

House Study Bill 207 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON HOLT)

A BILL FOR

1 An Act providing for business organizations, including limited
2 liability companies, providing penalties, and including
3 effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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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

1 of any of the following:

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

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

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

11 5. "*Distribution*", ~~except as otherwise provided in section~~
12 ~~489.405, subsection 6,~~ means a transfer of money or other
13 property from a limited liability company to ~~another~~ a person
14 on account of a transferable interest or in the person's
15 capacity as a member.

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

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

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

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

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

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

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

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

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

12 b. Retrievable in paper form by the recipient through an
13 automated process used in conventional commercial practice,
14 unless otherwise authorized in accordance with subsection 15.

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

19 ~~9.~~ 10. "Foreign limited liability company" means an
20 unincorporated entity formed under the law of a jurisdiction
21 other than this state and denominated by that law as a limited
22 liability company which would be a limited liability company if
23 formed under the law of this state.

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

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

29 ~~10.~~ 13. "Limited liability company", except in the phrase
30 "foreign limited liability company", and in subchapter X means
31 an entity formed under this chapter or which becomes subject to
32 this chapter under subchapter X or section 489.110.

33 ~~11.~~ 14. "Manager" means a person that under the operating
34 agreement of a manager-managed limited liability company is
35 responsible, alone or in concert with others, for performing

1 the management functions stated in section 489.407, subsection
2 3.

3 ~~12.~~ 15. "*Manager-managed limited liability company*" means a
4 limited liability company that qualifies under section 489.407,
5 subsection 1.

6 ~~13.~~ 16. "*Member*" means a person ~~that has become a member~~
7 ~~of a limited liability company under section 489.401 and has~~
8 ~~not dissociated under section 489.602.~~ for whom all of the
9 following are true:

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

14 b. The person is not dissociated under section 489.602.

15 ~~14.~~ 17. "*Member-managed limited liability company*" means a
16 limited liability company that is not a manager-managed limited
17 liability company.

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

21 ~~15.~~ 19. "*Operating agreement*" means the agreement, whether
22 or not referred to as an operating agreement and whether oral,
23 implied, in a record, ~~implied,~~ or in any combination thereof,
24 of all the members of a limited liability company, including
25 a sole member, concerning the matters described in section
26 489.110, subsection 1. The term includes the agreement as
27 amended or restated.

28 ~~16.~~ 20. "*Organizer*" means a person that acts under section
29 489.201 to form a limited liability company.

30 ~~17.~~ 21. a. "Person" means an individual, business
31 corporation, business trust, estate, trust, nonprofit
32 corporation, partnership, limited partnership, limited
33 liability company, domestic cooperative, unincorporated
34 nonprofit association, statutory trust, business trust,
35 common-law business trust, estate, trust, association, joint

1 venture, public corporation, government or governmental
2 subdivision, agency, or instrumentality, or any other legal or
3 commercial entity.

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

10 ~~18.~~ 22. "Principal office" means the principal executive
11 office of a limited liability company or foreign limited
12 liability company, whether or not the office is located in this
13 state.

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

17 ~~19.~~ 24. "Record", used as a noun, means information that
18 is inscribed on a tangible medium or that is stored in an
19 electronic or other medium and is retrievable in perceivable
20 form.

21 ~~20. "Registered office" means the office that a limited~~
22 ~~liability company or foreign limited liability company is~~
23 ~~required to designate and maintain under [section 489.113](#).~~

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

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

32 ~~21.~~ 27. "Sign" means, with the present intent to
33 authenticate or adopt a record, to do any of the following:

34 a. Execute or adopt a tangible symbol.

35 b. Attach to or logically associate with the record an

1 electronic symbol, sound, or process.

2 ~~22.~~ 28. "State" means a state of the United States, the
3 District of Columbia, Puerto Rico, the United States Virgin
4 Islands, or any territory or insular possession subject to the
5 jurisdiction of the United States.

6 ~~23.~~ 29. "Transfer" includes ~~an assignment, conveyance,~~
7 ~~deed, bill of sale, lease, mortgage, security interest,~~
8 ~~encumbrance, gift, or transfer by operation of law.~~ any of the
9 following:

10 a. An assignment.

11 b. A conveyance.

12 c. A sale.

13 d. A lease.

14 e. An encumbrance, including a mortgage or security
15 interest.

16 f. A gift.

17 g. A transfer by operation of law.

18 ~~24.~~ 30. a. "Transferable interest" means the right, as
19 ~~originally associated with~~ initially owned by a person in the
20 person's capacity as a member, to receive distributions from
21 a limited liability company, in accordance with the operating
22 agreement, whether or not the person remains a member or
23 continues to own any part of the right.

