

# Senate Study Bill 247

## Conference Committee Text

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1 1 Section 1. Section 490A.202, subsection 17, paragraph a,  
1 2 unnumbered paragraph 1, Code 1995, is amended to read as  
1 3 follows:

1 4 Except as otherwise provided in the articles of  
1 5 organization or an operating agreement, or as provided in  
1 6 paragraph "d", indemnify an individual made a party to a  
1 7 proceeding because the individual is or was a member or  
1 8 manager against liability incurred in the proceeding if all of  
1 9 the following apply:

1 10 Sec. 2. Section [490A.401](#), subsection 1, Code 1995, is  
1 11 amended to read as follows:

1 12 1. A limited liability company name must contain the words  
1 13 "Limited Company" or "Limited Liability Company" or the  
1 14 abbreviation "L.C." or "L.L.C." or words or abbreviations of  
1 15 like import in another language.

1 16 Sec. 3. Section 490A.702, subsection 3, paragraph b, Code  
1 17 1995, is amended to read as follows:

1 18 b. Every manager is an agent of the limited liability  
1 19 company for the purpose of its business or affairs, unless  
1 20 otherwise provided in the articles of organization or an  
1 21 operating agreement. The act of any manager with agency  
1 22 authority, including, but not limited to, the execution in the  
1 23 name of the limited liability company of any instrument, for  
1 24 apparently carrying on in the ordinary course the business or  
1 25 affairs of the limited liability company shall bind the  
1 26 limited liability company, unless the manager so acting has,  
1 27 in fact, no authority to act for the limited liability company  
1 28 in the particular matter, and the person with whom the manager  
1 29 is dealing has knowledge of the fact that the manager has no  
1 30 such authority.

1 31 Sec. 4. Section [490A.702](#), Code 1995, is amended by adding  
1 32 the following new subsection:

1 33 NEW SUBSECTION. 6. For purposes of this section, a person  
1 34 is deemed to have knowledge of a provision in the articles of  
1 35 organization limiting the agency authority of a manager or  
2 1 class of managers.

2 2 Sec. 5. Section [490A.1301](#), subsection 3, Code 1995, is  
2 3 amended to read as follows:

2 4 3. Unless otherwise provided in the articles of  
2 5 organization or an operating agreement, upon the death,  
2 6 insanity, retirement, resignation, withdrawal, expulsion,  
2 7 bankruptcy, or dissolution of a member or occurrence of any  
2 8 other event

~~, except assignment of a membership interest~~

2 9

~~voluntarily or by operation of law,~~

- that terminates the  
2 10 continued membership of a member in the limited liability  
2 11 company, unless the business of the limited liability company  
2 12 is continued by the consent of the members in the manner  
2 13 stated in the articles of organization or an operating  
2 14 agreement or if not so stated, by the unanimous consent of the  
2 15 remaining members.

2 16

EXPLANATION

2 17 This bill makes several changes to the Iowa limited  
2 18 liability company Act, chapter 490A. The bill adds to the  
2 19 prohibition on indemnifying a member or manager where the  
2 20 member or manager is found liable to the limited liability  
2 21 company for improper personal benefit or otherwise, a  
2 22 prohibition on indemnification if the articles of organization  
2 23 or operating agreement provide for such. Also, the bill  
2 24 provides that limited liability companies may use the words  
2 25 "limited liability company" or the abbreviation "L.L.C." in  
2 26 their names. Further, the bill provides that through the  
2 27 articles of organization or an operating agreement, members of  
2 28 a limited liability company may provide managers with  
2 29 differing levels of authority to act as agents for the limited  
2 30 liability company. In addition, the bill adds language adding  
2 31 insanity, retirement, resignation, or assignment of a  
2 32 membership interest to, and deletes language regarding an  
2 33 involuntary assignment of a membership interest from, the  
2 34 events that may trigger the dissolution of a limited liability  
2 35 company.

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