ~~that has been~~ delivered by a limited liability company to the secretary of state for filing ~~and has become~~ becomes effective ~~under this chapter~~ and conflicts with a provision of the operating agreement, all of the following rules apply:

a. The operating agreement prevails as to members, persons dissociated as members, transferees, and managers.

b. The record prevails as to other persons to the extent they reasonably rely on the record.

Sec. 12. Section 489.114, Code 2023, is amended to read as follows:

**489.114 Change of registered office or registered agent for**

service of process or address for registered agency by limited liability company.

1. A limited liability company or registered foreign limited liability company may change its registered office or its registered agent for service of process agent or the address of its registered agent by delivering to the secretary of state for filing a statement of change that ~~sets forth~~ states all of the following:

a. The name of the limited liability company or foreign limited liability company.

b. ~~If the current registered office is to be changed, the street and mailing addresses of the new registered office~~ The information that is to be in effect as a result of the filing of the statement of change.

c. ~~If the current registered agent is to be changed, the name of the new registered agent and the new agent's consent to the appointment. The agent's consent may be on the statement or attached to it.~~

d. ~~That after the change or changes are made, the street address of its registered office and the business office of its registered agent will be identical.~~

2. ~~If a registered agent changes the street address of the registered agent's business office, the registered agent may change the street address of the registered office of any limited liability company or foreign limited liability company for which the person is the registered agent by notifying the limited liability company or foreign limited liability company in writing of the change and signing, either manually or in facsimile, and delivering to the secretary of state for filing a statement that complies with the requirements of subsection 1 and recites that the limited liability company or foreign limited liability company has been notified of the change. The members or managers of a limited liability company need not approve the delivery to the secretary of state for filing of any of the following:~~

a. A statement of change under this section.

b. A similar filing changing the registered agent or registered office, if any, of the limited liability company in any other jurisdiction.

~~3. If a registered agent changes the registered agent's business address to another place, the registered agent may change the business address and the address of the registered agent by filing a statement as required by subsection 2 for each limited liability company or foreign limited liability company, or a single statement of all limited liability companies or all foreign limited liability companies named in the notice, except that it need be signed only by the registered agent and need not be responsive to subsection 1, paragraph "c", and must recite that a copy of the statement has been mailed to each limited liability company or foreign limited liability company named in the notice~~ A statement of change under this section designating a new registered agent is an affirmation of fact by the limited liability company or registered foreign limited liability company that the agent has consented to serve.

~~4. A limited liability company or foreign limited liability company may also change its registered office or registered agent in its biennial report as provided in section 489.209~~ As an alternative to using the procedure in this section, a limited liability company may amend its certificate of organization.

5. Subject to section 489.205, subsection 3, a statement of change is effective when filed by the secretary of state.

Sec. 13. NEW SECTION. 489.114A Registration of name.

1. A foreign limited liability company not registered to do business in this state under subchapter IX may register its name, or an alternate name adopted pursuant to section 489.906A, if the name is distinguishable on the records of the secretary of state from the names that are not available under section 489.108.

2. To register its name or an alternate name adopted pursuant to section 489.906A, a foreign limited liability company must deliver to the secretary of state for filing an application stating the company's name, the jurisdiction and date of its formation, and any alternate name adopted pursuant to section 489.906A. If the secretary of state finds that the name applied for is available, the secretary of state shall register the name for the applicant's exclusive use.

3. The registration of a name under this section is effective for one year after the date of registration.

4. A foreign limited liability company whose name registration is effective may renew the registration for successive one-year periods by delivering, not earlier than three months before the expiration of the registration, to the secretary of state for filing a renewal application that complies with this section. When filed, the renewal application renews the registration for a succeeding one-year period.

5. A foreign limited liability company whose name registration is effective may register as a foreign limited liability company under the registered name or consent in a signed record to the use of that name by another person that is not an individual.

Sec. 14. Section 489.115, Code 2023, is amended to read as follows:

**489.115 Resignation of registered agent ~~for service of process.~~**

1. A registered agent may resign ~~the agent's agency appointment by signing and~~ as an agent for a limited liability company or registered foreign limited liability company by delivering to the secretary of state for filing ~~the signed original~~ a statement of resignation. ~~The statement of resignation may include a statement that the registered office is also discontinued. The registered agent shall send a copy of the statement of resignation by certified mail, return receipt requested, to the limited liability company or foreign limited liability company at its principal office and to the registered office, if not discontinued. The registered agent shall certify to the secretary of state that the copies have been sent to the limited liability company or foreign limited liability company, including the date the copies were sent.~~ that states all of the following:

a. The name of the limited liability company or foreign limited liability company.

b. The name of the agent.

c. That the agent resigns from serving as registered agent for the limited liability company or foreign limited liability

company.

d. The address of the limited liability company or foreign limited liability company to which the agent will send the notice required by subsection 3.

2. A statement of resignation takes effect on the earlier of the following:

a. ~~12:01 a.m. on the~~ The thirty-first day after the day on which it is filed with the secretary of state.

b. The designation of a new registered agent for the limited liability company or registered foreign limited liability company.

3. A registered agent promptly shall furnish to the limited liability company or registered foreign limited liability company notice in a record of the date on which a statement of resignation was filed.

4. When a statement of resignation takes effect, the registered agent ceases to have responsibility under this chapter for any matter thereafter tendered to it as agent for the limited liability company or registered foreign limited liability company. The resignation does not affect any contractual rights the company or foreign company has against the agent or that the agent has against the company or foreign company.

5. A registered agent may resign with respect to a limited liability company or registered foreign limited liability company whether or not the company or foreign company is in good standing.

**Sec. 15. NEW SECTION. 489.115A Registered agent.**

1. Each limited liability company and each registered foreign limited liability company shall designate and maintain a registered agent in this state. The designation of a registered agent is an affirmation of fact by the limited liability company or registered foreign limited liability company that the agent has consented to serve.

2. A registered agent for a limited liability company or registered foreign limited liability company must have a place of business in this state.

3. The only duties under this chapter of a registered agent that has complied with this chapter are as follows:

a. To forward to the limited liability company or registered foreign limited liability company at the address most recently supplied to the agent by the limited liability company or registered foreign limited liability company any process, notice, or demand pertaining to the company or foreign company which is served on or received by the agent.

b. If the registered agent resigns, to provide the notice required by section 489.115, subsection 3, to the limited liability company or registered foreign limited liability company at the address most recently supplied to the agent by the limited liability company or registered foreign limited liability company.

c. To keep current the information with respect to the agent in the certificate of organization or foreign registration statement.

Sec. 16. Section 489.116, Code 2023, is amended to read as follows:

**489.116 Service of process, notice, or demand.**

1. A limited liability ~~company's~~ company or registered foreign limited liability company's registered agent is the company's agent for service of process, notice, or demand required or permitted by law to company may be served on the company with any process, notice, or demand required or permitted by law by serving its registered agent.

2. If a limited liability company or registered foreign limited liability company ~~has no~~ ceases to have a registered agent, or the if its registered agent cannot with reasonable diligence be served, the limited liability company or registered foreign limited liability company may be served by registered or certified mail, return receipt requested, or by similar commercial delivery service, addressed to the limited liability company or registered foreign limited liability company at its principal office. The address of the principal office must be as shown on the limited liability company's or registered foreign limited liability company's most recent biennial report filed with the secretary of state pursuant to section 489.209. Service is ~~perfected~~ effected under this subsection ~~at~~ on the earliest of any of the following:

a. The date the limited liability company or registered



foreign limited liability company receives the mail or delivery by the commercial delivery service.

b. The date shown on the return receipt, if signed ~~on behalf of~~ by the limited liability company or registered foreign limited liability company.

c. Five days after its deposit ~~in~~ with the United States mail, ~~as evidenced by the postmark, if mailed postpaid and postal service or with the commercial delivery service, if~~ correctly addressed and with sufficient postage or payment.

3. ~~A limited liability company or foreign limited liability company may be served pursuant to this section, as provided in another provision of this chapter, or as provided in sections 617.3 through 617.6, unless the manner of service is otherwise specifically provided for by another provision of law~~ If process, notice, or demand cannot be served on a limited liability company or registered foreign limited liability company pursuant to subsection 1 or 2, service may be made by handing a copy to the individual in charge of any regular place of business or activity of the limited liability company or registered foreign company if the individual served is not a plaintiff in the action.

4. Service of process, notice, or demand on a registered agent must be in a written record.

5. Service of process, notice, or demand may be made by other means under law other than this chapter, including as provided in sections 617.3 through 617.6 unless specifically provided for by another provision of law.

Sec. 17. Section 489.117, Code 2023, is amended to read as follows:

**489.117 Fees.**

1. The secretary of state shall collect the following fees when documents described in this subsection are delivered to the secretary's office for filing:

- a. Statement of rescission ..... No fee
- b. Statement of withdrawal ..... No fee
- c. Certificate of organization ..... \$ 50
- d. Application for use of indistinguishable name ..... \$ 10
- e. Application for reserved name ..... \$ 10

<i>f.</i> Notice of transfer of reserved name .....	\$ 10
<i>g.</i> Statement of change of registered agent or registered office or both .....	No fee
<i>h.</i> Registered agent's statement of change of <del>registered office</del> for each affected limited liability company .....	No fee
<i>i.</i> Registered agent's statement of resignation .....	No fee
<i>j.</i> Amendment to certificate of organization .....	\$ 50
<i>k.</i> Restatement of certificate of organization with amendment of certificate .....	\$ 50
<i>l.</i> Articles of merger .....	\$ 50
<i>m.</i> Statement of dissolution .....	\$ 5
<i>n.</i> Declaration of administrative dissolution .....	No fee
<i>o.</i> Application for reinstatement following administrative dissolution .....	\$ 5
<i>p.</i> Certificate of reinstatement .....	No fee
<i>q.</i> Application for certificate of <u>authority registration</u> .....	\$100
<i>r.</i> Application for amended certificate of <u>authority registration</u> .....	\$100
<i>s.</i> Statement of cancellation .....	\$ 10
<i>t.</i> Certificate of revocation of authority to transact business .....	No fee
<i>u.</i> Statement of correction .....	\$ 5
<i>v.</i> Application for certificate of existence or <u>authorization registration</u> .....	\$ 5
<i>w.</i> Any other document required or permitted to be filed by this chapter .....	\$ 5

2. The secretary of state shall collect a fee of five dollars each time process is served on the secretary under this chapter. The party to a proceeding causing service of process is entitled to recover this fee as costs if the party prevails in the proceeding.

3. The secretary of state shall collect the following fees for copying and certifying the copy of any filed document

relating to a ~~domestic~~ limited liability company or foreign limited liability company as follows:

- a. One dollar a page for copying.
- b. Five dollars for the certificate.

4. The secretary of state may impose, assess, and collect a filing fee as a condition to accepting a biennial report as provided in section 489.209.

Sec. 18. NEW SECTION. 489.118 Change of name or address by registered agent.

1. If a registered agent changes its name or address, the agent may deliver to the secretary of state for filing a statement of change that states all of the following:

- a. The name of the limited liability company or registered foreign limited liability company represented by the registered agent.

- b. The name of the agent as currently shown in the records of the secretary of state for the limited liability company or registered foreign limited liability company.

- c. If the name of the agent has changed, its new name.

- d. If the address of the agent has changed, its new address.

2. A registered agent promptly shall furnish notice to the represented limited liability company or registered foreign limited liability company of the filing by the secretary of state of the statement of change and the changes made by the statement.

Sec. 19. NEW SECTION. 489.120 Delivery of record.

1. Except as otherwise provided in this chapter, permissible means of delivery of a record include delivery by hand, mail, conventional commercial practice, and electronic transmission.

2. Delivery to the secretary of state is effective only when a record is received by the secretary of state.

Sec. 20. NEW SECTION. 489.121 Reservation of power to amend or repeal.

The general assembly has power to amend or repeal all or part of this chapter at any time, and all limited liability companies and foreign limited liability companies subject to this chapter are governed by the amendment or repeal.

Sec. 21. Section 489.201, Code 2023, is amended to read as

follows:

**489.201 Formation of limited liability company — certificate of organization.**

1. One or more persons may act as organizers to form a limited liability company by ~~signing and~~ delivering to the secretary of state for filing a certificate of organization.

2. A certificate of organization must state all of the following:

*a.* The name of the limited liability company, which must comply with section 489.108.

*b.* ~~The street address and mailing addresses of the initial registered office and the name of the initial registered agent for service of process on the company~~ limited liability company's principal office.

*c.* The name and street and mailing addresses in this state of the limited liability company's registered agent.

3. ~~Subject to section 489.112, subsection 3, a~~ A certificate of organization may also contain statements as to matters other than those required by subsection 2, but shall not vary or otherwise affect the provisions specified in section 489.110, subsections 3 and 4, in a manner inconsistent with that section. However, a statement in a certificate of organization is not effective as a statement of authority.

4. A limited liability company is formed when the ~~secretary of state has filed the certificate of organization, unless the certificate states a delayed becomes effective date pursuant to section 489.205, subsection 3. If the certificate states a delayed effective date, a limited liability company is not formed if, before the certificate takes effect, a statement of cancellation is signed and delivered to the secretary of state for filing and the secretary of state files the certificate.~~

5. ~~Subject to any delayed effective date and except in a proceeding by this state to dissolve a limited liability company, the filing of the certificate of organization by the secretary of state is conclusive proof that the organizer satisfied all conditions to the formation of a limited liability company.~~

Sec. 22. Section 489.202, Code 2023, is amended to read as follows:

**489.202 Amendment or restatement of certificate of organization.**

1. A certificate of organization may be amended or restated at any time.

2. To amend its certificate of organization, a limited liability company must deliver to the secretary of state for filing an amendment stating all of the following:

a. The name of the limited liability company.  
b. The date of filing of its initial certificate of organization.

c. ~~The changes the amendment makes to the certificate as most recently amended or restated~~ text of the amendment.

3. To restate its certificate of organization, a limited liability company must deliver to the secretary of state for filing a restatement, designated as such in its heading, stating and setting forth all of the following:

a. ~~In the heading or an introductory paragraph, the company's present name and the date of the filing of the company's initial certificate of organization~~ The name of the limited liability company.

b. ~~If the company's name has been changed at any time since the company's formation, each of the company's former names~~ The text of the restated certificate of organization.

c. ~~The changes the restatement makes to the certificate as most recently amended or restated~~ A statement that the restated certificate consolidates all amendments into a single document.

d. If a new amendment is included in the restated certificate of organization, the statements required under subsection 2 with respect to the new amendment if not otherwise provided.

4. ~~Subject to section 489.112, subsection 3, and section 489.205, subsection 3, an amendment to or restatement of a certificate of organization is effective when filed by the secretary of state.~~ If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate of organization was filed or has become inaccurate due to changed circumstances, the member or manager shall promptly do

any of the following:

a. Cause the certificate of organization to be amended.

b. If appropriate, deliver to the secretary of state for filing a statement of change under section 489.114 or a statement of correction under section 489.206.

~~5. If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate was filed or has become inaccurate owing to changed circumstances, the member or manager shall promptly do any of the following:~~

~~a. Cause the certificate to be amended.~~

~~b. If appropriate, deliver to the secretary of state for filing a statement of change under section 489.114 or a statement of correction under section 489.206.~~

Sec. 23. Section 489.203, Code 2023, is amended to read as follows:

**489.203 Signing of records to be delivered for filing to secretary of state.**

1. A record delivered to the secretary of state for filing pursuant to this chapter must be signed as follows:

a. Except as otherwise provided in paragraphs "b" and "c", a record signed ~~on behalf of~~ by a limited liability company must be signed by a person authorized by the company.

b. A limited liability company's initial certificate of organization must be signed by at least one person acting as an organizer.

c. A record ~~filed~~ delivered on behalf of a dissolved limited liability company that ~~does not have or has not had at least one has no member~~ must be signed by ~~an organizer~~ the person winding up the company's activities and affairs under section 489.702, subsection 3, or a person appointed under section 489.702, subsection 4, to wind up the activities and affairs.

~~d. A record filed on behalf of a dissolved limited liability company that has no members must be signed by the person winding up the company's activities under section 489.702, subsection 3, or a person appointed under section 489.702, subsection 4, to wind up those activities~~ A statement of denial by a person under section 489.303 must be signed by that

person.

~~e. A statement of cancellation under section 489.201, subsection 4, must be signed by each organizer that signed the initial certificate of organization, but a personal representative of a deceased or incompetent organizer may sign in the place of the decedent or incompetent~~ Any other record delivered on behalf of a person to the secretary of state for filing must be signed by that person.

~~f. A statement of denial by a person under section 489.303 must be signed by that person.~~

~~g. Any other record must be signed by the person on whose behalf the record is delivered to the secretary of state.~~

2. Any A record filed delivered for filing under this chapter may be signed by an agent. Whenever this chapter requires a particular individual to sign a record and the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.

3. A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

Sec. 24. Section 489.204, Code 2023, is amended to read as follows:

**489.204 Signing and filing pursuant to judicial order.**

1. If a person required by this chapter to sign a record or deliver a record to the secretary of state for filing under this chapter does not do so, any other person that is aggrieved may petition the district court to order one or more of the following:

a. The person to sign the record.

b. The person to deliver the record to the secretary of state for filing.

c. The secretary of state to file the record unsigned.

2. If a petitioner under subsection 1 is not the limited liability company or foreign limited liability company to which the record pertains, the petitioner shall make the limited liability company or foreign limited liability company a party to the action.

3. ~~If a district court orders an unsigned record to be delivered to the secretary of state, the secretary of state~~

~~shall file the record and the court order upon receipt~~ A record filed under subsection 1, paragraph "c", is effective without being signed.

Sec. 25. Section 489.205, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.205 Liability for inaccurate information in filed records.**

1. If a record delivered to the secretary of state for filing under this chapter and filed by the secretary of state contains inaccurate information, a person that suffers loss by reliance on the information may recover damages for the loss from all of the following:

a. A person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be inaccurate at the time the record was signed.

b. Subject to subsection 2, a member of a member-managed limited liability company or a manager of a manager-managed limited liability company if all of the following apply:

(1) The record was delivered for filing on behalf of the limited liability company.

(2) The member or manager knew or had notice of the inaccuracy for a reasonably sufficient time before the information was relied upon so that, before the reliance, the member or manager reasonably could have done any of the following:

(a) Effected an amendment under section 489.202.

(b) Filed a petition under section 489.204.

(c) Delivered to the secretary of state for filing a statement of change under section 489.114 or a statement of correction under section 489.206.

2. To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of responsibility for maintaining the accuracy of information contained in records delivered on behalf of the limited liability company to the secretary of state for filing under this chapter and imposes that responsibility on one or more other members, the liability stated in subsection 1, paragraph "b", applies to those other members and not to the member that the operating agreement relieves of the responsibility.



3. A person commits a serious misdemeanor if that person signs a record the person knows is false in any material respect with intent that the record be delivered to the secretary of state for filing.

Sec. 26. Section 489.206, Code 2023, is amended to read as follows:

**489.206 Correcting filed record.**

~~1. A limited liability company or foreign limited liability company may deliver to the secretary of state for filing a statement of correction to correct a record previously delivered by the company to the secretary of state and filed by the secretary of state, if at the time of filing the record contained inaccurate information or was defectively signed. A person on whose behalf a filed record was delivered to the secretary of state for filing may correct the record if any of the following apply:~~

~~a. The record at the time of filing was inaccurate.~~

~~b. The record was defectively signed.~~

~~c. The electronic transmission of the record to the secretary of state was defective.~~

~~2. A statement of correction under subsection 1 shall not have a delayed effective date and must do all of the following: To correct a filed record, a person on whose behalf the record was delivered to the secretary of state must deliver to the secretary of state for filing a statement of correction.~~

~~a. Describe the record to be corrected, including its filing date, or attach a copy of the record as filed.~~

~~b. Specify the inaccurate information and the reason it is inaccurate or the manner in which the signing was defective.~~

~~c. Correct the defective signature or inaccurate information.~~

~~3. When filed by the secretary of state, a statement of correction under subsection 1 is effective retroactively as of the effective date of the record the statement corrects, but the statement is effective when filed as to A statement of correction shall comply with all of the following:~~

~~a. For the purposes of section 489.103, subsection 4 It must not state a delayed effective date.~~

~~b. As to persons that previously relied on the uncorrected~~

~~record and would be adversely affected by the retroactive effect~~ It must be signed by the person correcting the filed record.

c. It must describe the record to be corrected including its filing date or attach a copy of the record as filed.

d. It must specify the inaccuracy or defect to be corrected.

e. It must correct the inaccuracy or defect.

4. A statement of correction is effective as of the effective date of the filed record that it corrects except for purposes of section 489.103, subsection 4, and as to persons relying on the uncorrected filed record and adversely affected by the correction. For those purposes and as to those persons, the statement of correction is effective when filed.

Sec. 27. NEW SECTION. 489.206A Filing requirements.

1. To be filed by the secretary of state pursuant to this chapter, a record must be captioned to describe the record's purpose, must be received by the secretary of state, must comply with this chapter, and must satisfy all of the following:

a. The filing of the record must be required or permitted by this chapter.

b. The record must be physically delivered in written form unless and to the extent the secretary of state permits electronic delivery of records.

c. The words in the record must be in English, and numbers must be in Arabic or Roman numerals, but the name of an entity need not be in English if written in English letters or Arabic or Roman numerals.

d. The record must be signed by a person authorized or required under this chapter to sign the record.

e. The record must state the name and capacity, if any, of each individual who signed it, either on behalf of the individual or the person authorized or required to sign the record, but need not contain a seal, attestation, acknowledgment, or verification.