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

26 ~~25.~~ 31. a. "Transferee" means a person to which all or
27 part of a transferable interest has been transferred, whether
28 or not the transferor is a member.

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

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

33 **489.103 Knowledge — notice.**

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

1 a. Has actual knowledge of it.

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

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

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

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

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

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

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

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

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

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

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

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

1 **489.104 Nature, purpose, and duration of limited liability**
2 **company.**

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

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

7 3. A limited liability company has perpetual duration.

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

10 **489.105 Powers.**

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

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

19 *a.* Delivering to the secretary of state for filing a
20 statement of change under **section 489.114**, an amendment to the
21 certificate under **section 489.202**, a statement of correction
22 under **section 489.206**, a biennial report under **section 489.209**,
23 a statement of withdrawal or a statement of rescission under
24 section 489.701A, or a statement of termination under section
25 489.702, subsection 2, paragraph "b", subparagraph (6).

26 *b.* Admitting a member under **section 489.401**.

27 *c.* Dissolving under **section 489.701**.

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

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

33 **489.106 Governing law.**

34 The law of this state governs all of the following:

35 1. The internal affairs of a limited liability company.

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

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

6 **489.108 Name Permitted names.**

7 1. The name of a limited liability company must contain
8 the ~~words~~ phrase "limited liability company" or "limited
9 company" or the abbreviation "L.L.C.", "LLC", "L.C.", or "LC".
10 "Limited" may be abbreviated as "Ltd.", and "company" may be
11 abbreviated as "Co.".

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

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

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

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

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

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

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

35 e. The name registered under section 489.114 or other law

1 of this state providing for the registration of a name by the
2 filing of a record by the secretary of state.

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

5 ~~3. A limited liability company may apply to the secretary of~~
6 ~~state for authorization to use a name that does not comply with~~
7 ~~subsection 2. The secretary of state shall authorize use of~~
8 ~~the name applied for if either of the following applies: If a~~
9 ~~person consents in a record to the use of its name and submits~~
10 ~~an undertaking in a form satisfactory to the secretary of state~~
11 ~~to change its name to a name that is distinguishable on the~~
12 ~~records of the secretary of state from any name in any category~~
13 ~~of names in subsection 2, the name of the consenting person may~~
14 ~~be used by the person to which the consent was given.~~

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

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

25 ~~4. A limited liability company may use the name, including~~
26 ~~the fictitious name, of another entity that is used in this~~
27 ~~state if the other entity is formed under the law of this~~
28 ~~state or is authorized to transact business in this state~~
29 ~~and the proposed user limited liability company meets any~~
30 ~~of the following conditions: In determining whether a name~~
31 ~~is the same as or not distinguishable on the records of the~~
32 ~~secretary of state from the name of another person, words,~~
33 ~~phrases, or abbreviations indicating a type of person, such as~~
34 ~~"corporation", "corp.", "incorporated", "Inc.", "professional~~
35 ~~corporation", "P.C.", "PC", "professional association", "P.A.",~~

1 "PA", "Limited", "Ltd.", "limited partnership", "L.P.", "LP",
2 "limited liability partnership", "L.L.P.", "LLP", "registered
3 limited liability partnership", "R.L.L.P.", "RLLP", "limited
4 liability limited partnership", "L.L.L.P.", "LLLLP", "registered
5 limited liability limited partnership", "R.L.L.L.P.", "RLLLLP",
6 "limited liability company", "L.L.C.", "LLC", "cooperative",
7 "coop", or "CP" shall not be taken into account.

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

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

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

12 5. ~~This article~~ does not control the use of fictitious
13 names. However, if a limited liability company uses a
14 fictitious name in this state, it shall deliver to the
15 secretary of state for filing a certified copy of the
16 resolution of its members if it is member-managed or its
17 managers if it is manager-managed, adopting the fictitious
18 name. The name of a limited liability company or foreign
19 limited liability company shall not contain words that may be
20 used only with approval by another state department or state
21 agency unless the company obtains the approval of such other
22 state department or agency and delivers to the secretary of
23 state for filing a record certifying such approval.

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

35 7. A limited liability company may use the name, including

1 the fictitious name, of another entity that is used in this
2 state if the other entity is formed under the law of this
3 state or is authorized to transact business in this state and
4 the proposed user limited liability company meets any of the
5 following conditions:

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

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

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

19 **489.109 Reservation of name.**

20 1. A person may reserve the exclusive use of the a name
21 ~~of a limited liability company, including a fictitious or~~
22 ~~assumed name for a foreign limited liability company whose~~
23 ~~name is not available, by delivering an application to the~~
24 ~~secretary of state for filing~~ that complies with section
25 489.112 by delivering an application to the secretary of state
26 for filing. The application must state the name and address
27 of the applicant and the name ~~proposed~~ to be reserved. If
28 the secretary of state finds that the name ~~applied for~~ is
29 available, ~~it must be reserved~~ the secretary of state shall
30 reserve the name for the applicant's exclusive use for a
31 ~~one-hundred-twenty-day period~~ one hundred and twenty days.