2. If law other than this chapter prohibits the disclosure by the secretary of state of information contained in a record delivered to the secretary of state for filing, the secretary of state shall file the record if the record otherwise complies

with this chapter but may redact the information.

3. When a record is delivered to the secretary of state for filing, any fee required under this chapter and any fee, tax, interest, or penalty required to be paid under this chapter or law other than this chapter must be paid in a manner permitted by the secretary of state or by that law.

4. The secretary of state may require that a record delivered in written form be accompanied by an identical or conformed copy.

5. The secretary of state may provide forms for filings required or permitted to be made by this chapter, but, except as otherwise provided in subsection 6, their use is not required.

6. The secretary of state may prescribe, and furnish on request and require any of the following forms:

- a. A cover sheet for a filing.
- b. An application for a certificate of existence or certificate of registration.
- c. A foreign corporation's registration statement.
- d. A foreign corporation's statement of withdrawal.
- e. A foreign corporation's transfer of registration statement.

f. The biennial report required by section 489.209.

7. Upon request and payment of the requisite fee, the secretary of state shall send the requester a certified copy of a requested record.

Sec. 28. Section 489.207, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.207 Effective date and time.**

Except as otherwise provided in section 489.115 and section 489.208A and subject to section 489.206, subsection 4, a record filed under this chapter is effective as follows:

1. On the date and at the time of its filing by the secretary of state, as provided in section 489.210, subsection 2.

2. On the date of filing and at the time specified in the record as its effective time, if later than the time under subsection 1.

3. At a specified delayed effective date and time, which may

not be more than ninety days after the date of filing.

4. If a delayed effective date is specified, but no time is specified, at 12:01 a.m. on the date specified, which shall not be more than ninety days after the date of filing.

Sec. 29. Section 489.208, Code 2023, is amended to read as follows:

**489.208 Certificate of existence or ~~authorization~~ registration.**

1. ~~Any person may apply to~~ On request of any person, the secretary of state ~~to be furnished~~ shall issue a certificate of existence for a ~~domestic~~ limited liability company or a certificate of ~~authorization~~ registration for a registered foreign limited liability company.

2. A certificate of existence or certificate of ~~authorization~~ registration under subsection 1 must ~~set forth~~ state all of the following:

a. The ~~domestic~~ limited liability company's name or the registered foreign limited liability company's name used in this state.

b. ~~One~~ In the case of a limited liability company, all of the following:

(1) ~~If it is a domestic limited liability company, that the company is duly formed under the laws of this state, the date of its formation, and the period of its duration~~ That a certificate of organization has been filed and has taken effect.

(2) ~~If it is a foreign limited liability company, that the company is authorized to transact business in this state~~ The date the certificate became effective.

(3) The period of the limited liability company's duration if the records of the secretary of state reflect that its period of duration is less than perpetual.

(4) That all of the following apply:

(a) No statement of dissolution, statement of administrative dissolution, or statement of termination has been filed.

(b) The records of the secretary of state do not otherwise reflect that the limited liability company has been dissolved or terminated.

(c) A proceeding is not pending under section 489.705.

~~c. That all fees, taxes, and penalties due under this chapter or other law to the secretary of state have been paid~~  
In the case of a registered foreign limited liability company, that it is registered to do business in this state.

~~d. That the company's most recent biennial report required by this chapter has been filed by the secretary of state~~  
That all fees, taxes, interest, and penalties owed to this state by the limited liability company or foreign limited liability company and collected through the secretary of state have been paid, if all of the following apply:

(1) Payment is reflected in the records of the secretary of state.

(2) Nonpayment affects the good standing or registration of the limited liability company or foreign limited liability company.

~~e. If it is a domestic limited liability company, that a statement of dissolution or statement of termination has not been filed~~  
That the most recent biennial report required by section 489.209 has been delivered to the secretary of state for filing.

~~f. Other facts of record in the office~~  
reflected in the records of the secretary of state that may be requested by the applicant pertaining to the limited liability company or foreign limited liability company which the person requesting the certificate reasonably requests.

3. Subject to any qualification stated in the certificate, a certificate ~~of existence or certificate of authorization~~ issued by the secretary of state ~~is~~ under subsection 1 may be relied on as conclusive evidence that the domestic limited liability company is in existence or the foreign limited liability company is authorized to transact business in this state of the facts stated in the certificate.

Sec. 30. NEW SECTION. 489.208A Withdrawal of filed record before effectiveness.

1. Except as otherwise provided in sections 489.1024, 489.1034, 489.1044, and 489.1054, a record delivered to the secretary of state for filing may be withdrawn before it takes effect by delivering to the secretary of state for filing a

statement of withdrawal.

2. A statement of withdrawal must comply with all of the following:

a. Be signed by each person that signed the record being withdrawn, except as otherwise agreed by those persons.

b. Identify the record to be withdrawn.

c. If signed by fewer than all the persons that signed the record being withdrawn, state that the record is withdrawn in accordance with the agreement of all the persons that signed the record.

3. On filing by the secretary of state of a statement of withdrawal, the action or transaction evidenced by the original record does not take effect.

Sec. 31. Section 489.209, Code 2023, is amended to read as follows:

**489.209 Biennial report for secretary of state.**

1. A limited liability company or a foreign limited liability company ~~authorized~~ registered to ~~transact~~ do business in this state shall deliver to the secretary of state for filing a biennial report that states all of the following:

a. The name of the company.

b. The street address of the company's registered office, the name of its registered agent at that office, and the consent of any new registered agent.

c. The street address of its principal office.

d. In the case of a foreign limited liability company, the state or other jurisdiction under whose law the foreign company is formed and any alternate name adopted under section 489.805, subsection 1.

2. Information in a biennial report under this section must be current as of the date the report is delivered to the secretary of state for filing. The report shall be executed on behalf of the limited liability company or foreign limited liability company and signed as provided in section 489.203.

3. The first biennial report ~~under this section~~ in this state must be delivered to the secretary of state between January 1 and April 1 of the first odd-numbered year following the calendar year in which a limited liability company was formed or a foreign limited liability company was ~~authorized~~

registered to ~~transact~~ do business. A subsequent biennial report must be delivered to the secretary of state between January 1 and April 1 of each following odd-numbered calendar year. A filing fee for the biennial report shall be determined by the secretary of state pursuant to section 489.117. Each biennial report shall contain information related to the two-year period immediately preceding the calendar year in which the report is filed.

4. If a biennial report does not contain the information required in this section, the secretary of state shall promptly notify the reporting limited liability company or foreign limited liability company in writing and return the report to it for correction.

5. The secretary of state may provide for the change of registered office or registered agent on the form prescribed by the secretary of state for the biennial report, provided that the form contains the information required in section 489.114. If the secretary of state determines that a biennial report does not contain the information required in this section but otherwise meets the requirements of section 489.114 for the purpose of changing the registered office or registered agent, the secretary of state shall file the statement of change for the registered office or registered agent, effective as provided in section ~~489.205~~ 489.207, subsection 3, before returning the biennial report to the limited liability company as provided in this section. A statement of change of registered office or registered agent accomplished pursuant to this subsection shall be executed by a person authorized to execute the biennial report.

Sec. 32. NEW SECTION. 489.210 Duty of secretary of state to file — review of refusal to file — delivery of record by secretary of state.

1. The secretary of state shall file a record delivered to the secretary of state for filing which satisfies this chapter. The duty of the secretary of state under this section is ministerial.

2. When the secretary of state files a record, the secretary of state shall record it as filed on the date and at the time of its delivery. After filing a record, the secretary of state

shall deliver to the person that submitted the record a copy of the record with an acknowledgment of the date and time of filing and, in the case of a statement of denial, also to the limited liability company to which the statement pertains.

3. If the secretary of state refuses to file a record, the secretary of state shall, not later than fifteen business days after the record is delivered, do all of the following:

a. Return the record or notify the person that submitted the record of the refusal.

b. Provide a brief explanation in a record of the reason for the refusal.

4. If the secretary of state refuses to file a record, the person that submitted the record may petition the district court of Polk county to compel filing of the record. The record and the explanation of the secretary of state of the refusal to file must be attached to the petition. The court may decide the matter in a summary proceeding. If the court orders the record to be filed, the court may order it filed with an effective date that is the date on which it was submitted to the secretary of state for filing.

5. The filing of or refusal to file a record does not do any of the following:

a. Affect the validity or invalidity of the record in whole or in part.

b. Create a presumption that the information contained in the record is correct or incorrect.

6. Except as otherwise provided by section 489.116 or by law other than this chapter, the secretary of state may deliver any record to a person by delivering it by any of the following:

a. In person to the person that submitted it.

b. To the address of the person's registered agent.

c. To the principal office of the person.

d. To another address the person provides to the secretary of state for delivery.

Sec. 33. Section 489.302, Code 2023, is amended to read as follows:

**489.302 Statement of limited liability company authority.**

1. A limited liability company may deliver to the secretary of state for filing a statement of authority. All of the



following apply to the statement:

a. It must include the name of the limited liability company and the name and street address and mailing addresses of its principal office registered agent.

b. With respect to any position that exists in or with respect to the limited liability company, it may state the authority, or limitations on the authority, of all persons holding the position to do any of the following:

(1) Execute Sign an instrument transferring real property held in the name of the limited liability company.

(2) Enter into other transactions on behalf of, or otherwise act for or bind, the limited liability company.

c. It may state the authority, or limitations on the authority, of a specific person to do any of the following:

(1) Execute Sign an instrument transferring real property held in the name of the limited liability company.

(2) Enter into other transactions on behalf of, or otherwise act for or bind, the limited liability company.

2. To amend or cancel a statement of authority filed by the secretary of state ~~under section 489.205, subsection 1,~~ a limited liability company must deliver to the secretary of state for filing an amendment or cancellation stating all of the following:

a. The name of the limited liability company.

b. The name and street address and mailing addresses of the limited liability company's principal office registered agent.

c. ~~The caption of the statement being amended or canceled and the date the statement being affected became effective.~~

d. The contents of the amendment or a declaration that the statement ~~being affected~~ is canceled.

3. A statement of authority affects only the power of a person to bind a limited liability company to persons that are not members.

4. Subject to subsection 3 and section 489.103, subsection 4, and except as otherwise provided in subsections 6, 7, and 8, a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation ~~by any person~~.

5. Subject to subsection 3, a grant of authority not pertaining to a transfer of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that when the person gives value, any of the following applies:

- a. The person has knowledge to the contrary.
- b. The statement has been canceled or restrictively amended under subsection 2.
- c. A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

6. Subject to subsection 3, an effective statement of authority that grants authority to transfer real property held in the name of the limited liability company ~~and that, a certified copy of which statement is recorded by certified copy~~ in the office for recording transfers of the real property, is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value, any of the following applies:

- a. The statement has been canceled or restrictively amended under subsection 2 and a certified copy of the cancellation or restrictive amendment has been recorded in the office for recording transfers of the real property.
- b. A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective, and a certified copy of the later-effective statement is recorded in the office for recording transfers of the real property.

7. Subject to subsection 3, if a certified copy of an effective statement containing a limitation on the authority to transfer real property held in the name of a limited liability company is recorded in the office for recording transfers of that real property, all persons are deemed to know of the limitation.

8. Subject to subsection 9, an effective statement of dissolution or a statement of termination is a cancellation of any filed statement of authority for the purposes of

subsection 6 and is a limitation on authority for the purposes of subsection 7.

9. After a statement of dissolution becomes effective, a limited liability company may deliver to the secretary of state for filing and, if appropriate, the secretary of state may record a statement of authority that is designated as a post-dissolution statement of authority. The statement operates as provided in subsections 6 and 7.

10. A statement of authority filed by the secretary of state under section ~~489.205~~ 489.207, subsection 1, is effective until amended or canceled as provided in subsection 2, unless an earlier cancellation date is specified in the statement.

11. An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for the purposes of subsection 6, paragraph "a".

Sec. 34. Section 489.304, Code 2023, is amended to read as follows:

**489.304 Liability of members and managers.**

1. ~~For debts, obligations, or other liabilities~~ A debt, obligation, or other liability of a limited liability company, whether arising in contract, tort, or otherwise all of the following apply: is solely the debt, obligation, or other liability of the company. A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the company solely by reason of being or acting as a member or manager. This subsection applies regardless of the dissolution of the company.

~~a. They are solely the debts, obligations, or other liabilities of the company.~~

~~b. They do not become the debts, obligations, or other liabilities of a member or manager solely by reason of the member acting as a member or manager acting as a manager.~~

2. The failure of a limited liability company to observe any particular formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on ~~the members~~ a member or ~~managers~~ manager for ~~the debts, obligations,~~ a debt, obligation, or other ~~liabilities~~ liability of the company.

Sec. 35. Section 489.401, Code 2023, is amended to read as follows:

**489.401 Becoming member.**

1. If a limited liability company is to have only one member upon formation, ~~a the person becomes the a member~~ as agreed by that person and the organizer of the company ~~or a majority of organizers if more than one~~. That person and the organizer may be, but need not be, different persons. If different, the organizer acts on behalf of the initial member.

2. If a limited liability company is to have more than one member upon formation, those persons become members as agreed by the persons before the formation of the company. The organizer acts on behalf of the persons in forming the company and may be, but need not be, one of the persons.

~~3. If a limited liability company has no members upon formation, a person becomes a member of the limited liability company with the consent of the organizer or a majority of the organizers if more than one. The organizers may consent to more than one person simultaneously becoming the company's initial members~~ After formation of a limited liability company, a person becomes a member according to any of the following:

- a. As provided in the operating agreement.
- b. As the result of a transaction effective under subchapter X.
- c. With the affirmative vote or consent of all the members.
- d. As provided in section 489.701, subsection 1, paragraph "c".

~~4. After formation of a limited liability company, a person becomes a member upon~~ A person may become a member without any of the following:

- ~~a. As provided in the operating agreement~~ Acquiring a transferable interest.
- ~~b. As the result of a transaction effective under article 10~~ Making or being obligated to make a contribution to the limited liability company.
- ~~c. With the consent of all the members.~~
- ~~d. If, within ninety consecutive days after the company ceases to have any members, all of the following occur:~~
  - ~~(1) The last person to have been a member, or the legal~~

~~representative of that person, designates a person to become a member.~~

~~(2) The designated person consents to become a member.~~

~~5. A person may become a member without acquiring a transferable interest and without making or being obligated to make a contribution to the limited liability company.~~

Sec. 36. Section 489.402, Code 2023, is amended to read as follows:

**489.402 Form of contribution.**

A contribution may consist of ~~tangible or intangible property or other benefit to a limited liability company, including money, services performed, promissory notes, other agreements to contribute money or property, and contracts for services to be performed~~ property transferred to, services performed for, or another benefit provided to the limited liability company or an agreement to transfer property to, perform services for, or provide another benefit to the company.

Sec. 37. Section 489.403, Code 2023, is amended to read as follows:

**489.403 Liability for contributions.**

1. A person's obligation to make a contribution to a limited liability company is not excused by the person's death, disability, termination, or other inability to perform personally. ~~If a person does not make a required contribution, the person or the person's estate is obligated to contribute money equal to the value of the part of the contribution which has not been made, at the option of the company.~~

2. ~~A creditor of a limited liability company which extends credit or otherwise acts in reliance on an obligation described in subsection 1 may enforce the obligation~~ If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited liability company to contribute money equal to the value of the part of the contribution which has not been made.

3. ~~An operating agreement may provide that the interest of any member who fails to make a contribution that the member is obligated to make is subject to specified penalties for, or specified consequences of, such failure. The penalty or~~

~~consequence may take the form of reducing or eliminating the defaulting member's proportionate interest in a limited liability company, subordinating the member's interest to that of a nondefaulting member, a forced sale of the member's interest, forfeiture of the member's interest, the lending by other members of the amount necessary to meet the member's commitment, a fixing of the value of the member's interest by appraisal or by formula and redemption, or sale of the member's interest at such value or other penalty or consequence~~  
The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all the members. If a creditor of a limited liability company extends credit or otherwise acts in reliance on an obligation described in subsection 1 without knowledge or notice of a compromise under this subsection, the creditor may enforce the obligation.

4. An operating agreement may provide that the interest of any member who fails to make a contribution that the member is obligated to make is subject to specified penalties for, or specified consequences of, such failure. The penalty or consequence may take the form of reducing or eliminating the defaulting member's proportionate interest in a limited liability company, subordinating the member's interest to that of a nondefaulting member, a forced sale of the member's interest, forfeiture of the member's interest, the lending by other members of the amount necessary to meet the member's commitment, a fixing of the value of the member's interest by appraisal or by formula and redemption, or sale of the member's interest at such value or other penalty or consequence.

Sec. 38. Section 489.404, Code 2023, is amended to read as follows:

**489.404 Sharing of and right to distributions before dissolution.**

1. Any ~~distributions~~ distribution made by a limited liability company before its dissolution and winding up must be in equal shares among members and persons dissociated as members, except to the extent necessary to comply with any a transfer effective under section 489.502 and any charging order in effect under section 489.503.

2. A person has a right to a distribution before the

dissolution and winding up of a limited liability company only if the limited liability company decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.

3. A person does not have a right to demand or receive a distribution from a limited liability company in any form other than money. Except as otherwise provided in section 489.708, subsection ~~3~~ 4, a limited liability company may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

4. If a member or transferee becomes entitled to receive a distribution, the member or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited liability company with respect to the distribution. However, the company's obligation to make a distribution is subject to offset for any amount owed to the company by the member or a person dissociated as a member on whose account the distribution is made.

Sec. 39. Section 489.405, Code 2023, is amended to read as follows:

**489.405 Limitations on distribution.**

1. A limited liability company shall not make a distribution, including a distribution under section 489.708, if after the distribution any of the following applies:

a. The limited liability company would not be able to pay its debts as they become due in the ordinary course of the company's activities and affairs.

b. The limited liability company's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the company were to be dissolved, and wound up, ~~and terminated~~ at the time of the distribution, to satisfy the preferential rights upon dissolution, and winding up, ~~and termination of members~~ up of members and transferees whose preferential rights are superior to ~~those~~ the rights of persons receiving the distribution.

2. A limited liability company may base a determination that a distribution is not prohibited under subsection 1 on ~~financial statements prepared on the basis of accounting~~

~~practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable under the circumstances~~ any of the following:

a. Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances.

b. A fair valuation or other method that is reasonable under the circumstances.

3. Except as otherwise provided in subsection 5, the effect of a distribution under subsection 1 is measured as follows:

~~a. In the case of a distribution by purchase, redemption, or other acquisition of a transferable interest in the company, as of the date money or other property is transferred or debt incurred by the company as defined in section 489.102, subsection 5, paragraph "a", as of the earlier of any of the following:~~

(1) The date money or other property is transferred or debt is incurred by the limited liability company.

(2) The date the person entitled to the distribution ceases to own the interest or right being acquired by the limited liability company in return for the distribution.

b. In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed.

~~b. c.~~ In all other cases, as follows any of the following:

(1) The date ~~that~~ the distribution is authorized, if the payment occurs ~~within~~ not later than one hundred twenty days after that date.

(2) The date ~~that~~ the payment is made, if the payment occurs more than one hundred twenty days after the distribution is authorized.

4. A limited liability company's indebtedness to a member or transferee incurred by reason of a distribution made in accordance with this section is at parity with the company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

5. A limited liability company's indebtedness, including indebtedness issued ~~in connection with or as part of~~ as a distribution, is not a liability for purposes of subsection 1 if the terms of the indebtedness provide that payment of



principal and interest ~~are~~ is made only if and to the extent that payment of a distribution could then be made ~~to members~~ under this section. If the indebtedness is issued as a distribution, each payment of principal or interest ~~on the indebtedness~~ is treated as a distribution, the effect of which is measured on the date the payment is made.

6. ~~In subsection 1, "distribution" does not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business under a bona fide retirement plan or other benefits program~~ In measuring the effect of a distribution under section 489.708, the liabilities of a dissolved limited liability company do not include any claim that has been disposed of under section 489.703, 489.704, or 489.706A.

Sec. 40. Section 489.406, Code 2023, is amended to read as follows:

**489.406 Liability for improper distributions.**

1. Except as otherwise provided in subsection 2, if a member of a member-managed limited liability company or a manager of a manager-managed limited liability company consents to a distribution made in violation of section 489.405 and in consenting to the distribution fails to comply with section 489.409, the member or manager is personally liable to the company for the amount of the distribution ~~that~~ which exceeds the amount that could have been distributed without the violation of section 489.405.

2. To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members, the liability stated in subsection 1 applies to the other members and not the member that the operating agreement relieves of the authority and responsibility.

3. A person that receives a distribution knowing that the distribution ~~to that person was made in violation of~~ violated section 489.405 is personally liable to the limited liability company but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section 489.405.

4. A person against which an action is commenced because the person is liable under subsection 1 may do all of the following:

a. Implead any other person that is ~~subject to liability~~ liable under subsection 1 and seek to ~~compel~~ enforce a right of contribution from the person.

b. Implead any person that received a distribution in violation of subsection 3 and seek to ~~compel~~ enforce a right of contribution from the person in the amount the person received in violation of subsection 3.

5. An action under this section is barred ~~if not~~ unless commenced within not later than two years after the distribution.

Sec. 41. Section 489.407, Code 2023, is amended to read as follows:

**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. ~~The~~ 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. 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~~ 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.

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

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 and affairs of the limited liability company is decided exclusively by the ~~managers 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. 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.~~ 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 the goodwill, outside the ordinary course of the company's activities.

(2) ~~Approve a merger, conversion, or domestication under article 10~~ Undertake any other act outside the ordinary course of the limited liability company's activities and affairs.

~~(3) Undertake any other act outside the ordinary course of the company's activities~~ Approve a merger, interest exchange, conversion, or domestication under subchapter X.

(4) Amend the operating agreement.

~~e.~~ 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.

~~f.~~ 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.

~~g.~~ 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. 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~~ 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.

Sec. 42. Section 489.407A, Code 2023, is amended to read as follows:

**489.407A Real estate interest transferred by limited liability company or foreign limited liability company.**

1. A transfer of an interest in real estate situated in this state held by a limited liability company or a registered foreign limited liability company authorized to ~~transact~~ do business in this state is subject to the provisions of this section.

2. *a.* In a member-managed limited liability company, a transfer of an interest in real estate held by the company may be undertaken by any of the following:

(1) As provided in the operating agreement, or if the operating agreement does not so provide, only with the consent of all members.

(2) As provided in a statement of authority filed by the limited liability company with the secretary of state and the recorder of the county where the real estate is situated pursuant to section 489.302.

*b.* A requirement of paragraph "a" is applicable to every transfer of an interest in real estate situated in this state held by a member-managed limited liability company, whether or not the transfer is in the ordinary course of the company's business.

3. *a.* In a manager-managed limited liability company, a transfer of an interest in real estate held by the company may be undertaken by any of the following:

(1) As provided in the operating agreement, or if the operating agreement does not so provide, only with the consent of a majority of all managers.

(2) As provided in a statement of authority filed by the limited liability company with the secretary of state and the recorder of the county where the real estate is situated

pursuant to section 489.302.

b. A requirement in paragraph "a" is applicable to every transfer of an interest in real estate situated in this state held by a manager-managed limited liability company, whether or not the transfer is in the ordinary course of the company's business.

Sec. 43. Section 489.408, Code 2023, is amended to read as follows:

**489.408 Indemnification Reimbursement, indemnification, advancement, and insurance.**

1. A limited liability company shall reimburse a member of a member-managed limited liability company or the manager of a manager-managed limited liability company for any payment made and indemnify for any debt, obligation, or other liability incurred by a member of a member-managed company or the manager of a manager-managed company in the course of the member's or manager's activities on behalf of the company, if, in making the payment or incurring the debt, obligation, or other liability, the member or manager complied with the duties stated in sections 489.405 and 489.409 by the member or manager in the course of the member's or manager's activities on behalf of the company, if the member or manager complied with sections 489.405, 489.407, and 489.409 in making the payment.

2. A limited liability company may purchase and maintain insurance on behalf of a member or manager of the company against liability asserted against or incurred by the member or manager in that capacity or arising from that status even if, under section 489.110, subsection 7, the operating agreement could not eliminate or limit the person's liability to the company for the conduct giving rise to the liability. A limited liability company shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a member or manager, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of section 489.405, 489.407, or 489.409.

3. In the ordinary course of its activities and affairs, a limited liability company may advance reasonable expenses,

including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a member or manager, if the person promises to repay the company if the person ultimately is determined not to be entitled to be indemnified under subsection 2.

4. A limited liability company may purchase and maintain insurance on behalf of a member or manager against liability asserted against or incurred by the member or manager in that capacity or arising from that status even if, under section 489.110, subsection 3, paragraph "g", the operating agreement could not eliminate or limit the person's liability to the company for the conduct giving rise to the liability.

Sec. 44. Section 489.409, Code 2023, is amended to read as follows:

**489.409 Standards of conduct for members and managers.**

1. A member of a member-managed limited liability company owes to the company and, subject to section 489.901, subsection 2, the other members the fiduciary duties of loyalty and care stated in subsections 2 and 3.

2. The fiduciary duty of loyalty of a member in a member-managed limited liability company includes all of the following duties:

a. To account to the limited liability company and to hold as trustee for it any property, profit, or benefit derived by the member regarding any of the following:

(1) In the conduct or winding up of the limited liability company's activities and affairs.

(2) From a use by the member of the limited liability company's property.

(3) From the appropriation of a limited liability company opportunity.

b. To refrain from dealing with the limited liability company in the conduct or winding up of the company's activities and affairs as or on behalf of a person having an interest adverse to the company.

c. To refrain from competing with the limited liability company in the conduct of the company's activities and affairs before the dissolution of the company.

~~3. Subject to the business judgment rule as stated in subsection 7, the duty of care of a member of a member-managed limited liability company in the conduct and winding up of the company's activities is to act with the care that a person in a like position would reasonably exercise under similar circumstances and in a manner the member reasonably believes to be in the best interests of the company. In discharging this duty, a member may rely in good faith upon opinions, reports, statements, or other information provided by another person that the member reasonably believes is a competent and reliable source for the information~~ The duty of care of a member of a member-managed limited liability company in the conduct or winding up of the company's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional misconduct, or knowing violation of law.

~~4. A member in a member-managed limited liability company or a manager-managed limited liability company shall discharge the duties under this chapter or under the operating agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing~~ A member shall discharge the duties and obligations under this chapter or under the operating agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

~~5. It is a defense to a claim under subsection 2, paragraph "b", and any comparable claim in equity or at common law that the transaction was fair to the limited liability company~~ A member does not violate a duty or obligation under this chapter or under the operating agreement solely because the member's conduct furthers the member's own interest.

6. All of the members of a member-managed limited liability company or a manager-managed limited liability company may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

7. ~~a. A member satisfies the duty of care in subsection 3 if all of the following apply:~~ It is a defense to a claim under subsection 2, paragraph "b", and any comparable claim in equity or at common law that the transaction was fair to the limited



liability company.

~~(1) The member is not interested in the subject matter of the business judgment.~~

~~(2) The member is informed with respect to the subject of the business judgment to the extent the member reasonably believes to be appropriate in the circumstances.~~

~~(3) The member has a rational basis for believing that the business judgment is in the best interests of the limited liability company.~~

~~b. A person challenging the business judgment of a member has the burden of proving a breach of the duty of care, and in a damage action, the burden of proving that the breach was the legal cause of damage suffered by the limited liability company.~~

8. In a manager-managed limited liability company, all of the following rules apply: If, as permitted by subsection 6 or subsection 9, paragraph "f", or the operating agreement, a member enters into a transaction with the limited liability company which otherwise would be prohibited by subsection 2, paragraph "b", the member's rights and obligations arising from the transaction are the same as those of a person that is not a member.

~~a. Subsections 1, 2, 3, 5, and 7 apply to the manager or managers and not the members.~~

~~b. The duty stated under subsection 2, paragraph "c", continues until winding up is completed.~~

~~c. Subsection 4 applies to the members and managers.~~

~~d. Subsection 6 applies only to the members.~~

~~e. A member does not have any fiduciary duty to the company or to any other member solely by reason of being a member.~~

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

a. Subsections 1, 2, 3, and 7 apply to the manager or managers and not the members.

b. The duty stated under subsection 2, paragraph "c", continues until winding up is completed.

c. Subsection 4 applies to managers and members.

d. Subsection 5 applies only to members.

e. The power to ratify under subsection 6 may be exercised

only by the members.

f. Subject to subsection 4, a member does not have any duty to the limited liability company or to any other member solely by reason of being a member.

Sec. 45. Section 489.410, Code 2023, is amended to read as follows:

~~489.410 Right of members, managers, and dissociated members to information~~ Rights to information of member, manager, and person dissociated as member.

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

a. On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the limited liability company, any record maintained by the company regarding the company's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the member's rights and duties under the operating agreement or this chapter.

b. The limited liability company shall furnish to each member all of the following:

(1) Without demand, any information concerning the limited liability company's activities, affairs, financial condition, and other circumstances which the company knows and is material to the proper exercise of the member's rights and duties under the operating agreement or this chapter, except to the extent the company can establish that it reasonably believes the member already knows the information.

(2) On demand, any other information concerning the limited liability company's activities, affairs, financial condition, and other circumstances, except to the extent the demand ~~or~~ for the information demanded is unreasonable or otherwise improper under the circumstances.

c. The duty to furnish information under paragraph "b" also applies to each member to the extent the member knows any of the information described in paragraph "b".

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

a. The informational rights stated in subsection 1 and the duty stated in subsection 1, paragraph "c", apply to the

managers and not the members.

b. During regular business hours and at a reasonable location specified by the limited liability company, a member may ~~obtain from the company and~~ inspect and copy full information regarding the activities, affairs, financial condition, and other circumstances of the company as is just and reasonable if all of the following apply:

(1) The member seeks the information for a purpose ~~material~~ reasonably related to the member's interest as a member.

(2) The member makes a demand in a record received by the limited liability company, describing with reasonable particularity the information sought and the purpose for seeking the information.

(3) The information sought is directly connected to the member's purpose.

c. ~~Within~~ Not later than ten days after receiving a demand pursuant to paragraph "b", subparagraph (2), the limited liability company shall ~~in a record~~ inform in a record the member that made the demand that includes all of the following:

(1) ~~Of the~~ What information ~~that~~ the limited liability company will provide in response to the demand and when and where the company will provide the information.

(2) ~~If the company declines to provide any demanded information, the company's reasons for declining~~ The limited liability company's reasons for declining, if the company declines to provide any demanded information.

d. Whenever this chapter or an operating agreement provides for a member to vote on or give or withhold consent to a matter, before the vote is cast or consent is given or withheld, the limited liability company shall, without demand, provide the member with all information that is known to the company and is material to the member's decision.

3. ~~On ten days' demand made in a record received by a limited liability company, a dissociated member may have access to information to which the person was entitled while a member if the information pertains to the period during which the person was a member, the person seeks the information in good faith, and the person satisfies the requirements imposed on a member by subsection 2, paragraph "b".~~ The company shall

~~respond to a demand made pursuant to this subsection in the manner provided in subsection 2, paragraph "c"~~ Subject to subsection 8, on ten days' demand made in a record received by a limited liability company, a person dissociated as a member may have access to the information to which the person was entitled while a member if all of the following apply:

a. The information pertains to the period during which the person was a member.

b. The person seeks the information in good faith.

c. The person satisfies the requirements imposed on a member by subsection 2, paragraph "b".

~~4. A limited liability company may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material shall respond to a demand made pursuant to subsection 3 in the manner provided in subsection 2, paragraph "c".~~

~~5. A member or dissociated member may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under subsection 7 applies both to the agent or legal representative and the member or dissociated member~~ A limited liability company may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

~~6. The rights under this section do not extend to a person as transferee~~ A member or person dissociated as a member may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under subsection 8 applies both to the agent or legal representative and to the member or person dissociated as a member.

~~7. In addition to any restriction or condition stated in its operating agreement, a limited liability company, as a matter within the ordinary course of its activities, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing~~

~~nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the company has the burden of proving reasonableness~~ Subject to section 489.504, the rights under this section do not extend to a person as transferee.

8. In addition to any restriction or condition stated in its operating agreement, a limited liability company, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the company has the burden of proving reasonableness.

Sec. 46. Section 489.502, Code 2023, is amended to read as follows:

**489.502 Transfer of transferable interest.**

1. ~~For~~ Subject to section 489.503, subsection 6, for a transfer, in whole or in part, all of the following applies to a transferable interest:

a. It is permissible.

b. It does not by itself cause a ~~member's~~ person's dissociation as a member or a dissolution and winding up of the limited liability company's activities and affairs.

c. Subject to section 489.504, it does not entitle the transferee to do any of the following:

(1) Participate in the management or conduct of the limited liability company's activities and affairs.

(2) Except as otherwise provided in subsection 3, have access to records or other information concerning the limited liability company's activities and affairs.

2. A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.

3. In a dissolution and winding up of a limited liability company, a transferee is entitled to an account of the company's transactions only from the date of dissolution.

4. A transferable interest may be evidenced by a certificate

of the interest issued by ~~the~~ a limited liability company in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.

5. A limited liability company need not give effect to a transferee's rights under this section until the company knows or has notice of the transfer.

6. A transfer of a transferable interest in violation of a restriction on transfer contained in the operating agreement ~~or another agreement to which the transferor is a party~~ is ineffective ~~as to a person having notice of the restriction at the time of transfer~~ if the intended transferee has knowledge or notice of the restriction at the time of transfer.

7. Except as otherwise provided in section 489.602, subsection ~~4~~ 5, paragraph "b", ~~when~~ if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest ~~in distributions~~ transferred and retains all duties and obligations of a member.

8. ~~When~~ If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under ~~section~~ sections 489.403 and ~~section 489.406, subsection 3,~~ 489.406 known to the transferee when the transferee becomes a member.

Sec. 47. Section 489.503, Code 2023, is amended to read as follows:

**489.503 Charging order.**

1. On application by a judgment creditor of a member or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A Except as otherwise provided in subsection 6, a charging order constitutes a lien on a judgment debtor's transferable interest and requires the limited liability company to pay over to the person to which the charging order was issued any distribution that ~~would~~ otherwise would be paid to the judgment debtor.

2. To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection 1, the court may do all of the following:

a. Appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made.

b. Make all other orders necessary to give effect to the charging order.

3. Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The Except as otherwise provided in subsection 6, the purchaser at the foreclosure sale only obtains only the transferable interest, does not thereby become a member, and is subject to section 489.502.

4. At any time before foreclosure under subsection 3, the member or transferee whose transferable interest is subject to a charging order under subsection 1 may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

5. At any time before foreclosure under subsection 3, a limited liability company or one or more members whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

6. ~~This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the member's or transferee's transferable interest~~ If a court orders foreclosure of a charging order lien against the sole member of a limited liability company all of the following apply:

a. The court shall confirm the sale.

b. The purchaser at the sale obtains the member's entire interest, not only the member's transferable interest.

c. The purchaser thereby becomes a member.

d. The person whose interest was subject to the foreclosed charging order is dissociated as a member.

7. ~~This section provides the exclusive remedy by which a person seeking to enforce a judgment against a member or transferee may, in the capacity of judgment creditor, satisfy the judgment from the judgment debtor's transferable interest~~ This chapter does not deprive any member or transferee of the

benefit of any exemption law applicable to the transferable interest of the member or transferee.

8. This section provides the exclusive remedy by which a person seeking in the capacity of judgment creditor to enforce a judgment against a member or transferee may satisfy the judgment from the judgment debtor's transferable interest.

Sec. 48. Section 489.504, Code 2023, is amended to read as follows:

**489.504 Power of personal representative of deceased member.**

If a member dies, the deceased member's ~~personal~~ legal representative ~~or other legal representative~~ may exercise all of the following:

1. The rights of a transferee provided in section 489.502, subsection 3, and, for.

2. For the purposes of settling the estate, the rights of a current the deceased member had under section 489.410.

Sec. 49. Section 489.601, Code 2023, is amended to read as follows:

**489.601 ~~Member's power~~ Power to dissociate as a member — wrongful dissociation.**

1. A person has the power to dissociate as a member at any time, rightfully or wrongfully, by withdrawing as a member by express will under section 489.602, subsection 1.

2. A person's dissociation ~~from a limited liability company~~ as a member is wrongful only if any of the following applies to the dissociation:

a. It is in breach of an express provision of the operating agreement.

b. It occurs before the ~~termination~~ completion of the winding up of the limited liability company and any of the following applies:

(1) The person withdraws as a member by express will.

(2) The person is expelled as a member by judicial order under section 489.602, subsection 5 6.

(3) The person is dissociated under section 489.602, subsection 7, ~~paragraph "a", by becoming a debtor in bankruptcy~~ 8.

(4) In the case of a person that is not a trust other than a business trust, an estate, or an individual, the person



is expelled or otherwise dissociated as a member because it willfully dissolved or terminated.

3. A person that wrongfully dissociates as a member is liable to the limited liability company and, subject to section 489.901, to the other members for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or other liability of the member to the company or the other members.

Sec. 50. Section 489.602, Code 2023, is amended to read as follows:

**489.602 Events causing dissociation.**

A person is dissociated as a member ~~from a limited liability company~~ when any of the following applies:

1. The limited liability company knows or has notice of the person's express will to withdraw as a member, but, if the person specified a withdrawal date later than the date the limited liability company knew or had notice, on that later date.

2. An event stated in the operating agreement as causing the person's dissociation occurs.

3. ~~The person is expelled as a member pursuant to the operating agreement~~ The person's entire interest is transferred in a foreclosure sale under section 489.503, subsection 6.

4. The person is expelled as a member ~~by the unanimous consent of the other members if any of the following applies: pursuant to the operating agreement.~~

~~a. It is unlawful to carry on the company's activities with the person as a member.~~

~~b. There has been a transfer of all of the person's transferable interest in the company, other than any of the following:~~

~~(1) A transfer for security purposes.~~

~~(2) A charging order in effect under section 489.503 which has not been foreclosed.~~

~~c. The person is a corporation and, within ninety days after the company notifies the person that it will be expelled as a member because the person has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by~~

~~the jurisdiction of its incorporation, the certificate of dissolution has not been revoked or its charter or right to conduct business has not been reinstated.~~

~~d. The person is a limited liability company or partnership that has been dissolved and whose business is being wound up.~~

~~5. On application by the company, the person is expelled as a member by judicial order because the person has done any of the following~~ The person is expelled as a member by the affirmative vote or consent of all the other members if any of the following apply:

~~a. Has engaged, or is engaging, in wrongful conduct that has adversely and materially affected, or will adversely and materially affect, the company's activities~~ It is unlawful to carry on the limited liability company's activities and affairs with the person as a member.

~~b. Has willfully or persistently committed, or is willfully and persistently committing, a material breach of the operating agreement or the person's duties or obligations under section 489.409~~ There has been a transfer of all the person's transferable interest in the limited liability company, other than any of the following:

(1) A transfer for security purposes.

(2) A charging order in effect under section 489.503 which has not been foreclosed.

~~c. Has engaged in, or is engaging in, conduct relating to the company's activities which makes it not reasonably practicable to carry on the activities with the person as a member~~ The person is an entity and all of the following apply:

(1) The limited liability company notifies the person that it will be expelled as a member because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of formation.

(2) Not later than ninety days after the notification, the statement of dissolution or the equivalent has not been withdrawn, rescinded, or revoked, the person has not been reinstated, or the person's charter or the equivalent or right

to conduct business has not been reinstated.

d. The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up.

~~6. In the case of a person who is an individual, any of the following applies~~ On application by the limited liability company or a member in a direct action under section 489.901, the person is expelled as a member by judicial order because any of the following apply:

a. The person dies has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the company's activities and affairs.

~~b. In a member-managed limited liability company, any of the following applies:~~ The person has committed willfully or persistently, or is committing willfully or persistently, a material breach of the operating agreement or a duty or obligation under section 489.409.

~~(1) A guardian or general conservator for the person is appointed.~~

~~(2) There is a judicial order that the person has otherwise become incapable of performing the person's duties as a member under this chapter or the operating agreement.~~

c. The person has engaged or is engaging in conduct relating to the limited liability company's activities and affairs which makes it not reasonably practicable to carry on the activities and affairs with the person as a member.

~~7. In a member-managed limited liability company, the person does any of the following~~ In the case of an individual any of the following apply:

~~a. Becomes a debtor in bankruptcy~~ The individual dies.

~~b. Executes an assignment for the benefit of creditors~~ In a member-managed limited liability company any of the following apply:

(1) A guardian or general conservator for the individual is appointed.

(2) A court orders that the individual has otherwise become incapable of performing the individual's duties as a member under this chapter or the operating agreement.

~~c. Seeks, consents to, or acquiesces in the appointment of~~

~~a trustee, receiver, or liquidator of the person or of all or substantially all of the person's property.~~

8. ~~In the case of a person that is a trust or is acting as a member by virtue of being a trustee of a trust, the trust's entire transferable interest in the company is distributed~~ In a member-managed limited liability company, any of the following apply:

a. The person becomes a debtor in bankruptcy.

b. The person signs an assignment for the benefit of creditors.

c. The person seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property.

9. ~~In the case of a person that is an estate or is acting as a member by virtue of being a personal representative of an estate, the estate's entire transferable interest in the company is distributed~~ In the case of a person that is a testamentary or inter vivos trust or is acting as a member by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited liability company is distributed.

10. ~~In the case of a member that is not an individual, partnership, limited liability company, corporation, trust, or estate, the termination of the member~~ In the case of a person that is an estate or is acting as a member by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited liability company is distributed.

11. ~~The company participates in a merger under article 10, if any of the following applies:~~ In the case of a person that is not an individual, the existence of the person terminates.

a. The company is not the surviving entity.

b. Otherwise as a result of the merger, the person ceases to be a member.

12. ~~The company participates in a conversion under article 10~~ The limited liability company participates in a merger under subchapter X and any of the following apply:

a. The limited liability company is not the surviving entity.

b. Otherwise as a result of the merger, the person ceases to be a member.

~~13. The company participates in a domestication under article 10, if, as a result of the domestication, the person ceases to be a member~~ The limited liability company participates in an interest exchange under subchapter X and, as a result of the interest exchange, the person ceases to be a member.

~~14. The limited liability company terminates~~ participates in a conversion under subchapter X.

15. The limited liability company participates in a domestication under subchapter X and, as a result of the domestication, the person ceases to be a member.

16. The limited liability company dissolves and completes winding up.

Sec. 51. Section 489.603, Code 2023, is amended to read as follows:

**489.603 Effect of ~~person's~~ dissociation as ~~member~~.**

~~1. When~~ If a person is dissociated as a member, ~~of a limited liability company,~~ all of the following apply:

a. The person's right to participate as a member in the management and conduct of the limited liability company's activities and affairs terminates.