32 2. The owner of a reserved name ~~reserved for a limited~~
33 ~~liability company~~ may transfer the reservation to another
34 person by delivering to the secretary of state ~~for filing~~ a
35 signed notice in a record of the transfer which states the name

1 and address of the ~~transferee~~ person to which the reservation
2 is being transferred.

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

5 **489.110 Operating agreement — scope, function, and**
6 **limitations.**

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

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

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

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

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

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

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

21 a. ~~Vary a limited liability company's capacity under section~~
22 ~~489.105 to sue and be sued in its own name~~ the law applicable
23 under section 489.104.

24 b. ~~Vary the law applicable under~~ section 489.106 a limited
25 liability company's capacity under section 489.109 to sue and
26 be sued in its own name.

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

30 (1) Registered agents.

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

34 ~~Subject to~~ subsections 4 through 7, ~~eliminate the duty of~~
35 ~~loyalty, the duty of care, or any other fiduciary duty~~ Vary the

1 provisions of section 489.204.

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

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

13 ~~g. Vary the power of a court to decree dissolution in~~
14 ~~the circumstances specified in section 489.701, subsection~~
15 ~~1, paragraphs "d" and "e" Relieve or exonerate a person from~~
16 ~~liability for conduct except as provided in subsection 6.~~

17 ~~h. Vary the requirement to wind up a limited liability~~
18 ~~company's business as specified in section 489.702,~~
19 ~~subsection 1, and section 489.702, subsection 2, paragraph~~
20 ~~"a" Unreasonably restrict the duties and rights under section~~
21 ~~489.410, but the operating agreement may impose reasonable~~
22 ~~restrictions on the availability and use of information~~
23 ~~obtained under that section and may define appropriate~~
24 ~~remedies, including liquidated damages, for a breach of any~~
25 ~~reasonable restriction on use.~~

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

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

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

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

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

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

18 o. Except as otherwise provided in sections 489.111 and
19 489.112, subsection 2, restrict the rights under this chapter
20 of a person other than a member or manager.

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

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

27 (1) As required in section 489.409, subsection 2, paragraph
28 "a", and section 489.409, subsection 8, to account to the
29 limited liability company and to hold as trustee for it any
30 property, profit, or benefit derived by the member in the
31 conduct or winding up of the company's business, from a use by
32 the member of the company's property, or from the appropriation
33 of a limited liability company opportunity Specify the method
34 by which a specific act or transaction that would otherwise
35 violate the duty of loyalty may be authorized or ratified by

1 one or more disinterested and independent persons after full
2 disclosure of all material facts.

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

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

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

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

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

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

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

35 (4) Alter or eliminate any other fiduciary duty.

1 ~~d. Alter any other fiduciary duty, including eliminating~~
2 ~~particular aspects of that duty.~~

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

6 5. ~~The operating agreement may specify the method by which~~
7 ~~a specific act or transaction that would otherwise violate the~~
8 ~~duty of loyalty may be authorized or ratified by one or more~~
9 ~~disinterested and independent persons after full disclosure~~
10 ~~of all material facts~~ The court shall decide as a matter of
11 law whether a term of an operating agreement is manifestly
12 unreasonable under subsection 3, paragraph "f", or subsection
13 4, paragraph "c". All of the following shall apply:

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

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

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

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

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

32 7. 6. The An operating agreement may alter or eliminate
33 the indemnification for a member or manager provided by section
34 489.408, subsection 1, and may eliminate or limit a member's
35 or manager's liability to the limited liability company and

1 members for money damages, except for any of the following:

2 *a.* A breach of the duty of loyalty.

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

5 *c.* A breach of a duty under [section 489.406](#).

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

8 *e.* An intentional violation of criminal law.

9 ~~8. The court shall decide any claim under [subsection 4](#) that~~
10 ~~a term of an operating agreement is manifestly unreasonable.~~

11 ~~All of the following apply:~~

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

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

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

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

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

23 **489.111 Operating agreement — effect on limited liability**
24 **company and persons becoming members — preformation agreement.**

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

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

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

1 company the terms will become the operating agreement.

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

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

7 **489.112 Operating agreement — effect on third parties and**
8 **relationship to records effective on behalf of limited liability**
9 **company.**

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

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

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

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

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

1 in the record.

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

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

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

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

13 **489.114 Change of registered office or registered agent for**
14 **service of process or address for registered agency by limited**
15 **liability company.**

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

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

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

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

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

35 2. ~~If a registered agent changes the street address of~~

1 ~~the registered agent's business office, the registered agent~~
2 ~~may change the street address of the registered office of any~~
3 ~~limited liability company or foreign limited liability company~~
4 ~~for which the person is the registered agent by notifying the~~
5 ~~limited liability company or foreign limited liability company~~
6 ~~in writing of the change and signing, either manually or in~~
7 ~~facsimile, and delivering to the secretary of state for filing~~
8 ~~a statement that complies with the requirements of subsection~~
9 ~~1 and recites that the limited liability company or foreign~~
10 ~~limited liability company has been notified of the change. The~~
11 ~~members or managers of a limited liability company need not~~
12 ~~approve the delivery to the secretary of state filing of any~~
13 ~~of the following:~~

14 a. A statement of change under this section.

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

18 3. ~~If a registered agent changes the registered agent's~~
19 ~~business address to another place, the registered agent may~~
20 ~~change the business address and the address of the registered~~
21 ~~agent by filing a statement as required by [subsection 2](#) for~~
22 ~~each limited liability company or foreign limited liability~~
23 ~~company, or a single statement of all limited liability~~
24 ~~companies or all foreign limited liability companies named~~
25 ~~in the notice, except that it need be signed only by the~~
26 ~~registered agent and need not be responsive to [subsection 1](#),~~
27 ~~paragraph "c", and must recite that a copy of the statement~~
28 ~~has been mailed to each limited liability company or foreign~~
29 ~~limited liability company named in the notice A statement of~~
30 ~~change under this section designating a new registered agent~~
31 ~~is an affirmation of fact by the limited liability company or~~
32 ~~registered foreign limited liability company that the agent has~~
33 ~~consented to serve.~~

34 4. ~~A limited liability company or foreign limited liability~~
35 ~~company may also change its registered office or registered~~

1 ~~agent in its biennial report as provided in section 489.209~~
2 As an alternative to using the procedure in this section,
3 a limited liability company may amend its certificate of
4 organization.

5 5. Subject to [section 489.205, subsection 3](#), a statement of
6 change is effective when filed by the secretary of state.

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

8 1. A foreign limited liability company not registered to
9 do business in this state under subchapter IX may register
10 its name, or an alternate name adopted pursuant to section
11 489.906A, if the name is distinguishable on the records of the
12 secretary of state from the names that are not available under
13 section 489.108.

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

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

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

32 5. A foreign limited liability company whose name
33 registration is effective may register as a foreign limited
34 liability company under the registered name or consent in a
35 signed record to the use of that name by another person that is

1 not an individual.

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

4 **489.115 Resignation of registered agent ~~for service of~~**
5 **~~process.~~**

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

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

23 b. The name of the agent.

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

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

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

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

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

1 company.

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

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

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

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

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

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

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

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

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

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

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

12 **489.116 Service of process, notice, or demand.**

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

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

33 *a.* The date the limited liability company or registered
34 foreign limited liability company receives the mail or delivery
35 by the commercial delivery service.

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

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

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

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

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

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

28 **489.117 Fees.**

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

- 32 *a.* Statement of rescission No fee
- 33 *b.* Statement of withdrawal No fee
- 34 *c.* Certificate of organization \$ 50
- 35 *d.* Application for use of

1	indistinguishable name	\$ 10
2	<i>e.</i> Application for reserved name	\$ 10
3	<i>f.</i> Notice of transfer of reserved name	\$ 10
4	<i>g.</i> Statement of change of registered	
5	agent or registered office or both	No fee
6	<i>h.</i> Registered agent's statement of	
7	change of registered office for each	
8	affected limited liability company	No fee
9	<i>i.</i> Registered agent's statement	
10	of resignation	No fee
11	<i>j.</i> Amendment to certificate of	
12	organization	\$ 50
13	<i>k.</i> Restatement of certificate of	
14	organization with amendment	
15	of certificate	\$ 50
16	<i>l.</i> Articles of merger	\$ 50
17	<i>m.</i> Statement of dissolution	\$ 5
18	<i>n.</i> Declaration of administrative	
19	dissolution	No fee
20	<i>o.</i> Application for reinstatement	
21	following administrative dissolution	\$ 5
22	<i>p.</i> Certificate of reinstatement	No fee
23	<i>q.</i> Application for certificate	
24	of authority <u>registration</u>	\$100
25	<i>r.</i> Application for amended	
26	certificate of authority <u>registration</u>	\$100
27	<i>s.</i> Statement of cancellation	\$ 10
28	<i>t.</i> Certificate of revocation	
29	of authority to transact business	No fee
30	<i>u.</i> Statement of correction	\$ 5
31	<i>v.</i> Application for certificate of	
32	existence or authorization	\$ 5
33	<i>w.</i> Any other document required or	
34	permitted to be filed by this chapter	\$ 5
35	2. The secretary of state shall collect a fee of five	

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

5 3. The secretary of state shall collect the following fees
6 for copying and certifying the copy of any filed document
7 relating to a ~~domestic~~ limited liability company or foreign
8 limited liability company as follows:

9 a. One dollar a page for copying.