~~b. If the company is member managed, the person's fiduciary duties as a member end with regard to matters arising and events occurring after the person's dissociation~~ The person's duties and obligations under section 489.409 as a member end with regard to matters arising and events occurring after the person's dissociation.

c. Subject to section 489.504 and ~~article 10~~ subchapter X, any transferable interest owned by the person in the person's capacity as a member immediately before dissociation ~~in the person's capacity as a member~~ is owned by the person solely as a transferee.

2. A person's dissociation as a member of a limited liability company does not of itself discharge the person from any debt, obligation, or other liability to the company or the other members which the person incurred while a member.

Sec. 52. Section 489.604, Code 2023, is amended to read as

follows:

**489.604 Member's power to dissociate under certain circumstances.**

1. If the certificate of organization or an operating agreement does not specify the time or the events upon the happening of which a member may dissociate from a limited liability company, a member may dissociate from the ~~limited liability~~ company in the event any amendment to the certificate of organization or operating agreement that is adopted over the member's written dissent adversely affects the rights or preferences of the dissenting member's transferable interest in any of the ways described in paragraphs "a" through "f". A dissociation in the event of such dissent and adverse effect is deemed to have occurred as of the effective date of the amendment, if the member gives notice to the ~~limited liability~~ company not more than sixty days after the date of the amendment. In valuing the member's distribution pursuant to this subsection, any depreciation in anticipation of the amendment shall be excluded. An amendment that does any of the following is subject to this section:

a. Alters or abolishes a member's right to receive a distribution.

b. Alters or abolishes a member's right to voluntarily dissociate.

c. Alters or abolishes a member's right to vote on any matter, except as the rights may be altered or abolished through the acceptance of contributions or the making of contribution agreements.

d. Alters or abolishes a member's preemptive right to make contributions.

e. Establishes or changes the conditions for or consequences of expulsion.

f. Waives the application of this section to the limited liability company.

2. A member dissociating from a limited liability company under this section is not liable for damages for the breach of any agreement not to withdraw.

3. This section applies to a limited liability company whose original articles of organization or certificate of

organization is filed with the secretary of state on or after July 1, 1997.

4. This section applies to a limited liability company whose original articles of organization are filed with the secretary of state and effective on or prior to June 30, 1997, if such company's operating agreement provides that it is subject to this section.

5. The operating agreement of a limited liability company may waive the applicability of this section to the company and its members.

Sec. 53. Section 489.701, Code 2023, is amended to read as follows:

**489.701 Events causing dissolution.**

1. A limited liability company is dissolved, and its activities and affairs must be wound up, upon the occurrence of any of the following:

a. An event or circumstance that the operating agreement states causes dissolution.

b. The affirmative vote or consent of all the members.

c. ~~One~~ After the limited liability company has at least one member, ~~the passage of that member and any other member dissociate, and~~ ninety consecutive days pass during which the company has no members, unless before the end of the period all of the following apply:

(1) Consent to admit at least one specified person as a member is given by transferees owning the rights to receive a majority of distributions as transferees at the time the consent is to be effective.

(2) At least one person becomes a member in accordance with the consent.

d. On application by a member, the entry by a the district court of an order dissolving the limited liability company on the grounds that any of the following applies:

(1) The conduct of all or substantially all ~~of~~ the limited liability company's activities and affairs is unlawful.

(2) It is not reasonably practicable to carry on the limited liability company's activities and affairs in conformity with the certificate of organization and the operating agreement.

(3) The managers or those members in control of the limited

liability company conduct themselves according to any of the following:

(a) Have acted, are acting, or will act in a manner that is illegal or fraudulent.

(b) Have acted or are acting in a manner that is oppressive and was, is, or will be directly harmful to the applicant.

~~e. On application by a member or transferee, the entry by a district court of an order dissolving the company on the grounds that the managers or those members in control of the company have done any of the following:~~ The signing and filing of a statement of administrative dissolution by the secretary of state under section 489.705.

~~(1) Have acted, are acting, or will act in a manner that is illegal or fraudulent.~~

~~(2) Have acted or are acting in a manner that is oppressive and was, is, or will be directly harmful to the applicant.~~

2. In a proceeding brought under subsection 1, paragraph ~~"e"~~, ~~"d"~~, subparagraph (3), the district court may order a remedy other than dissolution.

Sec. 54. Section 489.701A, Code 2023, is amended to read as follows:

**489.701A Rescinding dissolution.**

1. A limited liability company may rescind its dissolution, unless a statement of termination applicable to the company has become effective, a the district court has entered an order under section 489.701, subsection 1, paragraph ~~"d"~~, dissolving the company, or the secretary of state has dissolved the company under section 489.705.

2. Rescinding dissolution under this section requires all of the following:

a. The affirmative vote or consent of each member.

b. If the limited liability company has delivered to the secretary of state for filing a statement of dissolution and any of the following ~~applies~~ apply:

(1) If the statement has not become effective, delivery to the secretary of state for filing of a statement of withdrawal under section ~~489.205~~ 489.208A applicable to the statement of dissolution.

(2) If the statement of dissolution has become effective,



delivery to the secretary of state for filing of a statement of rescission stating the name of the limited liability company and that dissolution has been rescinded under this section.

3. If a limited liability company rescinds its dissolution all of the following apply:

a. The limited liability company shall ~~resume~~ resumes carrying on its activities and affairs as if ~~the~~ dissolution had never occurred.

b. Subject to paragraph "c", any liability incurred by the limited liability company after the dissolution and before the rescission has become effective shall be determined as if dissolution had never occurred.

c. The rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission must not be adversely affected.

Sec. 55. Section 489.702, Code 2023, is amended to read as follows:

**489.702 Winding up.**

1. A dissolved limited liability company shall wind up its activities and affairs, and except as otherwise provided in section 489.701A, the company continues after dissolution only for the purpose of winding up.

2. In winding up its activities and affairs, all of the following apply to a limited liability company:

a. It shall discharge the limited liability company's debts, obligations, ~~or~~ and other liabilities, settle and close the company's activities and affairs, and marshal and distribute the assets of the company.

b. It may do all of the following:

(1) Deliver to the secretary of state for filing a statement of dissolution stating the name of the limited liability company and that the company is dissolved.

(2) Preserve the limited liability company activities, affairs, and property as a going concern for a reasonable time.

(3) Prosecute and defend actions and proceedings, whether civil, criminal, or administrative.

(4) Transfer the limited liability company's property.

(5) Settle disputes by mediation or arbitration.

(6) Deliver to the secretary of state for filing a statement

of termination stating the name of the limited liability company and that the company is terminated.

(7) Perform other acts necessary or appropriate to the winding up.

3. If a dissolved limited liability company has no members, the legal representative of the last person to have been a member may wind up the activities and affairs of the company. If the person does so, the person has the powers of a sole manager under section 489.407, subsection 3, and is deemed to be a manager for the purposes of section 489.304, subsection 1, ~~paragraph "b"~~.

4. If the legal representative under subsection 3 declines or fails to wind up the limited liability company's activities and affairs, a person may be appointed to do so by the consent of transferees owning a majority of the rights to receive distributions as transferees at the time the consent is to be effective. All of the following apply to a person appointed under this subsection:

a. The person has the powers of a sole manager under section 489.407, subsection 3, and is deemed to be a manager for the purposes of section 489.304, subsection 1, ~~paragraph "b"~~.

b. The person shall deliver promptly ~~deliver~~ to the secretary of state for filing an amendment to the limited liability company's certificate of organization ~~to do~~ stating all of the following:

(1) ~~State that~~ That the limited liability company has no members.

(2) ~~State that the person has been appointed pursuant to this subsection to wind up the company~~ The name and street and mailing addresses of the person.

(3) ~~Provide the street and mailing addresses of the person~~ That the person has been appointed pursuant to this subsection to wind up the limited liability company's activities and affairs.

5. The district court may order judicial supervision of the winding up of a dissolved limited liability company, including the appointment of a person to wind up the company's activities and affairs pursuant to any of the following:

a. On application of a member, if the applicant establishes

good cause.

b. On the application of a transferee, if all of the following apply:

(1) The limited liability company does not have any members.

(2) The legal representative of the last person to have been a member declines or fails to wind up the limited liability company's activities and affairs.

(3) Within a reasonable time following the dissolution a person has not been appointed pursuant to subsection 4 3.

c. In connection with a proceeding under section 489.701, subsection 1, paragraph "~~d~~" or "~~e~~".

Sec. 56. Section 489.703, Code 2023, is amended to read as follows:

**489.703 Known claims against dissolved limited liability company.**

1. Except as otherwise provided in subsection 4, a dissolved limited liability company may give notice of a known claim under subsection 2, which has the effect as provided in subsection 3.

2. A dissolved limited liability company may in a record notify its known claimants of the dissolution. The notice must do all of the following:

a. Specify the information required to be included in a claim.

b. Provide State that a claim must be in writing and provide a mailing address to which the claim is to be sent.

c. State the deadline for receipt of ~~the~~ a claim, which may not be less than one hundred twenty days after the date the notice is received by the claimant.

d. State that the claim will be barred if not received by the deadline.

3. A claim against a dissolved limited liability company is barred if the requirements of subsection 2 are met and any of the following applies:

a. The claim is not received by the specified deadline.

b. If the claim is timely received but rejected by the limited liability company, all of the following must apply:

(1) The limited liability company causes the claimant to receive a notice in a record stating that the claim is rejected

and will be barred unless the claimant commences an action against the company to enforce the claim within not later than ninety days after the claimant receives the notice.

(2) The claimant does not commence the required action within not later than the ninety days after the claimant receives the notice.

4. This section does not apply to a claim based on an event occurring after the ~~effective~~ date of dissolution or a liability that on that date is contingent.

Sec. 57. Section 489.704, Code 2023, is amended to read as follows:

**489.704 Other claims against dissolved limited liability company.**

1. A dissolved limited liability company may publish notice of its dissolution and request persons having claims against the company to present them in accordance with the notice.

2. The notice ~~authorized by~~ under subsection 1 must ~~do all of the following~~ meet all of the following requirements:

~~a. Be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited liability company's principal office is located or, if it has none in this state, in the county in which the company's registered office is or was last located~~ Comply with any of the following:

(1) Publication of the notice one time in a newspaper of general circulation in the county in this state in which the dissolved limited liability company's principal office is located or, if the principal office is not located in this state, in the county in which the office of the company's registered agent is or was last located.

(2) Publication by posting the notice conspicuously for at least thirty days on the dissolved limited liability company's internet site.

~~b. Describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent.~~

~~c. State that a claim against the limited liability company is barred unless an action to enforce the claim is commenced within five not later than three years after publication of the~~

notice.

3. If a dissolved limited liability company publishes a notice in accordance with subsection 2, ~~unless the claimant commences an action to enforce the claim against the company within five years after the publication date of the notice, the claim of each of the following claimants is barred~~ of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the company not later than three years after the publication date of the notice:

a. A claimant that did not receive notice in a record under section 489.703.

b. A claimant whose claim was timely sent to the limited liability company but not acted on.

c. A claimant whose claim is contingent at, or based on an event occurring after, the ~~effective~~ date of dissolution.

4. A claim not barred under this section or section 489.703 may be enforced as follows:

a. Against a dissolved limited liability company, to the extent of its undistributed assets.

b. ~~If~~ Except as otherwise provided in section 489.706A, if assets of the limited liability company have been distributed after dissolution, against a member or transferee to the extent of that person's proportionate share of the claim or of the company's assets distributed to the member or transferee after dissolution, whichever is less, but a person's total liability for all claims under this paragraph does not exceed the total amount of assets distributed to the person after dissolution.

Sec. 58. Section 489.705, Code 2023, is amended to read as follows:

**489.705 ~~Administrative~~ Administrative Grounds for administrative dissolution.**

~~1.~~ The secretary of state may commence a proceeding under ~~this section 489.709 to administratively dissolve a limited liability company administratively,~~ if any of the following apply:

a. 1. ~~The limited liability company has not delivered a biennial report to the secretary of state in a form that meets the requirements of section 489.209 within sixty days after it is due, or has not paid within sixty days after the due~~

~~date, any fee, tax, or penalty due to the secretary of state under this chapter or law other than this chapter~~ The limited liability company does not pay within sixty days after they are due any fees, taxes, interest, or penalties imposed by this chapter or other laws of this state.

~~b. The limited liability company is without a registered office or registered agent in this state for sixty days or more.~~

~~c. The limited liability company does not notify the secretary of state within sixty days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued.~~

~~d. The limited liability company's period of duration stated in its certificate of organization has expired.~~

2. ~~If the secretary of state determines that a ground exists for administratively dissolving a limited liability company, the secretary of state shall file a record of the determination and serve the company with a copy of the filed record~~ The limited liability company does not deliver its biennial report required by section 489.209 to the secretary of state within sixty days after it is due.

3. ~~If within sixty days after service of the copy pursuant to subsection 2 a limited liability company does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist, the secretary of state shall dissolve the company administratively by preparing, signing, and filing a declaration of dissolution that states the grounds for dissolution. The secretary of state shall serve the company with a copy of the filed declaration~~ The limited liability company is without a registered agent or the registered agent does not have a place of business in this state for sixty days or more.

4. ~~A limited liability company that has been administratively dissolved continues in existence but, subject to section 489.706, may carry on only activities necessary to wind up its activities and liquidate its assets under sections 489.702 and 489.708 and to notify claimants under sections~~

~~489.703 and 489.704~~ The secretary of state has not been notified within sixty days that the limited liability company's registered agent or place of business of the registered agent has been changed, or that its registered agent has resigned, or that its registered office has been discontinued.

~~5. The administrative dissolution of a limited liability company does not terminate the authority of its registered agent for service of process~~ The limited liability company's period of duration stated in its certificate of organization expires.

Sec. 59. Section 489.706, Code 2023, is amended to read as follows:

**489.706 Reinstatement following administrative dissolution.**

1. A limited liability company administratively dissolved under section 489.705 may apply to the secretary of state for reinstatement at any time after the effective date of dissolution. The application must ~~be delivered to the secretary of state and~~ meet all of the following requirements:

a. ~~Recite~~ State the name of the limited liability company at its date of dissolution and the effective date of its administrative dissolution.

b. State that the ground or grounds for dissolution ~~as provided in section 489.705~~ either did not exist or have been eliminated.

c. If the application is received more than five years after the effective date of the administrative dissolution, state a name that satisfies the requirements of section 489.108.

d. State the federal tax identification number of the limited liability company.

2. a. The secretary of state shall refer the federal tax identification number contained in the application for reinstatement to the department of workforce development. The department of workforce development shall report to the secretary of state the tax status of the limited liability company. If the department reports to the secretary of state that a filing delinquency or liability exists against the ~~limited liability~~ company, the secretary of state shall not cancel the ~~declaration~~ certificate of dissolution until the filing delinquency or liability is satisfied.

~~3.~~ b. (1) If the secretary of state determines that the application contains the information required by subsection 1, and that a delinquency or liability reported pursuant to ~~subsection 2~~ paragraph "a" has been satisfied, and that the information is correct, the secretary of state shall cancel the ~~declaration~~ certificate of dissolution and prepare a certificate of reinstatement that recites the secretary of state's determination and the effective date of reinstatement, file the ~~original of the~~ certificate of reinstatement, and ~~serve~~ deliver a copy ~~on~~ to the limited liability company under section 489.116.

(2) If the limited liability company's name in subsection 1, paragraph "c", is different ~~than~~ from the name in subsection 1, paragraph "a", the certificate of reinstatement shall constitute an amendment to the ~~limited liability~~ company's certificate of organization insofar as it pertains to its name. A ~~limited liability~~ company shall not relinquish the right to retain its name ~~as provided in section 489.108~~, if the reinstatement is effective within five years of the effective date of the ~~limited liability~~ company's dissolution.

~~4.~~ 3. When the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution as if the administrative dissolution had never occurred.

Sec. 60. NEW SECTION. 489.706A Court proceedings.

1. A dissolved limited liability company that has published a notice under section 489.704 may file an application with the district court in the county where the company's principal office is located or, if the principal office is not located in this state, where the office of its registered agent is or was last located, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the company and any of the following apply:

a. At the time of application any of the following apply:

(1) The facts are contingent.

(2) The facts have not been made known to the limited liability company.



b. The facts are based on an event occurring after the date of dissolution.

2. Security is not required for any claim that is or is reasonably anticipated to be barred under section 489.704.

3. Not later than ten days after the filing of an application under subsection 1, the dissolved limited liability company shall give notice of the proceeding to each claimant holding a contingent claim known to the company.

4. In a proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability company.

5. A dissolved limited liability company that provides security in the amount and form ordered by the court under subsection 1 satisfies the company's obligations with respect to claims that are contingent, have not been made known to the company, or are based on an event occurring after the date of dissolution, and such claims may not be enforced against a member or transferee on account of assets received in liquidation.

Sec. 61. Section 489.707, Code 2023, is amended to read as follows:

**489.707 Appeal from ~~rejection~~ denial of reinstatement.**

1. If the secretary of state ~~rejects~~ denies a limited liability company's application for reinstatement following administrative dissolution, the secretary of state shall ~~prepare, sign, and file a notice that explains the reason for rejection and~~ serve the company under section 489.116 with a copy of the written notice that explains the reason or reasons for denial.

2. ~~Within thirty days after service of a notice of rejection of reinstatement under subsection 1, a limited liability company may appeal from the rejection by petitioning the district court to set aside the dissolution. The petition must be served on the secretary of state and contain a copy of the secretary of state's declaration of dissolution, the company's application for reinstatement, and the secretary of state's notice of rejection~~ The limited liability company

may appeal the denial of reinstatement to the district court of the county where the company's principal office or, if none in this state, where its registered office is located within thirty days after service of the notice of denial is effected. The company appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the secretary of state's certificate of dissolution, the company's application for reinstatement, and the secretary of state's notice of denial.

3. The court may summarily order the secretary of state to reinstate a the dissolved limited liability company or may take other action the court considers appropriate.

4. The court's final decision may be appealed as in other civil proceedings.

Sec. 62. Section 489.708, Code 2023, is amended to read as follows:

**489.708 ~~Distribution~~ Disposition of assets in winding up ~~limited liability company's activities.~~**

1. In winding up its activities and affairs, a limited liability company ~~must~~ shall apply its assets to discharge ~~its~~ the company's obligations to creditors, including members that are creditors.

2. After a limited liability company complies with subsection 1, any surplus must be distributed in the following order, subject to any charging order in effect under section 489.503:

a. To each person owning a transferable interest that reflects contributions made ~~by a member and not previously returned, an amount equal to the value of the unreturned contributions~~ and not previously returned, an amount equal to the value of the unreturned contributions.

b. ~~In equal shares among members and dissociated members, except to the extent necessary to comply with any transfer effective under section 489.502~~ Among persons owning transferable interests in proportion to their respective rights to share in distributions immediately before the dissolution of the limited liability company.

3. If a limited liability company does not have sufficient surplus to comply with subsection 2, paragraph "a", any surplus

must be distributed among the owners of transferable interests in proportion to the value of ~~their~~ the respective unreturned contributions.

4. All distributions made under subsections 2 and 3 must be paid in money.

Sec. 63. NEW SECTION. 489.709 Procedure for and effect of administrative dissolution.

1. If the secretary of state determines that one or more grounds exist under section 489.705 for dissolving a limited liability company, the secretary of state shall serve the company with written notice of such determination under section 489.116.

2. If the limited liability company does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after service of the notice under section 489.116, the secretary of state shall administratively dissolve the company by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The secretary of state shall file the original of the certificate and serve a copy on the company under section 489.116.

3. A limited liability company administratively dissolved continues its existence but shall not carry on any business except that necessary to wind up and liquidate its business and affairs under section 489.702 and notify claimants under sections 489.703 and 489.704.

4. The administrative dissolution of a limited liability company does not terminate the authority of its registered agent.

Sec. 64. Section 489.801, Code 2023, is amended to read as follows:

**489.801 Governing law.**

1. ~~Subject to sections 489.14402 and 489.14404, the law of the state or other jurisdiction under which~~ The law of the jurisdiction of formation of a foreign limited liability company ~~is formed~~ governs all of the following:

a. The internal affairs of the foreign limited liability

company.

*b.* The liability of a member as member and a manager as manager for the ~~debts, obligations, or other liabilities~~ a debt, obligation, or other liability of the foreign limited liability company.

*c.* The liability of a series of the foreign limited liability company.

2. A foreign limited liability company ~~shall not be denied a certificate of authority by reason of any difference between the law of the jurisdiction under which the company is formed~~ is not precluded from registering to do business in this state because of any difference between the law of the foreign limited liability company's jurisdiction of formation and the law of this state.

3. ~~A certificate of authority does not authorize a foreign limited liability company to engage in any business or exercise any power that a limited liability company shall not~~ Registration of a foreign limited liability company to do business in this state does not permit the foreign limited liability company to engage in any business or affairs or exercise any power that a limited liability company cannot lawfully engage in or exercise in this state.

Sec. 65. NEW SECTION. 489.805A Special litigation committee.

1. If a limited liability company is named as or made a party in a derivative proceeding, the company may appoint a special litigation committee to investigate the claims asserted in the proceeding and determine whether pursuing the action is in the best interests of the company. If the company appoints a special litigation committee, on motion by the committee made in the name of the company, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation. This subsection does not prevent the court from doing any of the following:

*a.* Enforcing a person's right to information under section 489.410.

*b.* Granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.

2. A special litigation committee must be composed of one or more disinterested and independent individuals, who may be members.

3. A special litigation committee may be appointed as follows:

*a.* In a member-managed limited liability company, any of the following:

(1) By the affirmative vote or consent of a majority of the members not named as parties in the proceeding.

(2) If all members are named as parties in the proceeding, by a majority of the members named as defendants.

*b.* In a manager-managed limited liability company, any of the following:

(1) By a majority of the managers not named as parties in the proceeding.

(2) If all managers are named as parties in the proceeding, by a majority of the managers named as defendants.

4. After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited liability company that the proceeding comply with any of the following:

*a.* Continue under the control of the plaintiff.

*b.* Continue under the control of the committee.

*c.* Be settled on terms approved by the committee.

*d.* Be dismissed.

5. After making a determination under subsection 4, a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report. The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care, with the committee having the burden of proof. If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee. Otherwise, the court shall dissolve the stay of discovery entered under

subsection 1 and allow the action to continue under the control of the plaintiff.

Sec. 66. Section 489.809, Code 2023, is amended to read as follows:

**489.809 Action by attorney general.**

The attorney general may maintain an action to enjoin a foreign limited liability company from ~~transacting~~ doing business in this state in violation of this ~~article~~ chapter.

Sec. 67. Section 489.902, Code 2023, is amended to read as follows:

**489.902 Derivative action.**

~~A member may maintain a derivative action to enforce a right of a limited liability company as follows:~~

~~1. The~~ A member may maintain a derivative action to enforce a right of a limited liability company, if the member first makes a demand on the other members in a member-managed limited liability company, or the managers of a manager-managed limited liability company, requesting that they cause the company to bring an action to enforce the right, and the managers or other members do not bring the action within ninety days from the date the demand was made unless the member has earlier been notified that the demand has been rejected by the company or unless irreparable injury to the company would result by waiting for the expiration of the ninety-day period.

~~2. A demand under subsection 1 would be futile.~~

Sec. 68. Section 489.904, Code 2023, is amended to read as follows:

**489.904 Pleading.**

In a derivative action under section 489.902, the complaint must state with particularity any of the following:

1. The date and content of the plaintiff's demand and the response to the demand by the managers or other members.

~~2. If a demand has not been made, the reasons a demand under section 489.902, subsection 1, would be~~ Why demand should be excused as futile.

Sec. 69. NEW SECTION. **489.905 Activities not constituting doing business in this state.**

1. Activities of a foreign limited liability company that do not constitute doing business in this state for purposes of

this subchapter include all of the following:

- a.* Maintaining, defending, mediating, arbitrating, or settling a proceeding.
- b.* Carrying on any activity concerning the internal affairs of the foreign limited liability company, including holding meetings of its members or managers.
- c.* Maintaining accounts in financial institutions.
- d.* Maintaining offices or agencies for the transfer, exchange, and registration of securities of the foreign limited liability company or maintaining trustees or depositories with respect to those securities.
- e.* Selling through independent contractors.
- f.* Soliciting or obtaining orders by any means if the orders require acceptance outside this state before they become contracts.
- g.* Creating or acquiring indebtedness, mortgages, or security interests in property.
- h.* Securing or collecting debts or enforcing mortgages or other security interests in property securing the debts and holding, protecting, or maintaining property so acquired.
- i.* Conducting an isolated transaction that is not in the course of similar transactions.
- j.* Owning, protecting, and maintaining property.
- k.* Doing business in interstate commerce.

2. This section does not apply in determining the contacts or activities that may subject a foreign limited liability company to service of process, taxation, or regulation under the laws of this state other than this chapter.

Sec. 70. Section 489.906, Code 2023, is amended to read as follows:

**489.906 Proceeds and expenses.**

1. Except as otherwise provided in subsection 2, all of the following apply:

*a.* Any proceeds or other benefits of a derivative action ~~under section 489.902~~, whether by judgment, compromise, or settlement, belong to the limited liability company and not to the plaintiff.

*b.* If the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the limited liability company.

2. If a derivative action ~~under section 489.902~~ is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney fees and costs, from the recovery of the limited liability company.

3. A derivative action on behalf of a limited liability company shall not be voluntarily dismissed or settled without the court's approval.

Sec. 71. NEW SECTION. 489.906A Noncomplying name of foreign limited liability company.

1. A foreign limited liability company whose name does not comply with section 489.108 shall not register to do business in this state until it adopts, for the purpose of doing business in this state, an alternate name that complies with section 489.108 by filing a foreign registration statement under section 489.911B, or if applicable, a transfer of registration statement under section 489.910, setting forth that alternate name. After registering to do business in this state with an alternate name, a foreign limited liability company shall do business in this state under any of the following:

a. The alternate name.

b. The foreign limited liability company's name, with the addition of its jurisdiction of formation.

2. If a registered foreign limited liability company changes its name after registration to a name that does not comply with section 489.108, it shall not do business in this state until it complies with subsection 1 by amending its registration statement to adopt an alternate name that complies with section 489.108.

Sec. 72. NEW SECTION. 489.907 Withdrawal of registration of registered foreign limited liability company.

1. A registered foreign limited liability company may withdraw its registration by delivering a statement of withdrawal to the secretary of state for filing. The statement of withdrawal must be signed by the foreign limited liability company and state all of the following:

a. The name of the foreign limited liability company and its jurisdiction of formation.



b. That the foreign limited liability company is not doing business in this state and that it withdraws its registration to do business in this state.

c. That the foreign limited liability company revokes the authority of its registered agent in this state.

d. An address to which process on the foreign limited liability company may be sent by the secretary of state under section 489.116, subsection 3.

2. After the withdrawal of the registration of a foreign limited liability company, service of process in any proceeding based on a cause of action arising during the time the entity was registered to do business in this state may be made as provided in section 489.116.

**Sec. 73. NEW SECTION. 489.908 Deemed withdrawal upon domestication or conversion to certain domestic entities.**

A registered foreign limited liability company that domesticates to a domestic limited liability company or converts to a domestic business corporation or domestic nonprofit corporation or any type of domestic filing entity or to a domestic limited liability partnership is deemed to have withdrawn its registration on the effectiveness of such event.

**Sec. 74. NEW SECTION. 489.909 Withdrawal upon dissolution or conversion to certain nonfiling entities.**

1. A registered foreign limited liability company that has dissolved and completed winding up or has converted to a domestic or foreign nonfiling entity other than a limited liability partnership shall deliver to the secretary of state for filing a statement of withdrawal. The statement must be signed by the dissolved foreign limited liability company or the converted domestic or foreign nonfiling entity and state:

a. In the case of a foreign limited liability company that has completed winding up all of the following:

(1) Its name and jurisdiction of formation.

(2) That the foreign limited liability company withdraws its registration to do business in this state and revokes the authority of its registered agent to accept service on its behalf.

(3) An address to which process on the foreign limited liability company may be sent by the secretary of state under

section 489.116, subsection 3.

*b.* In the case of a foreign limited liability company that has converted to a domestic or foreign nonfiling entity other than a limited liability partnership, all of the following:

(1) The name of the converting foreign limited liability company and its jurisdiction of formation.

(2) The type of the nonfiling entity to which it has converted and its name and jurisdiction of formation.

(3) That it withdraws its registration to do business in this state and revokes the authority of its registered agent to accept service on its behalf.

(4) An address to which process on the foreign limited liability company may be sent by the secretary of state under section 489.116, subsection 3.

2. After the withdrawal of the registration of a foreign limited liability company, service of process in any proceeding based on a cause of action arising during the time the entity was registered to do business in this state may be made as provided in section 489.116.

Sec. 75. NEW SECTION. 489.910 Transfer of registration.

1. If a registered foreign limited liability company merges into a nonregistered foreign entity or converts to a foreign entity required to register with the secretary of state to do business in this state, the foreign entity shall deliver to the secretary of state for filing a transfer of registration statement. The transfer of registration statement must be signed by the surviving or converted foreign entity and state all of the following:

*a.* The name of the registered foreign limited liability company and its jurisdiction of formation before the merger or conversion.

*b.* The name and type of the surviving or converted foreign entity and its jurisdiction of formation after the merger or conversion and, if the name does not comply with section 489.108, an alternate name adopted pursuant to section 489.906A.

*c.* All of the following information regarding the surviving or converted foreign entity after the merger or conversion:

(1) The street and mailing addresses of the principal office

of the foreign entity and, if the law of the foreign entity's jurisdiction of formation requires it to maintain an office in that jurisdiction, the street and mailing addresses of that office.

(2) The street and mailing addresses of the place of business of the foreign entity's registered agent in this state and the name of its registered agent.

2. On the effective date of a transfer of registration statement as determined in accordance with section 489.207, the registration of the registered foreign limited liability company to do business in this state is transferred without interruption to the foreign entity into which it has merged or to which it has been converted.

Sec. 76. NEW SECTION. 489.911 Administrative termination of registration.

1. The secretary of state may terminate the registration of a registered foreign limited liability company in the manner provided in subsections 2 and 3, if any of the following applies:

a. The foreign limited liability company does not pay within sixty days after they are due any fees, taxes, interest, or penalties imposed by this chapter or other laws of this state.

b. The foreign limited liability company does not deliver its biennial report to the secretary of state within sixty days after it is due.

c. The foreign limited liability company is without a registered agent or its registered agent has no place of business in this state for sixty days or more.

d. The secretary of state has not been notified within sixty days that the foreign limited liability company's registered agent or the registered agent's place of business has been changed, that its registered agent has resigned, or that its registered office has been discontinued.

2. The secretary of state may terminate the registration of a registered foreign limited liability company by doing all of the following:

a. Filing a certificate of termination.

b. Delivering a copy of the certificate of termination to the foreign company's registered agent or, if the foreign

company does not have a registered agent, to the foreign company's principal office.

3. The certificate of termination must state all of the following:

a. The effective date of the termination, which must be not less than sixty days after the secretary of state delivers the copy of the certificate of termination as prescribed in subsection 2, paragraph "b".

b. The grounds for termination under subsection 1.

4. The registration of a registered foreign limited liability company to do business in this state ceases on the effective date of the termination as set forth in the certificate of termination, unless before that date the foreign company cures each ground for termination stated in the certificate of termination. If the foreign company cures each ground, the secretary of state shall file a statement that the certificate of termination is withdrawn.

5. After the effective date of the termination as set forth in the certificate of termination, service of process in any proceeding based on a cause of action arising during the time the entity was registered to do business in this state may be made as provided in section 489.116.

Sec. 77. NEW SECTION. 489.911A Registration to do business in this state.

1. A foreign limited liability company shall not do business in this state until it registers with the secretary of state under this chapter.

2. A foreign limited liability company doing business in this state shall not maintain a proceeding in any court of this state until it is registered to do business in this state.

3. The failure of a foreign limited liability company to register to do business in this state does not impair the validity of a contract or act of the foreign company or preclude it from defending a proceeding in this state.

4. A limitation on the liability of a member or manager of a foreign limited liability company is not waived solely because the foreign company does business in this state without registering.

5. Section 489.801, subsection 1, applies even if a

foreign limited liability company fails to register under this subchapter.

Sec. 78. NEW SECTION. 489.911B Foreign registration statement.

1. To register to do business in this state, a foreign limited liability company shall deliver a foreign registration statement to the secretary of state for filing. The registration statement must be signed by the foreign company and state all of the following:

a. The name of the foreign limited liability company and, if the name does not comply with section 489.108, an alternate name as required by section 489.906A.

b. The foreign limited liability company's jurisdiction of formation.

c. The street and mailing addresses of the foreign limited liability company's principal office and, if the law of the foreign company's jurisdiction of formation requires the foreign company to maintain an office in that jurisdiction, the street and mailing addresses of that required office.

d. The street and mailing addresses of the place of business of the foreign limited liability company's registered agent in this state and the name of its registered agent.

2. The foreign limited liability company shall deliver the completed foreign registration statement to the secretary of state, and also deliver to the secretary of state a certificate of existence or a document of similar import duly authenticated by the secretary of state or other official having custody of corporate records in the state or country under whose law it is incorporated which is dated no earlier than ninety days prior to the date the application is filed by the secretary of state.

Sec. 79. NEW SECTION. 489.911C Amendment of foreign registration statement.

A registered foreign limited liability company shall sign and deliver to the secretary of state for filing an amendment to its foreign registration statement if there is a change in any of the following:

1. Its name or alternate name.

2. Its jurisdiction of formation, unless its registration is deemed to have been withdrawn under section 489.908 or

transferred under section 489.910.

3. An address required by section 489.911B, subsection 1, paragraph "c".

4. The information required by section 489.911B, subsection 1, paragraph "d".

Sec. 80. Section 489.1001, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1001 Definitions.**

As used in this subchapter, unless the context otherwise requires:

1. "*Acquired entity*" means the entity, all of one or more classes or series of interests of which are acquired in an interest exchange.

2. "*Acquiring entity*" means the entity that acquires all of one or more classes or series of interests of the acquired entity in an interest exchange.

3. "*Conversion*" means a transaction authorized by part 4.

4. "*Converted entity*" means the converting entity as it continues in existence after a conversion.

5. "*Converting entity*" means the domestic entity that approves a plan of conversion pursuant to section 489.1043 or the foreign entity that approves a conversion pursuant to the law of its jurisdiction of formation.

6. "*Distributional interest*" means the right under an unincorporated entity's organic law and organic rules to receive distributions from the entity.

7. "*Domestic*", with respect to an entity, means governed as to its internal affairs by the law of this state.

8. "*Domesticated limited liability company*" means the domesticating limited liability company as it continues in existence after a domestication.

9. "*Domesticating limited liability company*" means the domestic limited liability company that approves a plan of domestication pursuant to section 489.1053 or the foreign limited liability company that approves a domestication pursuant to the law of its jurisdiction of formation.

10. "*Domestication*" means a transaction authorized by part 5.

11. a. "*Entity*" means any of the following:

- (1) A business corporation.
- (2) A nonprofit corporation.
- (3) A general partnership, including a limited liability partnership.
- (4) A limited partnership, including a limited liability limited partnership.
- (5) A limited liability company.
- (6) A domestic cooperative.
- (7) An unincorporated nonprofit association.
- (8) A statutory trust, business trust, or common-law business trust.
- (9) Any other person that has any of the following:
  - (a) A legal existence separate from any interest holder of that person.
  - (b) The power to acquire an interest in real property in its own name.

*b.* "Entity" does not include any of the following:

- (1) An individual.
- (2) A trust with a predominantly donative purpose or a charitable trust.
- (3) An association or relationship that is not an entity listed in paragraph "a" and is not a partnership under the rules stated in section 486A.202, subsection 3, or a similar provision of the law of another jurisdiction.
- (4) A decedent's estate.
- (5) A government or a governmental subdivision, agency, or instrumentality.

12. "Filing entity" means an entity whose formation requires the filing of a public organic record. The term does not include a limited liability partnership.

13. "Foreign", with respect to an entity, means an entity governed as to its internal affairs by the law of a jurisdiction other than this state.

14. "Governance interest" means a right under the organic law or organic rules of an unincorporated entity, other than as a governor, agent, assignee, or proxy, to any of the following:

- a.* Receive or demand access to information concerning, or the books and records of, the entity.
- b.* Vote for or consent to the election of the governors of

the entity.

c. Receive notice of or vote on or consent to an issue involving the internal affairs of the entity.

15. "Governor" means any of the following:

- a. A director of a business corporation.
- b. A director or trustee of a nonprofit corporation.
- c. A general partner of a general partnership.
- d. A general partner of a limited partnership.
- e. A manager of a manager-managed limited liability company.
- f. A member of a member-managed limited liability company.
- g. A director of a domestic cooperative.
- h. A manager of an unincorporated nonprofit association.
- i. A trustee of a statutory trust, business trust, or common-law business trust.
- j. Any other person under whose authority the powers of an entity are exercised and under whose direction the activities and affairs of the entity are managed pursuant to the organic law and organic rules of the entity.

16. "Interest" means any of the following:

- a. A share in a business corporation.
- b. A membership in a nonprofit corporation.
- c. A partnership interest in a general partnership.
- d. A partnership interest in a limited partnership.
- e. A membership interest in a limited liability company.
- f. A share in a domestic cooperative.
- g. A membership in an unincorporated nonprofit association.
- h. A beneficial interest in a statutory trust, business trust, or common-law business trust.
- i. A governance interest or distributional interest in any other type of unincorporated entity.

17. "Interest exchange" means a transaction authorized by part 3.

18. "Interest holder" means any of the following:

- a. A shareholder of a business corporation.
- b. A member of a nonprofit corporation.
- c. A general partner of a general partnership.
- d. A general partner of a limited partnership.
- e. A limited partner of a limited partnership.
- f. A member of a limited liability company.



- g.* A shareholder of a domestic cooperative.
- h.* A member of an unincorporated nonprofit association.
- i.* A beneficiary or beneficial owner of a statutory trust, business trust, or common-law business trust.
- j.* Any other direct holder of an interest.
- 19. "*Interest holder liability*" means any of the following:

  - a.* Personal liability for a liability of an entity which is imposed on a person due to any of the following:

    - (1) Solely by reason of the status of the person as an interest holder.
    - (2) By the organic rules of the entity which make one or more specified interest holders or categories of interest holders liable in their capacity as interest holders for all or specified liabilities of the entity.
  - b.* An obligation of an interest holder under the organic rules of an entity to contribute to the entity.
- 20. "*Merger*" means a transaction authorized by part 2.
- 21. "*Merging entity*" means an entity that is a party to a merger and exists immediately before the merger becomes effective.
- 22. "*Organic law*" means the law of an entity's jurisdiction of formation governing the internal affairs of the entity.
- 23. "*Organic rules*" means the public organic record and private organic rules of an entity.
- 24. "*Plan*" means a plan of merger, plan of interest exchange, plan of conversion, or plan of domestication.
- 25. "*Plan of conversion*" means a plan under section 489.1042.
- 26. "*Plan of domestication*" means a plan under section 489.1052.
- 27. "*Plan of interest exchange*" means a plan under section 489.1032.
- 28. "*Plan of merger*" means a plan under section 489.1022.
- 29. *a.* "*Private organic rules*" means the rules, whether or not in a record, that govern the internal affairs of an entity, are binding on all its interest holders, and are not part of its public organic record, if any.

  - b.* "*Private organic rules*" includes all of the following:

    - (1) The bylaws of a business corporation.

- (2) The bylaws of a nonprofit corporation.
- (3) The partnership agreement of a general partnership.
- (4) The partnership agreement of a limited partnership.
- (5) The operating agreement of a limited liability company.
- (6) The bylaws of a domestic cooperative.
- (7) The governing principles of an unincorporated nonprofit association.

(8) The trust instrument of a statutory trust or similar rules of a business trust or common-law business trust.

30. *"Protected agreement"* means any of the following:

- a. A record evidencing indebtedness and any related agreement in effect on January 1, 2009.
- b. An agreement that is binding on an entity on January 1, 2009.
- c. The organic rules of an entity in effect on January 1, 2009.
- d. An agreement that is binding on any of the governors or interest holders of an entity on January 1, 2009.

31. a. *"Public organic record"* means the record the filing of which by the secretary of state is required to form an entity and any amendment to or restatement of that record.

b. *"Public organic record"* includes any of the following:

- (1) The articles of incorporation of a business corporation.
- (2) The articles of incorporation of a nonprofit corporation.
- (3) The certificate of limited partnership of a limited partnership.
- (4) The certificate of organization of a limited liability company.
- (5) The articles of incorporation of a domestic cooperative.
- (6) The certificate of trust of a statutory trust or similar record of a business trust.

32. *"Registered foreign entity"* means a foreign entity that is registered to do business in this state pursuant to a record filed by the secretary of state.

33. *"Statement of conversion"* means a statement under section 489.1045.

34. "*Statement of domestication*" means a statement under section 489.1055.

35. "*Statement of interest exchange*" means a statement under section 489.1035.

36. "*Statement of merger*" means a statement under section 489.1025.

37. "*Surviving entity*" means the entity that continues in existence after or is created by a merger.

38. "*Type of entity*" means a generic form of entity that is any of the following:

a. Recognized at common law.

b. Formed under an organic law, whether or not some entities formed under that organic law are subject to provisions of that law that create different categories of the form of entity.

Sec. 81. Section 489.1002, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1002 Relationship of subchapter to other laws.**

1. This subchapter does not authorize an act prohibited by, and does not affect the application or requirements of, law other than this subchapter.

2. A transaction effected under this subchapter shall not create or impair a right, duty, or obligation of a person under the statutory law of this state other than this subchapter relating to a change in control, takeover, business combination, control-share acquisition, or similar transaction involving a domestic merging, acquired, converting, or domesticating business corporation unless any of the following applies:

a. If the corporation does not survive the transaction, the transaction satisfies any requirements of the law.

b. If the corporation survives the transaction, the approval of the plan is by a vote of the shareholders or directors which would be sufficient to create or impair the right, duty, or obligation directly under the law.

Sec. 82. Section 489.1003, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1003 Required notice or approval.**

1. A domestic or foreign entity that is required to give notice to, or obtain the approval of, a governmental agency

or officer of this state to be a party to a merger must give the notice or obtain the approval to be a party to an interest exchange, conversion, or domestication.

2. Property held for a charitable purpose under the law of this state by a domestic or foreign entity immediately before a transaction under this subchapter becomes effective may be diverted from the objects for which it was donated, granted, devised, or otherwise transferred only to the extent a public benefit corporation is able to divert from such objects under chapter 504.