10 b. Five dollars for the certificate.

11 4. The secretary of state may impose, assess, and collect
12 a filing fee as a condition to accepting a biennial report as
13 provided in [section 489.209](#).

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

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

19 a. The name of the limited liability company or registered
20 foreign limited liability company represented by the registered
21 agent.

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

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

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

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

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

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

1 transmission.

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

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

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

10 Sec. 21. Section 489.201, Code 2023, is amended to read as
11 follows:

12 **489.201** **Formation of limited liability company — certificate**
13 **of organization.**

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

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

19 a. The name of the limited liability company, which must
20 comply with [section 489.108](#).

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

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

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

34 4. A limited liability company is formed when the ~~secretary~~
35 ~~of state has filed the~~ certificate of organization, ~~unless the~~

~~1 certificate states a delayed becomes effective date pursuant
2 to section 489.205, subsection 3. If the certificate states
3 a delayed effective date, a limited liability company is not
4 formed if, before the certificate takes effect, a statement of
5 cancellation is signed and delivered to the secretary of state
6 for filing and the secretary of state files the certificate.~~

~~7 5. Subject to any delayed effective date and except in
8 a proceeding by this state to dissolve a limited liability
9 company, the filing of the certificate of organization by the
10 secretary of state is conclusive proof that the organizer
11 satisfied all conditions to the formation of a limited
12 liability company.~~

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

15 **489.202 Amendment or restatement of certificate of**
16 **organization.**

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

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

22 a. The name of the limited liability company.

23 b. The date of filing of its initial certificate of
24 organization.

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

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

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

35 b. ~~If the company's name has been changed at any time since~~

1 ~~the company's formation, each of the company's former names~~ The
2 text of the restated certificate of organization.

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

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

10 4. ~~Subject to [section 489.112](#), [subsection 3](#), and section~~
11 ~~489.205, subsection 3, an amendment to or restatement of a~~
12 ~~certificate of organization is effective when filed by the~~
13 ~~secretary of state. If a member of a member-managed limited~~
14 ~~liability company, or a manager of a manager-managed limited~~
15 ~~liability company, knows that any information in a filed~~
16 ~~certificate of organization was inaccurate when the certificate~~
17 ~~of organization was filed or has become inaccurate due to~~
18 ~~changed circumstances, the member or manager shall promptly do~~
19 ~~any of the following:~~

20 a. Cause the certificate of organization to be amended.

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

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

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

31 ~~b. If appropriate, deliver to the secretary of state~~
32 ~~for filing a statement of change under [section 489.114](#) or a~~
33 ~~statement of correction under [section 489.206](#).~~

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

1 **489.203 Signing of records to be delivered for filing to**
2 **secretary of state.**

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

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

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

11 c. A record ~~filed~~ delivered on behalf of a dissolved limited
12 liability company that ~~does not have or has not had at least~~
13 ~~one~~ has no member must be signed by ~~an organizer~~ the person
14 winding up the company's activities and affairs under section
15 489.702, subsection 3, or a person appointed under section
16 489.702, subsection 4, to wind up the activities and affairs.

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

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

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

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

35 2. Any A record ~~filed~~ delivered for filing under this

1 chapter may be signed by an agent. Whenever this chapter
2 requires a particular individual to sign a record and the
3 individual is deceased or incompetent, the record may be signed
4 by a legal representative of the individual.

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

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

10 **489.204 Signing and filing pursuant to judicial order.**

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

16 a. The person to sign the record.

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

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

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

25 ~~3. If a district court orders an unsigned record to be~~
26 ~~delivered to the secretary of state, the secretary of state~~
27 ~~shall file the record and the court order upon receipt A record~~
28 ~~filed under subsection 1, paragraph "c", is effective without~~
29 ~~being signed.~~

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

32 **489.205 Liability for inaccurate information in filed**
33 **records.**

34 1. If a record delivered to the secretary of state for
35 filing under this chapter and filed by the secretary of state

1 contains inaccurate information, a person that suffers loss by
2 reliance on the information may recover damages for the loss
3 from all of the following:

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

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

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

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

17 (a) Effected an amendment under section 489.202.