3. A bequest, devise, gift, grant, or promise contained in a will or other instrument of donation, subscription, or conveyance which is made to a merging entity that is not the surviving entity and which takes effect or remains payable after the merger inures to the surviving entity.

4. A trust obligation that would govern property if transferred to a nonsurviving entity applies to property that is transferred to the surviving entity under this section.

Sec. 83. Section 489.1004, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1004 Nonexclusivity.**

The fact that a transaction under this subchapter produces a certain result does not preclude the same result from being accomplished in any other manner permitted by law other than this subchapter.

Sec. 84. Section 489.1005, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1005 Reference to external facts.**

1. A plan may refer to facts ascertainable outside the plan if the manner in which the facts will operate upon the plan is specified in the plan. The facts may include the occurrence of an event or a determination or action by a person, whether or not the event, determination, or action is within the control of a party to the transaction.

2. The following provisions of a record delivered to the secretary of state for filing under this chapter or a plan delivered for filing in lieu of a statement shall not be made dependent on facts outside the record or plan:

a. The name and address of any person.

- b.* The registered office of any entity.
- c.* The registered agent of any entity.
- d.* The number of authorized interests and designation of each class or series of interests.
- e.* The effective date of a record delivered to the secretary of state for filing.
- f.* Any required statement in a record delivered to the secretary of state for filing of the date on which the underlying transaction was approved or the manner in which that approval was given.

Sec. 85. Section 489.1006, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1006 Appraisal rights.**

An interest holder of a domestic merging, acquired, converting, or domesticating limited liability company is entitled to contractual appraisal rights in connection with a transaction under this subchapter to the extent provided in any of the following:

- 1. The operating agreement.
- 2. The plan.

Sec. 86. Section 489.1007, Code 2023, is amended by striking the section and inserting in lieu thereof the following:

**489.1007 Excluded entities and transactions.**

This subchapter shall not be used to effect a transaction involving a bank, insurance company, or public utility where any chapter governing the regulation of such entity does not permit the transaction.

**Sec. 87. NEW SECTION. 489.1021 Merger authorized.**

- 1. By complying with this part, all of the following apply:
  - a.* One or more domestic limited liability companies may merge with one or more domestic or foreign entities into a domestic or foreign surviving entity.
  - b.* Two or more foreign entities may merge into a domestic limited liability company.
- 2. By complying with the provisions of this part applicable to foreign entities, a foreign entity may be a party to a merger under this part or may be the surviving entity in such a merger if the merger is authorized by the law of the foreign entity's jurisdiction of formation.

Sec. 88. NEW SECTION. 489.1022 Plan of merger.

1. A domestic limited liability company may become a party to a merger under this part by approving a plan of merger. The plan must be in a record and contain all of the following:

*a.* As to each merging entity, its name, jurisdiction of formation, and type of entity.

*b.* If the surviving entity is to be created in the merger, a statement to that effect and the entity's name, jurisdiction of formation, and type of entity.

*c.* The manner of converting the interests in each party to the merger into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

*d.* If the surviving entity exists before the merger, any proposed amendments to all of the following:

(1) Its public organic record, if any.

(2) Its private organic rules that are, or are proposed to be, in a record.

*e.* If the surviving entity is to be created in the merger, all of the following:

(1) Its proposed public organic record, if any.

(2) The full text of its private organic rules that are proposed to be in a record.

*f.* The other terms and conditions of the merger.

*g.* Any other provision required by the law of a merging entity's jurisdiction of formation or the organic rules of a merging entity.

2. In addition to the requirements of subsection 1, a plan of merger may contain any other provision not prohibited by law.

Sec. 89. NEW SECTION. 489.1023 Approval of merger.

1. A plan of merger is not effective unless it has been approved according to all of the following:

*a.* By a domestic merging limited liability company, by all the members of the company entitled to vote on or consent to any matter.

*b.* In a record, by each member of a domestic merging limited liability company which will have interest holder liability for debts, obligations, and other liabilities that are incurred

after the merger becomes effective, unless all of the following apply:

(1) The operating agreement of the limited liability company provides in a record for the approval of a merger in which some or all of its members become subject to interest holder liability by the affirmative vote or consent of fewer than all the members.

(2) The member consented in a record to or voted for that provision of the operating agreement or became a member after the adoption of that provision.

2. A merger involving a domestic merging entity that is not a limited liability company is not effective unless the merger is approved by that entity in accordance with its organic law.

3. A merger involving a foreign merging entity is not effective unless the merger is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

Sec. 90. NEW SECTION. 489.1024 Amendment or abandonment of plan of merger.

1. A plan of merger may be amended only with the consent of each party to the plan, except as otherwise provided in the plan.

2. A domestic merging limited liability company may approve an amendment of a plan of merger according to any of the following:

a. In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended.

b. By its managers or members in the manner provided in the plan, but a member that was entitled to vote on or consent to approval of the merger is entitled to vote on or consent to any amendment of the plan that will change any of the following:

(1) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by the interest holders of any party to the plan.

(2) The public organic record, if any, or private organic rules of the surviving entity that will be in effect immediately after the merger becomes effective, except for changes that do not require approval of the interest holders of

the surviving entity under its organic law or organic rules.

(3) Any other terms or conditions of the plan, if the change would adversely affect the member in any material respect.

3. After a plan of merger has been approved and before a statement of merger becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic merging limited liability company may abandon the plan in the same manner as the plan was approved.

4. If a plan of merger is abandoned after a statement of merger has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by a party to the plan, must be delivered to the secretary of state for filing before the statement of merger becomes effective. The statement of abandonment takes effect on filing, and the merger is abandoned and does not become effective. The statement of abandonment must contain all of the following:

- a. The name of each party to the plan of merger.
- b. The date on which the statement of merger was filed by the secretary of state.
- c. A statement that the merger has been abandoned in accordance with this section.

Sec. 91. NEW SECTION. 489.1025 Statement of merger — effective date of merger.

1. A statement of merger must be signed by each merging entity and delivered to the secretary of state for filing.
2. A statement of merger must contain all of the following:
  - a. The name, jurisdiction of formation, and type of entity of each merging entity that is not the surviving entity.
  - b. The name, jurisdiction of formation, and type of entity of the surviving entity, and if the surviving entity is a foreign entity, the street and mailing addresses of an office of the surviving entity that the secretary of state may use for purposes of section 489.1026, subsection 5.
  - c. A statement that the merger was approved by each domestic merging entity, if any, in accordance with this part and by each foreign merging entity, if any, in accordance with the law of its jurisdiction of formation.
  - d. If the surviving entity exists before the merger and is



a domestic filing entity, any amendment to its public organic record approved as part of the plan of merger.

*e.* If the surviving entity is created by the merger and is a domestic filing entity, its public organic record, as an attachment.

*f.* If the surviving entity is created by the merger and is a domestic limited liability partnership, its statement of qualification, as an attachment.

3. In addition to the requirements of subsection 2, a statement of merger may contain any other provision not prohibited by law.

4. If the surviving entity is a domestic entity, its public organic record, if any, must satisfy the requirements of the law of this state, except that the public organic record does not need to be signed.

5. If the surviving entity is a domestic limited liability company, the merger becomes effective when the statement of merger is effective. In all other cases, the merger becomes effective on the later of the following:

*a.* The date and time provided by the organic law of the surviving entity.

*b.* When the statement is effective.

Sec. 92. NEW SECTION. 489.1026 Effect of merger.

1. When a merger becomes effective, all of the following apply:

*a.* The surviving entity continues or comes into existence.

*b.* Each merging entity that is not the surviving entity ceases to exist.

*c.* All property of each merging entity vests in the surviving entity without transfer, reversion, or impairment.

*d.* All debts, obligations, and other liabilities of each merging entity are debts, obligations, and other liabilities of the surviving entity.

*e.* Except as otherwise provided by law or the plan of merger, all the rights, privileges, immunities, powers, and purposes of each merging entity vest in the surviving entity.

*f.* If the surviving entity exists before the merger, all of the following apply:

(1) All its property continues to be vested in it without

transfer, reversion, or impairment.

(2) It remains subject to all its debts, obligations, and other liabilities.

(3) All its rights, privileges, immunities, powers, and purposes continue to be vested in it.

*g.* The name of the surviving entity may be substituted for the name of any merging entity that is a party to any pending action or proceeding.

*h.* If the surviving entity exists before the merger, all of the following apply:

(1) Its public organic record, if any, is amended to the extent provided in the statement of merger.

(2) Its private organic rules that are to be in a record, if any, are amended to the extent provided in the plan of merger.

*i.* If the surviving entity is created by the merger, its private organic rules are effective and all of the following apply:

(1) If it is a filing entity, its public organic record becomes effective.

(2) If it is a limited liability partnership, its statement of qualification becomes effective.

*j.* The interests in each merging entity which are to be converted in the merger are converted, and the interest holders of those interests are entitled only to the rights provided to them under the plan of merger and to any appraisal rights they have under section 489.1006 and the merging entity's organic law.

2. Except as otherwise provided in the organic law or organic rules of a merging entity, the merger does not give rise to any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the merging entity.

3. When a merger becomes effective, a person that did not have interest holder liability with respect to any of the merging entities and becomes subject to interest holder liability with respect to a domestic entity as a result of the merger has interest holder liability only to the extent provided by the organic law of that entity and only for those debts, obligations, and other liabilities that are incurred

after the merger becomes effective.

4. When a merger becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic merging limited liability company with respect to which the person had interest holder liability is subject to the following rules:

*a.* The merger does not discharge any interest holder liability under this chapter to the extent the interest holder liability was incurred before the merger became effective.

*b.* The person does not have interest holder liability under this chapter for any debt, obligation, or other liability that is incurred after the merger becomes effective.

*c.* This chapter continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph "a" as if the merger had not occurred.

*d.* The person has whatever rights of contribution from any other person as are provided by this chapter, law other than this chapter, or the operating agreement of the domestic merging limited liability company with respect to any interest holder liability preserved under paragraph "a" as if the merger had not occurred.

5. When a merger becomes effective, a foreign entity that is the surviving entity may be served with process in this state for the collection and enforcement of any debts, obligations, or other liabilities of a domestic merging limited liability company as provided in section 489.116.

6. When a merger becomes effective, the registration to do business in this state of any foreign merging entity that is not the surviving entity is canceled.

Sec. 93. NEW SECTION. 489.1031 Interest exchange authorized.

1. By complying with this part, any of the following apply:

*a.* A domestic limited liability company may acquire all of one or more classes or series of interests of another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

*b.* All of one or more classes or series of interests of a

domestic limited liability company may be acquired by another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

2. By complying with the provisions of this part applicable to foreign entities, a foreign entity may be the acquiring or acquired entity in an interest exchange under this part if the interest exchange is authorized by the law of the foreign entity's jurisdiction of formation.

3. If a protected agreement contains a provision that applies to a merger of a domestic limited liability company but does not refer to an interest exchange, the provision applies to an interest exchange in which the domestic limited liability company is the acquired entity as if the interest exchange were a merger until the provision is amended on or after January 1, 2009.

Sec. 94. NEW SECTION. 489.1032 Plan of interest exchange.

1. A domestic limited liability company may be the acquired entity in an interest exchange under this part by approving a plan of interest exchange. The plan must be in a record and contain all of the following:

- a. The name of the acquired entity.
- b. The name, jurisdiction of formation, and type of entity of the acquiring entity.
- c. The manner of converting the interests in the acquired entity into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.
- d. Any proposed amendments to all of the following:
  - (1) The certificate of organization of the acquired entity.
  - (2) The operating agreement of the acquired entity that are, or are proposed to be, in a record.
- e. The other terms and conditions of the interest exchange.
- f. Any other provision required by the law of this state or the operating agreement of the acquired entity.

2. In addition to the requirements of subsection 1, a plan of interest exchange may contain any other provision not prohibited by law.

Sec. 95. NEW SECTION. 489.1033 Approval of interest exchange.

1. A plan of interest exchange is not effective unless it has been approved according to all of the following:

a. By all the members of a domestic acquired limited liability company entitled to vote on or consent to any matter.

b. In a record, by each member of the domestic acquired limited liability company that will have interest holder liability for debts, obligations, and other liabilities that are incurred after the interest exchange becomes effective, unless all of the following apply:

(1) The operating agreement of the limited liability company provides in a record for the approval of an interest exchange or a merger in which some or all of its members become subject to interest holder liability by the affirmative vote or consent of fewer than all the members.

(2) The member consented in a record to or voted for that provision of the operating agreement or became a member after the adoption of that provision.

2. An interest exchange involving a domestic acquired entity that is not a limited liability company is not effective unless it is approved by the domestic entity in accordance with its organic law.

3. An interest exchange involving a foreign acquired entity is not effective unless it is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

4. Except as otherwise provided in its organic law or organic rules, the interest holders of the acquiring entity are not required to approve the interest exchange.

Sec. 96. NEW SECTION. 489.1034 Amendment or abandonment of plan of interest exchange.

1. A plan of interest exchange may be amended only with the consent of each party to the plan, except as otherwise provided in the plan.

2. A domestic acquired limited liability company may approve an amendment of a plan of interest exchange according to any of the following:

a. In the same manner as the plan was approved, if the plan

does not provide for the manner in which it may be amended.

*b.* By its managers or members in the manner provided in the plan, but a member that was entitled to vote on or consent to approval of the interest exchange is entitled to vote on or consent to any amendment of the plan that will change any of the following:

(1) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the members of the acquired company under the plan.

(2) The certificate of organization or operating agreement of the acquired company that will be in effect immediately after the interest exchange becomes effective, except for changes that do not require approval of the members of the acquired company under this chapter or the operating agreement.

(3) Any other terms or conditions of the plan, if the change would adversely affect the member in any material respect.

3. After a plan of interest exchange has been approved and before a statement of interest exchange becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic acquired limited liability company may abandon the plan in the same manner as the plan was approved.

4. If a plan of interest exchange is abandoned after a statement of interest exchange has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the acquired limited liability company, must be delivered to the secretary of state for filing before the statement of interest exchange becomes effective. The statement of abandonment takes effect on filing, and the interest exchange is abandoned and does not become effective. The statement of abandonment must contain all of the following:

*a.* The name of the acquired limited liability company.

*b.* The date on which the statement of interest exchange was filed by the secretary of state.

*c.* A statement that the interest exchange has been abandoned in accordance with this section.

Sec. 97. NEW SECTION. 489.1035 Statement of interest exchange — effective date of interest exchange.

1. A statement of interest exchange must be signed by a domestic acquired limited liability company and delivered to the secretary of state for filing.
2. A statement of interest exchange must contain all of the following:
  - a. The name of the acquired limited liability company.
  - b. The name, jurisdiction of formation, and type of entity of the acquiring entity.
  - c. A statement that the plan of interest exchange was approved by the acquired company in accordance with this part.
  - d. Any amendments to the acquired company's certificate of organization approved as part of the plan of interest exchange.
3. In addition to the requirements of subsection 2, a statement of interest exchange may contain any other provision not prohibited by law.
4. An interest exchange becomes effective when the statement of interest exchange is effective.

Sec. 98. NEW SECTION. 489.1036 Effect of interest exchange.

1. When an interest exchange in which the acquired entity is a domestic limited liability company becomes effective, all of the following apply:
  - a. The interests in the acquired limited liability company which are the subject of the interest exchange are converted, and the members holding those interests are entitled only to the rights provided to them under the plan of interest exchange and to any appraisal rights they have under section 486.1006.
  - b. The acquiring entity becomes the interest holder of the interests in the acquired limited liability company stated in the plan of interest exchange to be acquired by the acquiring entity.
  - c. The certificate of organization of the acquired limited liability company is amended to the extent provided in the statement of interest exchange.
  - d. The provisions of the operating agreement of the acquired limited liability company that are to be in a record, if any, are amended to the extent provided in the plan of interest exchange.

2. Except as otherwise provided in the operating agreement of a domestic acquired limited liability company, the interest exchange does not give rise to any rights that a member, manager, or third party would have upon a dissolution, liquidation, or winding up of the acquired limited liability company.

3. When an interest exchange becomes effective, a person that did not have interest holder liability with respect to a domestic acquired limited liability company and becomes subject to interest holder liability with respect to a domestic entity as a result of the interest exchange has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that are incurred after the interest exchange becomes effective.

4. When an interest exchange becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic acquired limited liability company with respect to which the person had interest holder liability is subject to all of the following rules:

*a.* The interest exchange does not discharge any interest holder liability under this chapter to the extent the interest holder liability was incurred before the interest exchange became effective.

*b.* The person does not have interest holder liability under this chapter for any debt, obligation, or other liability that is incurred after the interest exchange becomes effective.

*c.* This chapter continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph "a" as if the interest exchange had not occurred.

*d.* The person has whatever rights of contribution from any other person as are provided by this chapter, law other than this chapter, or the operating agreement of the acquired limited liability company with respect to any interest holder liability preserved under paragraph "a" as if the interest exchange had not occurred.

Sec. 99. NEW SECTION. 489.1041 Conversion authorized.

1. By complying with this part, a domestic limited liability



company may become any of the following:

*a.* A domestic entity that is a different type of entity.

*b.* A foreign entity that is a different type of entity, if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.

2. By complying with the provisions of this part applicable to foreign entities, a foreign entity that is not a foreign limited liability company may become a domestic limited liability company if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.

3. If a protected agreement contains a provision that applies to a merger of a domestic limited liability company but does not refer to a conversion, the provision applies to a conversion of the limited liability company as if the conversion were a merger until the provision is amended on or after January 1, 2009.

4. A domestic entity that is not a limited liability company may become a domestic limited liability company if all of the following apply:

*a.* The domestic converting entity complies with section 489.1043.

*b.* The domestic converting entity files a statement of conversion in accordance with section 489.1045.

Sec. 100. NEW SECTION. 489.1042 Plan of conversion.

1. A domestic limited liability company may convert to a different type of entity under this part by approving a plan of conversion. The plan must be in a record and contain all of the following:

*a.* The name of the converting limited liability company.

*b.* The name, jurisdiction of formation, and type of entity of the converted entity.

*c.* The manner of converting the interests in the converting limited liability company into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

*d.* The proposed public organic record of the converted entity if it will be a filing entity.

*e.* The full text of the private organic rules of the converted entity which are proposed to be in a record.

*f.* The other terms and conditions of the conversion.

*g.* Any other provision required by the law of this state or the operating agreement of the converting limited liability company.

2. In addition to the requirements of subsection 1, a plan of conversion may contain any other provision not prohibited by law.

**Sec. 101. NEW SECTION. 489.1043 Approval of conversion.**

1. A plan of conversion is not effective unless it has been approved according to all of the following:

*a.* By a domestic converting limited liability company, by all the members of the limited liability company entitled to vote on or consent to any matter.

*b.* In a record, by each member of a domestic converting limited liability company which will have interest holder liability for debts, obligations, and other liabilities that are incurred after the conversion becomes effective, unless all of the following apply:

(1) The operating agreement of the limited liability company provides in a record for the approval of a conversion or a merger in which some or all of its members become subject to interest holder liability by the affirmative vote or consent of fewer than all the members.

(2) The member voted for or consented in a record to that provision of the operating agreement or became a member after the adoption of that provision.

2. A conversion involving a domestic converting entity that is not a limited liability company is not effective unless it is approved by the domestic converting entity in accordance with its organic law.

3. A conversion of a foreign converting entity is not effective unless it is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

**Sec. 102. NEW SECTION. 489.1044 Amendment or abandonment of plan of conversion.**

1. A plan of conversion of a domestic converting limited liability company may be amended according to any of the following:

a. In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended.

b. By its managers or members in the manner provided in the plan, but a member that was entitled to vote on or consent to approval of the conversion is entitled to vote on or consent to any amendment of the plan that will change any of the following:

(1) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the members of the converting limited liability company under the plan.

(2) The public organic record, if any, or private organic rules of the converted entity which will be in effect immediately after the conversion becomes effective, except for changes that do not require approval of the interest holders of the converted entity under its organic law or organic rules.

(3) Any other terms or conditions of the plan, if the change would adversely affect the member in any material respect.

2. After a plan of conversion has been approved by a domestic converting limited liability company and before a statement of conversion becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic converting limited liability company may abandon the plan in the same manner as the plan was approved.

3. If a plan of conversion is abandoned after a statement of conversion has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the converting entity, must be delivered to the secretary of state for filing before the statement of conversion becomes effective. The statement of abandonment takes effect on filing, and the conversion is abandoned and does not become effective. The statement of abandonment must contain all of the following:

- a. The name of the converting limited liability company.
- b. The date on which the statement of conversion was filed by the secretary of state.
- c. A statement that the conversion has been abandoned in accordance with this section.

Sec. 103. NEW SECTION. 489.1045 Statement of conversion — effective date of conversion.

1. A statement of conversion must be signed by the converting entity and delivered to the secretary of state for filing.

2. A statement of conversion must contain all of the following:

a. The name, jurisdiction of formation, and type of entity of the converting entity.

b. The name, jurisdiction of formation, and type of entity of the converted entity and if the converted entity is a foreign entity, the street and mailing addresses of an office of the converted entity that the secretary of state may use for purposes of section 489.1046, subsection 5.

c. If the converting entity is a domestic limited liability company, a statement that the plan of conversion was approved in accordance with this part or, if the converting entity is a foreign entity, a statement that the conversion was approved by the foreign entity in accordance with the law of its jurisdiction of formation.

d. If the converted entity is a domestic filing entity, its public organic record, as an attachment.

e. If the converted entity is a domestic limited liability partnership, its statement of qualification, as an attachment.

3. In addition to the requirements of subsection 2, a statement of conversion may contain any other provision not prohibited by law.

4. If the converted entity is a domestic entity, its public organic record, if any, must satisfy the requirements of the law of this state, except that the public organic record does not need to be signed.

5. If the converted entity is a domestic limited liability company, the conversion becomes effective when the statement of conversion is effective. In all other cases, the conversion becomes effective on the later of the following:

a. The date and time provided by the organic law of the converted entity.

b. When the statement is effective.

Sec. 104. NEW SECTION. 489.1046 Effect of conversion.

1. When a conversion becomes effective all of the following apply:

*a.* The converted entity is any of the following:

(1) Organized under and subject to the organic law of the converted entity.

(2) The same entity without interruption as the converting entity.

*b.* All property of the converting entity continues to be vested in the converted entity without transfer, reversion, or impairment.

*c.* All debts, obligations, and other liabilities of the converting entity continue as debts, obligations, and other liabilities of the converted entity.

*d.* Except as otherwise provided by law or the plan of conversion, all the rights, privileges, immunities, powers, and purposes of the converting entity remain in the converted entity.

*e.* The name of the converted entity may be substituted for the name of the converting entity in any pending action or proceeding.

*f.* The certificate of organization of the converted entity becomes effective.

*g.* The provisions of the operating agreement of the converted entity which are to be in a record, if any, approved as part of the plan of conversion become effective.

*h.* The interests in the converting entity are converted, and the interest holders of the converting entity are entitled only to the rights provided to them under the plan of conversion and to any appraisal rights they have under section 489.1006.

2. Except as otherwise provided in the operating agreement of a domestic converting limited liability company, the conversion does not give rise to any rights that a member, manager, or third party would have upon a dissolution, liquidation, or winding up of the converting entity.

3. When a conversion becomes effective, a person that did not have interest holder liability with respect to the converting entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the conversion has interest holder liability only to the extent

provided by the organic law of the entity and only for those debts, obligations, and other liabilities that are incurred after the conversion becomes effective.

4. When a conversion becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic converting limited liability company with respect to which the person had interest holder liability is subject to all of the following rules:

a. The conversion does not discharge any interest holder liability under this chapter to the extent the interest holder liability was incurred before the conversion became effective.

b. The person does not have interest holder liability under this chapter for any debt, obligation, or other liability that arises after the conversion becomes effective.

c. This chapter continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph "a" as if the conversion had not occurred.

d. The person has whatever rights of contribution from any other person as are provided by this chapter, law other than this chapter, or the organic rules of the converting entity with respect to any interest holder liability preserved under paragraph "a" as if the conversion had not occurred.

5. When a conversion becomes effective, a foreign entity that is the converted entity may be served with process in this state for the collection and enforcement of any of its debts, obligations, and other liabilities as provided in section 489.116.

6. If the converting entity is a registered foreign entity, its registration to do business in this state is canceled when the conversion becomes effective.

7. A conversion does not require the entity to wind up its affairs and does not constitute or cause the dissolution of the entity.

Sec. 105. NEW SECTION. 489.1051 Domestication authorized.

1. By complying with this part, a domestic limited liability company may become a foreign limited liability company if the domestication is authorized by the law of the foreign jurisdiction.

2. By complying with the provisions of this part applicable to foreign limited liability companies, a foreign limited liability company may become a domestic limited liability company if the domestication is authorized by the law of the foreign limited liability company's jurisdiction of formation.

3. If a protected agreement contains a provision that applies to a merger of a domestic limited liability company but does not refer to a domestication, the provision applies to a domestication of the limited liability company as if the domestication were a merger until the provision is amended on or after January 1, 2009.

Sec. 106. NEW SECTION. 489.1052 Plan of domestication.

1. A domestic limited liability company may become a foreign limited liability company in a domestication by approving a plan of domestication. The plan must be in a record and contain all of the following:

a. The name of the domesticating limited liability company.  
b. The name and jurisdiction of formation of the domesticated limited liability company.

c. The manner of converting the interests in the domesticating limited liability company into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

d. The proposed certificate of organization of the domesticated limited liability company.

e. The full text of the provisions of the operating agreement of the domesticated limited liability company that are proposed to be in a record.

f. The other terms and conditions of the domestication.

g. Any other provision required by the law of this state or the operating agreement of the domesticating limited liability company.

2. In addition to the requirements of subsection 1, a plan of domestication may contain any other provision not prohibited by law.

Sec. 107. NEW SECTION. 489.1053 Approval of domestication.

1. A plan of domestication of a domestic domesticating limited liability company is not effective unless it has been

approved according to any of the following:

a. By all the members entitled to vote on or consent to any matter.

b. In a record, by each member that will have interest holder liability for debts, obligations, and other liabilities that are incurred after the domestication becomes effective, unless all of the following apply:

(1) The operating agreement of the domesticating limited liability company in a record provides for the approval of a domestication or merger in which some or all of its members become subject to interest holder liability by the affirmative vote or consent of fewer than all the members.

(2) The member voted for or consented in a record to that provision of the operating agreement or became a member after the adoption of that provision.

2. A domestication of a foreign domesticating limited liability company is not effective unless it is approved in accordance with the law of the foreign limited liability company's jurisdiction of formation.

Sec. 108. NEW SECTION. 489.1054 Amendment or abandonment of plan of domestication.

1. A plan of domestication of a domestic domesticating limited liability company may be amended according to any of the following:

a. In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended.

b. By its managers or members in the manner provided in the plan, but a member that was entitled to vote on or consent to approval of the domestication is entitled to vote on or consent to any amendment of the plan that will change any of the following:

(1) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the members of the domesticating limited liability company under the plan.

(2) The certificate of organization or operating agreement of the domesticated limited liability company that will be in effect immediately after the domestication becomes effective,



except for changes that do not require approval of the members of the domesticated limited liability company under its organic law or operating agreement.

(3) Any other terms or conditions of the plan, if the change would adversely affect the member in any material respect.

2. After a plan of domestication has been approved by a domestic domesticating limited liability company and before a statement of domestication becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic domesticating limited liability company may abandon the plan in the same manner as the plan was approved.

3. If a plan of domestication is abandoned after a statement of domestication has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the domesticating limited liability company, must be delivered to the secretary of state for filing before the statement of domestication becomes effective. The statement of abandonment takes effect on filing, and the domestication is abandoned and does not become effective. The statement of abandonment must contain all of the following:

- a. The name of the domesticating limited liability company.
- b. The date on which the statement of domestication was filed by the secretary of state.
- c. A statement that the domestication has been abandoned in accordance with this section.

Sec. 109. NEW SECTION. 489.1055 Statement of domestication — effective date of domestication.

1. A statement of domestication must be signed by the domesticating limited liability company and delivered to the secretary of state for filing.

2. A statement of domestication must contain all of the following:

a. The name and jurisdiction of formation of the domesticating limited liability company.

b. The name and jurisdiction of formation of the domesticated limited liability company and the street and mailing addresses of an office of the domesticated limited liability company that the secretary of state may use for

purposes of section 489.1056, subsection 5.

*c.* If the domesticating limited liability company is a domestic limited liability company, a statement that the plan of domestication was approved in accordance with this part or, if the domesticating limited liability company is a foreign limited liability company, a statement that the domestication was approved in accordance with the law of its jurisdiction of formation.

*d.* The certificate of organization of the domesticated limited liability company, as an attachment.

3. In addition to the requirements of subsection 2, a statement of domestication may contain any other provision not prohibited by law.

4. The certificate of organization of a domestic domesticated limited liability company must satisfy the requirements of this chapter, but the certificate does not need to be signed.

5. If the domesticated entity is a domestic limited liability company, the domestication becomes effective when the statement of domestication is effective. If the domesticated entity is a foreign limited liability company, the domestication becomes effective on the later of all of the following:

*a.* The date and time provided by the organic law of the domesticated entity.

*b.* When the statement is effective.

Sec. 110. NEW SECTION. 489.1056 Effect of domestication.

1. When a domestication becomes effective, all of the following apply:

*a.* The domesticated entity is all of the following:

(1) Organized under and subject to the organic law of the domesticated entity.

(2) The same entity without interruption as the domesticating entity.

*b.* All property of the domesticating entity continues to be vested in the domesticated entity without transfer, reversion, or impairment.

*c.* All debts, obligations, and other liabilities of the domesticating entity continue as debts, obligations, and other

liabilities of the domesticated entity.

*d.* Except as otherwise provided by law or the plan of domestication, all the rights, privileges, immunities, powers, and purposes of the domesticating entity remain in the domesticated entity.

*e.* The name of the domesticated entity may be substituted for the name of the domesticating entity in any pending action or proceeding.

*f.* The certificate of organization of the domesticated entity becomes effective.

*g.* The provisions of the operating agreement of the domesticated entity that are to be in a record, if any, approved as part of the plan of domestication become effective.

*h.* The interests in the domesticating entity are converted to the extent and as approved in connection with the domestication, and the members of the domesticating entity are entitled only to the rights provided to them under the plan of domestication and to any appraisal rights they have under section 489.1006.

2. Except as otherwise provided in the organic law or operating agreement of the domesticating limited liability company, the domestication does not give rise to any rights that a member, manager, or third party would otherwise have upon a dissolution, liquidation, or winding up of the domesticating company.

3. When a domestication becomes effective, a person that did not have interest holder liability with respect to the domesticating limited liability company and becomes subject to interest holder liability with respect to a domestic limited liability company as a result of the domestication has interest holder liability only to the extent provided by this chapter and only for those debts, obligations, and other liabilities that are incurred after the domestication becomes effective.

4. When a domestication becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic domesticating limited liability company with respect to which the person had interest holder liability is subject to all of the following rules:

*a.* The domestication does not discharge any interest

holder liability under this chapter to the extent the interest holder liability was incurred before the domestication became effective.

b. A person does not have interest holder liability under this chapter for any debt, obligation, or other liability that is incurred after the domestication becomes effective.

c. This chapter continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph "a" as if the domestication had not occurred.

d. A person has whatever rights of contribution from any other person as are provided by this chapter, law other than this chapter, or the operating agreement of the domestic domesticating limited liability company with respect to any interest holder liability preserved under paragraph "a" as if the domestication had not occurred.

5. When a domestication becomes effective, a foreign limited liability company that is the domesticated company may be served with process in this state for the collection and enforcement of any of its debts, obligations, and other liabilities as provided in section 489.116.

6. If the domesticating limited liability company is a registered foreign entity, the registration of the limited liability company is canceled when the domestication becomes effective.

7. A domestication does not require a domestic domesticating limited liability company to wind up its affairs and does not constitute or cause the dissolution of the limited liability company.

Sec. 111. Section 489.1101, Code 2023, is amended to read as follows:

**489.1101 Definitions.**

As used in this ~~article~~ subchapter, unless the context otherwise requires:

1. "Employee" or "agent" does not include a clerk, stenographer, secretary, bookkeeper, technician, or other person who is not usually and ordinarily considered by custom and practice to be practicing a profession nor any other person who performs all that person's duties for the professional

limited liability company under the direct supervision and control of one or more managers, employees, or agents of the professional limited liability company who are duly licensed in this state to practice a profession which the limited liability company is authorized to practice in this state. This ~~article~~ subchapter does not require any such persons to be licensed to practice a profession if they are not required to be licensed under any other law of this state.

2. "*Foreign professional limited liability company*" means a limited liability company organized under laws other than the laws of this state for a purpose for which a professional limited liability company may be organized under this ~~article~~ subchapter.

3. "*Licensed*" includes registered, certified, admitted to practice, or otherwise legally authorized under the laws of this state.

4. "*Profession*" means the following professions:

- a. Certified public accountancy.
- b. Architecture.
- c. Chiropractic.
- d. Dentistry.
- e. Physical therapy.
- f. Practice as a physician assistant.
- g. Psychology.
- h. Professional engineering.
- i. Land surveying.
- j. Landscape architecture.
- k. Law.
- l. Medicine and surgery.
- m. Optometry.
- n. Osteopathic medicine and surgery.
- o. Accounting practitioner.
- p. Podiatry.
- q. Real estate brokerage.
- r. Speech pathology.
- s. Audiology.
- t. Veterinary medicine.
- u. Pharmacy.
- v. Nursing.

w. Marital and family therapy or mental health counseling, provided that the marital and family therapist or mental health counselor is licensed under chapters 147 and 154D.

x. Social work, provided that the social worker is licensed pursuant to chapter 147 and section 154C.3, subsection 1, paragraph "c".

5. "Professional limited liability company" means a limited liability company subject to this ~~article~~ subchapter, except a foreign professional limited liability company.

6. "Regulating board" means any board, commission, court, or governmental authority which, under the laws of this state, is charged with the licensing, registration, certification, admission to practice, or other legal authorization of the practitioners of any profession.

7. a. "Voluntary transfer" includes a sale, voluntary assignment, gift, pledge, or encumbrance; a voluntary change of legal or equitable ownership or beneficial interest; or a voluntary change of persons having voting rights with respect to any transferable interest, except as proxies.

b. "Voluntary transfer" does not include a transfer of an individual's interest in a limited liability company or other property to a guardian or conservator appointed for that individual or the individual's property.

Sec. 112. Section 489.1106, Code 2023, is amended to read as follows:

**489.1106 Professional regulation.**

A professional limited liability company shall not be required to register with or to obtain any license, registration, certificate, or other legal authorization from a regulating board in order to practice a profession. Except as provided in this section, this ~~article~~ subchapter does not restrict or limit in any manner the authority or duties of any regulating board with respect to ~~individuals~~ an individual practicing a profession which is within the jurisdiction of the regulating board, even if the individual is a member, manager, employee, or agent of a professional limited liability company or foreign professional limited liability company and practices the individual's profession through such professional limited liability company.

Sec. 113. Section 489.1107, Code 2023, is amended to read as follows:

**489.1107 Relationship and liability to persons served.**

This article subchapter does not modify any law applicable to the relationship between an individual practicing a profession and a person receiving professional services, including but not limited to any liability arising out of such practice or any law respecting privileged communications. This article subchapter does not modify or affect the ethical standards or standards of conduct of any profession, including but not limited to any standards prohibiting or limiting the practice of the profession by a limited liability company or prohibiting or limiting the practice of two or more professions in combination. All such standards shall apply to the members, managers, employees, and agents through whom a professional limited liability company practices any profession in this state, to the same extent that the standards apply to an individual practitioner.

Sec. 114. Section 489.1110, Code 2023, is amended to read as follows:

**489.1110 Convertible interests — rights and options.**

A professional limited liability company shall not create or issue any interest convertible into an interest of the professional limited liability company. The provisions of this article subchapter with respect to the issuance and transfer of interests apply to the creation, issuance, and transfer of any right or option entitling the holder to purchase from a professional limited liability company any interest of the professional limited liability company. A right or option shall not be transferable, whether voluntarily, involuntarily, by operation of law, or in any other manner. Upon the death of the holder, or when the holder ceases to be licensed to practice a profession in this state which the professional limited liability company is authorized to practice, the right or option shall expire.

Sec. 115. Section 489.1112, subsections 4, 5, and 6, Code 2023, are amended to read as follows:

4. When a person other than a member of record becomes entitled to have interests of a professional limited liability

company transferred into that person's name or to exercise voting rights, except as a proxy, with respect to interests of the professional limited liability company, the professional limited liability company shall immediately purchase the interests. Without limiting the generality of the foregoing, this section shall be applicable whether the event occurs as a result of appointment of a guardian or conservator for a member or the member's property, transfer of interests by operation of law, involuntary transfer of interests, judicial proceeding, execution, levy, bankruptcy proceeding, receivership proceeding, foreclosure or enforcement of a pledge or encumbrance, or any other situation or occurrence. However, this section does not apply to any voluntary transfer of interests as defined in this ~~article~~ subchapter.

5. Interests purchased by a professional limited liability company under this section shall be transferred to the professional limited liability company as of the close of business on the date of the death or other event which requires purchase. The member and the member's executors, administrators, legal representatives, or successors in interest, shall promptly do all things which may be necessary or convenient to cause transfer to be made as of the transfer date. However, the interests shall promptly be transferred on the books and records of the professional limited liability company as of the transfer date, notwithstanding any delay in transferring or surrendering the interests or certificates representing the interests, and the transfer shall be valid and effective for all purposes as of the close of business on the transfer date. The purchase price for such interests shall be paid as provided in this ~~article~~ subchapter, but the transfer of interests to the professional limited liability company as provided in this section shall not be delayed or affected by any delay or default in making payment.

6. a. Notwithstanding subsections 1 through 5, purchase by the professional limited liability company is not required upon the occurrence of any event other than death of a member, if the professional limited liability company is dissolved within sixty days after the occurrence of the event or voluntarily elects to no longer be a professional limited liability company



but continue its existence as a limited liability company pursuant to section 489.1119A within sixty days after the occurrence of the event. The certificate of organization or operating agreement of the professional limited liability company may provide that purchase is not required upon the death of a member, if the professional limited liability company is dissolved within sixty days after the date of the member's death.

b. Notwithstanding sections 1 through 5, purchase by the professional limited liability company is not required upon the death of a member if the professional limited liability company voluntarily elects to no longer be a professional limited liability company but continue its existence as a limited liability company pursuant to section 489.1119A within sixty days after death.

Sec. 116. Section 489.1113, Code 2023, is amended to read as follows:

**489.1113 Certificates representing interests.**

Each certificate representing an interest of a professional limited liability company shall state in substance that the certificate represents an interest in a professional limited liability company and is not transferable except as expressly provided in this article subchapter and in the certificate of organization or an operating agreement of the professional limited liability company.

Sec. 117. Section 489.1114, Code 2023, is amended to read as follows:

**489.1114 Management.**

1. All managers of a professional limited liability company shall at all times be individuals who are licensed to practice a profession in this state or a lawful combination of professions pursuant to section 489.1102, which the limited liability company is authorized to practice. ~~A person who is not licensed shall have no authority or duties in the management or control of the professional limited liability company. If a manager ceases to have this qualification, the manager shall immediately and automatically cease to hold such management position.~~

2. Notwithstanding subsection 1, upon the occurrence of

any event that requires the professional limited liability company either to be dissolved or to elect to no longer be a professional limited liability company but continue its existence as a limited liability company, as provided in section 489.1119A, all of the following apply:

a. The professional limited liability company ceases to practice the profession that the professional limited liability company is authorized to practice, as provided in section 489.1119A.

b. The individuals who are not licensed to practice in this state a profession that the professional limited liability company is authorized to practice may be appointed as officers and directors for the sole purpose of doing any of the following:

(1) Carrying out the dissolution of the professional limited liability company.

(2) If applicable, carrying out the voluntary election of the professional limited liability company to no longer be a professional limited liability company but continue its existence as a limited liability company, as provided in section 489.1119A.

Sec. 118. Section 489.1115, Code 2023, is amended to read as follows:

**489.1115 Merger.**

A professional limited liability company shall not merge with any entity except another professional limited liability company subject to this ~~article~~ subchapter or a professional corporation subject to chapter 496C. Merger is not permitted unless the surviving or new professional limited liability company is a professional limited liability company ~~which~~ that complies with all requirements of this ~~article~~ subchapter.

Sec. 119. Section 489.1116, Code 2023, is amended to read as follows:

**489.1116 Dissolution or liquidation.**

A violation of any provision of this ~~article~~ subchapter by a professional limited liability company or any of its members or managers shall be cause for its involuntary dissolution, or liquidation of its assets and business by the district court. Upon the death of the last remaining member of a professional

limited liability company, or when the last remaining member is not licensed or ceases to be licensed to practice a profession in this state which the professional limited liability company is authorized to practice, or when any person other than the member of record becomes entitled to have all interests of the last remaining member of the professional limited liability company transferred into that person's name or to exercise voting rights, except as a proxy, with respect to such interests, the professional limited liability company shall not practice any profession ~~and it~~. In that case, the professional limited liability company shall either be promptly dissolved or shall promptly elect to no longer be a professional limited liability company but continue its existence as a limited liability company as provided in section 489.1119A. However, if prior to dissolution all outstanding interests of the professional limited liability company are acquired by two or more persons licensed to practice a profession in this state which the professional limited liability company is authorized to practice, the professional limited liability company need not be dissolved nor elect to no longer be a professional limited liability company and may instead practice the profession as provided in this article subchapter.

Sec. 120. Section 489.1117, Code 2023, is amended to read as follows:

**489.1117 Foreign professional limited liability company.**

1. A foreign professional limited liability company may practice a profession in this state if it complies with the provisions of this ~~article~~ subchapter. The secretary of state may prescribe forms for this purpose. A foreign professional limited liability company may practice a profession in this state only through members, managers, employees, and agents who are licensed to practice the profession in this state. The provisions of this ~~article~~ subchapter with respect to the practice of a profession by a professional limited liability company apply to a foreign professional limited liability company.

2. This ~~article~~ subchapter does not prohibit the practice of a profession in this state by an individual who is a member, manager, employee, or agent of a foreign professional limited

liability company, if the individual could lawfully practice the profession in this state in the absence of any relationship to a foreign professional limited liability company. This subsection applies regardless of whether or not the foreign professional limited liability company is authorized to practice a profession in this state.