18 (b) Filed a petition under section 489.204.

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

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

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

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

1 follows:

2 **489.206 Correcting filed record.**

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

- 12 a. The record at the time of filing was inaccurate.
13 b. The record was defectively signed.
14 c. The electronic transmission of the record to the
15 secretary of state was defective.

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

- 21 ~~a. Describe the record to be corrected, including its filing~~
22 ~~date, or attach a copy of the record as filed.~~
23 ~~b. Specify the inaccurate information and the reason it is~~
24 ~~inaccurate or the manner in which the signing was defective.~~
25 ~~c. Correct the defective signature or inaccurate~~
26 ~~information.~~

27 ~~3. When filed by the secretary of state, a statement of~~
28 ~~correction under [subsection 1](#) is effective retroactively as~~
29 ~~of the effective date of the record the statement corrects,~~
30 ~~but the statement is effective when filed as to A statement of~~
31 correction shall comply with all of the following:

- 32 a. For the purposes of [section 489.103, subsection 4](#) It must
33 not state a delayed effective date.
34 b. As to persons that previously relied on the uncorrected
35 record and would be adversely affected by the retroactive

1 ~~effect~~ It must be signed by the person correcting the filed
2 record.

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

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

6 e. It must correct the inaccuracy or defect.

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

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

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

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

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

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

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

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

35 2. If law other than this chapter prohibits the disclosure

1 by the secretary of state of information contained in a record
2 delivered to the secretary of state for filing, the secretary
3 of state shall file the record if the record otherwise complies
4 with this chapter but may redact the information.

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

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

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

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

19 a. A cover sheet for a filing.

20 b. An application for a certificate of existence or
21 certificate of registration.

22 c. A foreign corporation's registration statement.

23 d. A foreign corporation's statement of withdrawal.

24 e. A foreign corporation's transfer of registration
25 statement.

26 f. The biennial report required by section 489.209.

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

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

32 **489.207 Effective date and time.**

33 Except as otherwise provided in section 489.115 and section
34 489.208A and subject to section 489.206, subsection 4, a record
35 filed under this chapter is effective as follows:

1 1. On the date and at the time of its filing by the
2 secretary of state, as provided in section 489.210, subsection
3 2.

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

7 3. At a specified delayed effective date and time, which may
8 not be more than ninety days after the date of filing.

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

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

14 **489.208 Certificate of existence or authorization**
15 **registration.**

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

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

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

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

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

34 (2) ~~If it is a foreign limited liability company, that the~~
35 ~~company is authorized to transact business in this state~~ The

1 date the certificate became effective.

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

5 (4) That all of the following apply:

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

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

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

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

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

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

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

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

33 ~~f. Other facts of record in the office reflected in the~~
34 records of the secretary of state that may be requested by
35 the applicant pertaining to the limited liability company or

1 foreign limited liability company which the person requesting
2 the certificate reasonably requests.

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

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

12 1. Except as otherwise provided in sections 489.1024,
13 489.1034, 489.1044, and 489.1054, a record delivered to the
14 secretary of state for filing may be withdrawn before it takes
15 effect by delivering to the secretary of state for filing a
16 statement of withdrawal.

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

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

21 b. Identify the record to be withdrawn.

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

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

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

31 **489.209 Biennial report for secretary of state.**

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

1 *a.* The name of the company.

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

5 *c.* The street address of its principal office.

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

10 2. Information in a biennial report under [this section](#)
11 must be current as of the date the report is delivered to the
12 secretary of state for filing. The report shall be executed
13 on behalf of the limited liability company or foreign limited
14 liability company and signed as provided in [section 489.203](#).

15 3. The first biennial report ~~under [this section](#)~~ in this
16 state must be delivered to the secretary of state between
17 January 1 and April 1 of the first odd-numbered year following
18 the calendar year in which a limited liability company was
19 formed or a foreign limited liability company was ~~authorized~~
20 registered to ~~transact~~ do business. A subsequent biennial
21 report must be delivered to the secretary of state between
22 January 1 and April 1 of each following odd-numbered calendar
23 year. A filing fee for the biennial report shall be determined
24 by the secretary of state pursuant to [section 489.117](#). Each
25 biennial report shall contain information related to the
26 two-year period immediately preceding the calendar year in
27 which the report is filed.

28 4. If a biennial report does not contain the information
29 required in [this section](#), the secretary of state shall promptly
30 notify the reporting limited liability company or foreign
31 limited liability company in writing and return the report to
32 it for correction.