Sec. 121. Section 489.1118, Code 2023, is amended to read as follows:

**489.1118 Limited liability companies organized under the other laws.**

This ~~article~~ subchapter does not apply to or interfere with the practice of any profession by or through any professional limited liability company organized after July 1, 1992, under any other law of this state or any other state or country, if the practice is lawful under any other statute or rule of law of this state. Any such professional limited liability company may voluntarily elect to adopt this ~~article~~ subchapter and become subject to its provisions, by amending its certificate of organization to be consistent with all provisions of this ~~article~~ subchapter and by stating in its amended certificate of organization that the limited liability company has voluntarily elected to adopt this ~~article~~ subchapter. Any limited liability company organized under any law of any other state or country may become subject to the provisions of this ~~article~~ subchapter by complying with all provisions of this ~~article~~ subchapter with respect to foreign professional limited liability companies.

Sec. 122. Section 489.1119, Code 2023, is amended to read as follows:

**489.1119 Conflicts with other provisions of this chapter.**

The provisions of this ~~article~~ subchapter shall prevail over any inconsistent provisions of this chapter.

Sec. 123. NEW SECTION. **489.1119A Election to no longer be a professional limited liability company.**

A professional limited liability company may elect to no longer be a professional limited liability company but continue its existence as a limited liability company by filing with the secretary of state an amendment to or restatement of its certificate of organization that states that the limited

liability company is no longer a professional limited liability company and amending its name to no longer indicate it is a professional limited liability company.

Sec. 124. NEW SECTION. 489.1204 Severability clause.

If any provision of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Sec. 125. NEW SECTION. 489.1207 Application to existing relationships.

1. For purposes of applying this chapter to a limited liability company formed before the effective date of this Act, references in the limited liability company's operating agreement to provisions in this chapter in effect before the effective date of this Act are deemed to be references to the comparable provision in this chapter after the effective date of this Act.

2. A limited liability company that has published notice of its dissolution and requested persons having claims against the limited liability company to present them in accordance with the notice pursuant to section 489.703 as that section existed immediately prior to the effective date of this Act shall be subject to the requirements set forth in that section as it existed immediately prior to the effective date of this Act, including the right of a claim by a person that is commenced within five years after publication of the notice.

3. For the purposes of applying this chapter to a limited liability company formed before January 1, 2009, all of the following apply:

a. The limited liability company's articles of organization are deemed to be the company's certificate of organization.

b. For the purposes of applying section 489.102, subsection 15, and subject to section 489.112, subsection 4, language in the limited liability company's articles of organization designating the limited liability company's management structure operates as if that language were in the operating agreement.

c. If a professional limited liability company's name complied with section 490A.1503 as that section existed on December 30, 2010, that company's name shall also be deemed to comply with the name requirements of section 489.1103 of the 2011 edition of the Iowa Code.

Sec. 126. Section 489.14101, Code 2023, is amended to read as follows:

**489.14101 Short title.**

This ~~article~~ subchapter may be cited as the "*Uniform Protected Series Act*".

Sec. 127. Section 489.14102, unnumbered paragraph 1, Code 2023, is amended to read as follows:

As used in this ~~article~~ subchapter, unless the context otherwise requires:

Sec. 128. Section 489.14102, subsections 4 and 9, Code 2023, are amended to read as follows:

4. "*Foreign protected series*" means an arrangement, configuration, or other structure established by a foreign limited liability company which has attributes comparable to a protected series established under this ~~article~~ subchapter. The term applies whether or not the law under which the foreign company is organized refers to "protected series".

9. "*Protected-series manager*" means a person under whose authority the powers of a protected series are exercised and under whose direction the activities and affairs of the protected series are managed under the operating agreement, this ~~article~~ subchapter, and this chapter.

Sec. 129. Section 489.14104, subsection 4, paragraph c, Code 2023, is amended to read as follows:

c. Except as permitted by law of this state other than this ~~article~~ subchapter, have a purpose or power that the law of this state other than this ~~article~~ subchapter prohibits a limited liability company from doing or having.

Sec. 130. Section 489.14106, subsections 2, 3, and 4, Code 2023, are amended to read as follows:

2. If this chapter otherwise restricts the power of an operating agreement to affect a matter, the restriction applies to a matter under this ~~article~~ subchapter in accordance with section 489.14108.

3. If law of this state other than this ~~article~~ subchapter imposes a prohibition, limitation, requirement, condition, obligation, liability, or other restriction on a limited liability company, a member, manager, or other agent of the company, or a transferee of the company, except as otherwise provided in law of this state other than this ~~article~~ subchapter, the restriction applies in accordance with section 489.14108.

4. Except as otherwise provided in section 489.14107, if the operating agreement of a series limited liability company does not provide for a matter described in subsection 1 in a manner permitted by this ~~article~~ subchapter, the matter is determined in accordance with the following rules:

a. To the extent this ~~article~~ subchapter addresses the matter, this ~~article~~ subchapter governs.

b. To the extent this ~~article~~ subchapter does not address the matter, the other ~~articles~~ subchapters of this chapter govern the matter in accordance with section 489.14108.

Sec. 131. Section 489.14107, subsection 1, paragraphs v, w, x, and y, Code 2023, are amended to read as follows:

v. ~~Article 6~~ Subchapter VI.

w. ~~Article 7~~ Subchapter VII.

x. ~~Article 8~~ Subchapter VIII.

y. A provision of this ~~article~~ subchapter pertaining to any of the following:

(1) Registered agents.

(2) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this ~~article~~ subchapter.

Sec. 132. Section 489.14108, subsection 2, paragraph b, subparagraphs (1) and (2), Code 2023, are amended to read as follows:

(1) Accept for filing a type of record that neither this ~~article~~ subchapter nor any of the other ~~articles~~ subchapters of this chapter authorizes or requires a person to deliver to the secretary of state for filing.

(2) Make or deliver a record that neither this ~~article~~ subchapter nor the other ~~articles~~ subchapters of this chapter authorizes or requires the secretary of state to make or

deliver.

Sec. 133. Section 489.14204, subsection 1, paragraph c, Code 2023, is amended to read as follows:

c. Other means authorized by law of this state other than the other ~~articles~~ subchapters of this chapter.

Sec. 134. Section 489.14301, subsection 5, unnumbered paragraph 1, Code 2023, is amended to read as follows:

To the extent permitted by this section and law of this state other than this ~~article~~ subchapter, a series limited liability company or protected series of the company may hold an associated asset directly or indirectly, through a representative, nominee, or similar arrangement, except that all of the following applies:

Sec. 135. Section 489.14303, subsection 4, Code 2023, is amended to read as follows:

4. Except for section 489.14108, subsection 1, paragraph "c", a provision of this ~~article~~ subchapter which applies to a protected-series transferee of a protected series of a series limited liability company applies to the company in its capacity as an owner of a protected-series transferable interest of the protected series. A provision of the operating agreement of a series limited liability company which applies to a protected-series transferee of a protected series of the company applies to the company in its capacity as an owner of a protected-series transferable interest of the protected series.

Sec. 136. Section 489.14304, subsection 6, Code 2023, is amended to read as follows:

6. ~~Article 9~~ Subchapter IX applies to a protected series in accordance with section 489.14108.

Sec. 137. Section 489.14402, subsection 3, paragraph b, Code 2023, is amended to read as follows:

b. The claim is to establish or enforce a liability arising under law of this state other than this ~~article~~ subchapter or from an act or omission in this state.

Sec. 138. Section 489.14404, subsection 3, Code 2023, is amended to read as follows:

3. In addition to any other remedy provided by law or equity, if a claim against a series limited liability company or a protected series has not been reduced to a judgment and



law other than this ~~article~~ subchapter permits a prejudgment remedy by attachment, levy, or the like, the court may apply subsection 2 as a prejudgment remedy.

Sec. 139. Section 489.14404, subsection 5, paragraph b, Code 2023, is amended to read as follows:

b. The claimant is a resident of this state or doing business or authorized to do business in this state, or the claim under section 489.14404 is to enforce a judgment, or to seek a prejudgment remedy, pertaining to a liability arising from law of this state other than this ~~article~~ subchapter or an act or omission in this state.

Sec. 140. Section 489.14801, Code 2023, is amended to read as follows:

**489.14801 Uniformity of application and construction.**

In applying and construing this ~~article~~ subchapter, consideration shall be given to the need to promote uniformity of the law with respect to its subject matter among states that enact the uniform protected series Act as approved and recommended by the national conference of commissioners on uniform state laws.

Sec. 141. Section 489.14804, Code 2023, is amended to read as follows:

**489.14804 Savings clause.**

This ~~article~~ subchapter does not affect an action commenced, proceeding brought, or right accrued before July 1, 2020.

Sec. 142. REPEAL. Sections 489.113, 489.802, 489.803, 489.804, 489.805, 489.806, 489.807, 489.808, 489.1008, 489.1009, 489.1010, 489.1011, 489.1012, 489.1013, 489.1014, 489.1015, 489.1016, and 489.1304, Code 2023, are repealed.

**Sec. 143. CODE EDITOR DIRECTIVE.**

1. The Code editor is directed to make the following transfers:

- a. Section 489.104 to section 489.108.
- b. Section 489.105 to section 489.109.
- c. Section 489.106 to section 489.104.
- d. Section 489.107 to section 489.111.
- e. Section 489.108 to section 489.112.
- f. Section 489.109 to section 489.113.
- g. Section 489.110 to section 489.105.

- h. Section 489.111 to section 489.106.
- i. Section 489.112 to section 489.107.
- j. Section 489.114 to section 489.116.
- k. Section 489.114A, as enacted by this Act, to section 489.114.
- l. Section 489.115 to section 489.117.
- m. Section 489.115A, as enacted by this Act, to section 489.115.
- n. Section 489.116 to section 489.119.
- o. Section 489.117 to section 489.122.
- p. Section 489.205A to section 489.122A.
- q. Section 489.206 to section 489.209.
- r. Section 489.206A, as enacted by this Act, to section 489.206.
- s. Section 489.208 to section 489.211.
- t. Section 489.208A, as enacted by this Act, to section 489.208.
- u. Section 489.209 to section 489.211A.
- v. Section 489.701A to section 489.703.
- w. Section 489.703 to section 489.704.
- x. Section 489.704 to section 489.705.
- y. Section 489.705 to section 489.708.
- z. Section 489.706 to section 489.710.
- aa. Section 489.706A, as enacted by this Act, to section 489.706.
- ab. Section 489.707 to section 489.711.
- ac. Section 489.708 to section 489.707.
- ad. Section 489.801 to section 489.901.
- ae. Section 489.805A, as enacted by this Act, to section 489.805.
- af. Section 489.809 to section 489.912.
- ag. Section 489.901 to section 489.801.
- ah. Section 489.902 to section 489.802.
- ai. Section 489.903 to section 489.803.
- aj. Section 489.904 to section 489.804.
- ak. Section 489.906 to section 489.806.
- al. Section 489.906A, as enacted by this Act, to section 489.906.
- am. Section 489.911A to section 489.902.

- an. Section 489.911B to section 489.903.
- ao. Section 489.911C to section 489.904.
- ap. Section 489.1119 to section 489.1120.
- aq. Section 489.1119A to section 489.1119.
- ar. Section 489.1301 to section 489.1201.
- as. Section 489.1302 to section 489.1202.
- at. Section 489.1303 to section 489.1203.

2. The Code editor shall correct internal references in the Code and in any enacted legislation as necessary due to the enactment of this section.

Sec. 144. DIRECTIONS TO THE CODE EDITOR — DIVIDING SUBCHAPTER X INTO PARTS. The Code editor is directed to divide the provisions of chapter 489, subchapter X, as amended or enacted in this division of this Act, into parts as follows:

- 1. Part 1, including sections 489.1001 through 489.1007.
- 2. Part 2, including sections 489.1021 through 489.1026.
- 3. Part 3, including sections 489.1031 through 489.1036.
- 4. Part 4, including sections 489.1041 through 489.1046.
- 5. Part 5, including sections 489.1051 through 489.1056.

#### DIVISION II

#### COORDINATING AMENDMENTS

Sec. 145. Section 9.11, subsection 1, paragraph c, Code 2023, is amended to read as follows:

c. Chapter 489, including as provided in section ~~489.205,~~ 489.205A and as stated in section 489.117 or as otherwise described in sections ~~489.112, 489.302, 489.702, 489.1008,~~ ~~489.1012, and 489.14502~~ section 489.210.

Sec. 146. Section 10.1, subsection 9, paragraph b, Code 2023, is amended to read as follows:

b. As used in paragraph "a", a type of membership interest in a limited liability company includes a protected series as provided in chapter 489, ~~article 14~~ subchapter XIV.

Sec. 147. Section 10.1, subsection 17, paragraph b, Code 2023, is amended to read as follows:

b. As used in paragraph "a", a type of membership interest in a limited liability company includes a protected series of a series limited liability company as provided in chapter 489, ~~article 14~~ subchapter XIV.

Sec. 148. Section 10.10, subsection 1, paragraph c,

subparagraph (2), Code 2023, is amended to read as follows:

(2) As used in subparagraph (1), a type of membership interest in a limited liability company includes a protected series of a series limited liability company as provided in chapter 489, ~~article 14~~ subchapter XIV.

Sec. 149. Section 488.108, subsection 4, paragraph b, subparagraph (4), Code 2023, is amended to read as follows:

(4) For a limited liability company under chapter 489, section 489.108, 489.109, 489.114A, or 489.706.

Sec. 150. Section 490.401, subsection 2, paragraph h, subparagraph (4), Code 2023, is amended to read as follows:

(4) For a limited liability company under chapter 489, section 489.108, 489.109, 489.114A, or 489.706.

Sec. 151. Section 501A.102, subsection 13, Code 2023, is amended by striking the subsection.

Sec. 152. Section 501A.1101, subsections 1, 2, and 5, Code 2023, are amended to read as follows:

1. *Authorization.* Unless otherwise prohibited, cooperatives organized under the laws of this state, including cooperatives organized under this chapter or traditional cooperatives, may merge or consolidate with each other, ~~an Iowa limited liability company under the provisions of section 489.1015,~~ or other another business entities entity organized under the laws of another state, by complying with the provisions of this section and the law of the state where the surviving or new business entity will exist. A cooperative shall not merge or consolidate with a business entity organized under the laws of this state, other than a traditional cooperative, unless the law governing the business entity expressly authorizes merger or consolidation with a cooperative. This subsection does not authorize a foreign business entity to do any act not authorized by the law governing the foreign business entity.

2. *Plan.* To initiate a merger or consolidation of a cooperative, a written plan of merger or consolidation shall be prepared by the board or by a committee selected by the board to prepare a plan. The plan shall state all of the following:

a. The names of ~~the~~ each constituent domestic cooperative, ~~the name of any Iowa limited liability company~~ that is a party to the merger, ~~to the extent authorized under section 489.1015,~~

and any foreign business ~~entities~~ entity that is a party to the merger.

b. The name of the surviving or new domestic cooperative, ~~Iowa limited liability company as required by section 489.1015,~~ or ~~other~~ foreign business entity.

c. The manner and basis of converting membership or ownership interests of the constituent domestic cooperative, ~~the Iowa limited liability company that is a party as provided in section 489.1015,~~ or foreign business entity into membership or ownership interests in the surviving or new domestic cooperative, ~~the surviving Iowa limited liability company as authorized in section 489.1015,~~ or foreign business entity.

d. The terms of the merger or consolidation.

e. The proposed effect of the merger or consolidation on the members and patron members of each constituent domestic cooperative.

f. For a consolidation, the plan shall contain the articles of the entity or organizational documents to be filed with the state in which the entity is organized ~~or, if the surviving organization is an Iowa limited liability company, the articles of organization.~~

5. *Effect of merger or consolidation.* ~~For a merger that does not involve an Iowa limited liability company, the following shall apply to the~~ The effect of a merger or consolidation shall be as follows:

a. After the effective date, the each domestic cooperative, ~~Iowa limited liability company, if party to the plan,~~ cooperatives and any foreign business entity that is a party to the plan become a single entity. For a merger, the surviving business entity is the business entity designated in the plan. For a consolidation, the new domestic cooperative, ~~the Iowa limited liability company, if any, and any~~ or new foreign business entity is the business entity provided for in the plan. Except for the surviving or new domestic cooperative, ~~Iowa limited liability company,~~ or foreign business entity, the separate existence of each merged or consolidated domestic or foreign business entity that is a party to the plan ceases on the effective date of the merger or consolidation.

b. The surviving or new domestic cooperative, ~~Iowa limited~~

~~liability company~~, or foreign business entity possesses all of the rights and property of each of the merged or consolidated business entities and is responsible for all their obligations. The title to property of the merged or consolidated domestic cooperative, ~~Iowa limited liability company~~, or foreign business entity, is vested in the surviving or new domestic cooperative, ~~Iowa limited liability company~~, or foreign business entity without reversion or impairment of the title caused by the merger or consolidation.

~~c. If a merger involves an Iowa limited liability company, this subsection is subject to the provisions of section 489.1015.~~

Sec. 153. Section 501A.1102, subsection 1, Code 2023, is amended to read as follows:

1. *Definition.* For purposes of this section, "*subsidiary*" means a domestic cooperative, ~~an Iowa limited liability company~~, or a foreign cooperative.

Sec. 154. Section 501A.1102, subsection 2, unnumbered paragraph 1, Code 2023, is amended to read as follows:

~~An Iowa limited liability company may only participate in a merger under this section to the extent authorized under section 489.1015.~~ A parent domestic cooperative or a subsidiary that is a domestic cooperative may complete the merger of a subsidiary as provided in this section. However, if either the parent cooperative or the subsidiary is a business entity organized under the laws of this state, the merger of the subsidiary is not authorized under this section unless the law governing the business entity expressly authorizes merger with a cooperative.

Sec. 155. Section 501A.1103, subsection 2, paragraph a, Code 2023, is amended to read as follows:

a. A merger may be abandoned upon any of the following:

- (1) The members of each of the constituent domestic cooperatives entitled to vote on the approval of the plan have approved the abandonment at a meeting by the affirmative vote of the holders of a majority of the voting power of the membership interests entitled to vote.

~~(2) The merger is with a domestic cooperative and an Iowa limited liability company or foreign business entity.~~

~~(3)~~ (2) The abandonment is approved in such manner as may be required by ~~section 489.1015 for the involvement of an Iowa limited liability company, or for~~ a foreign business entity by under the laws of the state under which the foreign business entity is organized.

~~(4)~~ (3) The members of a constituent domestic cooperative are not entitled to vote on the approval of the plan, and the board of the constituent domestic cooperative has approved the abandonment by the affirmative vote of a majority of the directors present.

~~(5)~~ (4) The plan provides for abandonment and all conditions for abandonment set forth in the plan are met.

~~(6)~~ (5) The plan is abandoned before the effective date of the plan by a resolution of the board of any constituent domestic cooperative abandoning the plan of merger approved by the affirmative vote of a majority of the directors present, subject to the contract rights of any other person under the plan. If a plan of merger is with a domestic business entity or foreign business entity, the plan of merger may be abandoned before the effective date of the plan by a resolution of the foreign business entity adopted according to the laws of the state under which the foreign business entity is organized, subject to the contract rights of any other person under the plan. ~~If the plan of merger is with an Iowa limited liability company, the plan of merger may be abandoned by the Iowa limited liability company as provided in section 489.1015, subject to the contractual rights of any other person under the plan.~~

Sec. 156. Section 504.401, subsection 2, paragraph b, subparagraph (4), Code 2023, is amended to read as follows:

(4) For a limited liability company under chapter 489, section 489.108, 489.109, 489.114A, or 489.706.

Sec. 157. Section 504.403, subsection 1, paragraph b, subparagraph (4), Code 2023, is amended to read as follows:

(4) For a limited liability company under chapter 489, section 489.108, 489.109, 489.114A, or 489.706.

Sec. 158. Section 524.303, subsection 2, Code 2023, is amended to read as follows:

2. Applicable fees, payable to the secretary of state as

specified in section ~~489.117~~ or section 490.122, for the filing of the articles of incorporation or section 489.117 for filing a certificate of organization.

Sec. 159. Section 524.310, subsection 5, paragraph b, Code 2023, is amended to read as follows:


b. A corporate or company name reserved, registered, or protected as provided in section 489.109, 489.114A, 489.706, 490.402, 490.403, 504.402, or 504.403.


Sec. 160. Section 542.7, subsection 3, paragraph c, subparagraph (2), Code 2023, is amended to read as follows:

(2) Notwithstanding chapter 489, ~~article 11~~ subchapter XI, or any other provision of law to the contrary, a certified public accounting firm organized as a professional limited liability company under chapter 489, ~~article 11~~ subchapter XI, may have nonlicensee members provided that the professional limited liability company complies with the requirements of this section.

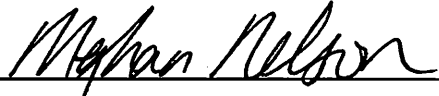
DIVISION III  
EFFECTIVE DATE

Sec. 161. EFFECTIVE DATE. This Act takes effect January 1, 2024.

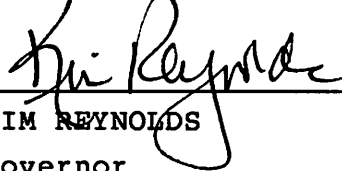
  
\_\_\_\_\_  
PAT GRASSLEY  
Speaker of the House

  
\_\_\_\_\_  
AMY SINCLAIR  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 655, Ninetieth General Assembly.

  
\_\_\_\_\_  
MEGHAN NELSON  
Chief Clerk of the House

Approved June 1<sup>st</sup>, 2023

  
\_\_\_\_\_  
KIM REYNOLDS  
Governor