33 5. The secretary of state may provide for the change of
34 registered office or registered agent on the form prescribed by
35 the secretary of state for the biennial report, provided that

1 the form contains the information required in [section 489.114](#).
2 If the secretary of state determines that a biennial report
3 does not contain the information required in this section but
4 otherwise meets the requirements of [section 489.114](#) for the
5 purpose of changing the registered office or registered agent,
6 the secretary of state shall file the statement of change
7 for the registered office or registered agent, effective as
8 provided in [section ~~489.205~~ 489.207, subsection 3](#), before
9 returning the biennial report to the limited liability
10 company as provided in [this section](#). A statement of change of
11 registered office or registered agent accomplished pursuant to
12 this subsection shall be executed by a person authorized to
13 execute the biennial report.

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

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

21 2. When the secretary of state files a record, the secretary
22 of state shall record it as filed on the date and at the time of
23 its delivery. After filing a record, the secretary of state
24 shall deliver to the person that submitted the record a copy
25 of the record with an acknowledgment of the date and time of
26 filing and, in the case of a statement of denial, also to the
27 limited liability company to which the statement pertains.

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

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

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

35 4. If the secretary of state refuses to file a record, the

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

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

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

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

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

18 a. In person to the person that submitted it.

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

20 c. To the principal office of the person.

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

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

25 **489.302 Statement of limited liability company authority.**

26 1. A limited liability company may deliver to the secretary
27 of state for filing a statement of authority. All of the
28 following apply to the statement:

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

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

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

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

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

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

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

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

16 a. The name of the limited liability company.

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

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

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

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

26 4. Subject to subsection 3 and section 489.103, subsection
27 4, and except as otherwise provided in subsections 6, 7, and
28 8, a limitation on the authority of a person or a position
29 contained in an effective statement of authority is not by
30 itself evidence of any person's knowledge or notice of the
31 limitation ~~by any person~~.

32 5. Subject to subsection 3, a grant of authority not
33 pertaining to a transfer of real property and contained in an
34 effective statement of authority is conclusive in favor of a
35 person that gives value in reliance on the grant, except to the

1 extent that when the person gives value, any of the following
2 applies:

3 *a.* The person has knowledge to the contrary.

4 *b.* The statement has been canceled or restrictively amended
5 under [subsection 2](#).

6 *c.* A limitation on the grant is contained in another
7 statement of authority that became effective after the
8 statement containing the grant became effective.

9 6. Subject to [subsection 3](#), an effective statement of
10 authority that grants authority to transfer real property
11 held in the name of the limited liability company ~~and that, a~~
12 certified copy of which statement is recorded by ~~certified copy~~
13 in the office for recording transfers of the real property is
14 conclusive in favor of a person that gives value in reliance
15 on the grant without knowledge to the contrary, except to the
16 extent that when the person gives value, any of the following
17 applies:

18 *a.* The statement has been canceled or restrictively amended
19 under [subsection 2](#) and a certified copy of the cancellation
20 or restrictive amendment has been recorded in the office for
21 recording transfers of the real property.

22 *b.* A limitation on the grant is contained in another
23 statement of authority that became effective after the
24 statement containing the grant became effective, and a
25 certified copy of the later-effective statement is recorded in
26 the office for recording transfers of the real property.

27 7. Subject to [subsection 3](#), if a certified copy of an
28 effective statement containing a limitation on the authority to
29 transfer real property held in the name of a limited liability
30 company is recorded in the office for recording transfers of
31 that real property, all persons are deemed to know of the
32 limitation.

33 8. Subject to [subsection 9](#), an effective statement of
34 dissolution or a statement of termination is a cancellation
35 of any filed statement of authority for the purposes of

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

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

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

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

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

18 **489.304 Liability of members and managers.**

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

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

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

34 2. The failure of a limited liability company to observe any
35 particular formalities relating to the exercise of its powers

1 or management of its activities and affairs is not a ground
2 for imposing liability on ~~the members~~ a member or ~~managers~~
3 manager for ~~the debts, obligations,~~ a debt, obligation, or
4 other ~~liabilities~~ liability of the company.

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

7 **489.401 Becoming member.**

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

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

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

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

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

- 35 ~~a. As provided in the operating agreement~~ Acquiring a

1 transferable interest.

2 ~~b. As the result of a transaction effective under article 10~~
3 Making or being obligated to make a contribution to the limited
4 liability company.

5 ~~c. With the consent of all the members.~~

6 ~~d. If, within ninety consecutive days after the company~~
7 ~~ceases to have any members, all of the following occur:~~

8 ~~(1) The last person to have been a member, or the legal~~
9 ~~representative of that person, designates a person to become a~~
10 ~~member.~~

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

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

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

17 **489.402 Form of contribution.**

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

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

29 **489.403 Liability for contributions.**

30 1. A person's obligation to make a contribution to a
31 limited liability company is not excused by the person's
32 death, disability, termination, or other inability to perform
33 personally. ~~If a person does not make a required contribution,~~
34 ~~the person or the person's estate is obligated to contribute~~
35 ~~money equal to the value of the part of the contribution which~~

1 ~~has not been made, at the option of the company.~~

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

9 3. ~~An operating agreement may provide that the interest of~~
10 ~~any member who fails to make a contribution that the member~~
11 ~~is obligated to make is subject to specified penalties for,~~
12 ~~or specified consequences of, such failure. The penalty or~~
13 ~~consequence may take the form of reducing or eliminating~~
14 ~~the defaulting member's proportionate interest in a limited~~
15 ~~liability company, subordinating the member's interest to~~
16 ~~that of a nondefaulting member, a forced sale of the member's~~
17 ~~interest, forfeiture of the member's interest, the lending by~~
18 ~~other members of the amount necessary to meet the member's~~
19 ~~commitment, a fixing of the value of the member's interest~~
20 ~~by appraisal or by formula and redemption, or sale of the~~
21 ~~member's interest at such value or other penalty or consequence~~
22 The obligation of a person to make a contribution may be
23 compromised only by the affirmative vote or consent of all the
24 members. If a creditor of a limited liability company extends
25 credit or otherwise acts in reliance on an obligation described
26 in subsection 1 without knowledge or notice of a compromise
27 under this subsection, the creditor may enforce the obligation.

28 4. An operating agreement may provide that the interest of
29 any member who fails to make a contribution that the member
30 is obligated to make is subject to specified penalties for,
31 or specified consequences of, such failure. The penalty or
32 consequence may take the form of reducing or eliminating
33 the defaulting member's proportionate interest in a limited
34 liability company, subordinating the member's interest to
35 that of a nondefaulting member, a forced sale of the member's

1 interest, forfeiture of the member's interest, the lending by
2 other members of the amount necessary to meet the member's
3 commitment, a fixing of the value of the member's interest by
4 appraisal or by formula and redemption, or sale of the member's
5 interest at such value or other penalty or consequence.

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

8 **489.404 Sharing of and right to distributions before**
9 **dissolution.**

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

16 2. A person has a right to a distribution before the
17 dissolution and winding up of a limited liability company only
18 if the limited liability company decides to make an interim
19 distribution. A person's dissociation does not entitle the
20 person to a distribution.

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

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

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

3 **489.405 Limitations on distribution.**

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

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

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

18 2. A limited liability company may base a determination
19 that a distribution is not prohibited under **subsection 1** on
20 ~~financial statements prepared on the basis of accounting~~
21 ~~practices and principles that are reasonable in the~~
22 ~~circumstances or on a fair valuation or other method that is~~
23 ~~reasonable under the circumstances~~ any of the following:

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

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

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

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

1 following:

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

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

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

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

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

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

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

21 5. A limited liability company's indebtedness, including
22 indebtedness issued ~~in connection with or as part of~~ as a
23 distribution, is not a liability for purposes of subsection
24 1 if the terms of the indebtedness provide that payment of
25 principal and interest are is made only if and to the extent
26 that payment of a distribution could then be made ~~to members~~
27 under this section. If the indebtedness is issued as a
28 distribution, each payment of principal or interest ~~on the~~
29 ~~indebtedness~~ is treated as a distribution, the effect of which
30 is measured on the date the payment is made.

31 6. In subsection 1, "distribution" ~~does not include amounts~~
32 ~~constituting reasonable compensation for present or past~~
33 ~~services or reasonable payments made in the ordinary course of~~
34 ~~business under a bona fide retirement plan or other benefits~~
35 ~~program~~ In measuring the effect of a distribution under section

1 489.708, the liabilities of a dissolved limited liability
2 company do not include any claim that has been disposed of
3 under section 489.703, 489.704, or 489.706A.

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

6 **489.406 Liability for improper distributions.**

7 1. Except as otherwise provided in **subsection 2**, if a member
8 of a member-managed limited liability company or a manager
9 of a manager-managed limited liability company consents to
10 a distribution made in violation of **section 489.405** and in
11 consenting to the distribution fails to comply with section
12 489.409, the member or manager is personally liable to the
13 company for the amount of the distribution ~~that~~ which exceeds
14 the amount that could have been distributed without the
15 violation of **section 489.405**.

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

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

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

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

35 b. Implead any person that received a distribution in

1 violation of subsection 3 and seek to ~~compel~~ enforce a right of
2 contribution from the person in the amount the person received
3 in violation of subsection 3.

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

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

9 **489.407 Management of limited liability company.**

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

13 a. Expressly provides that any of the following apply:

14 (1) The limited liability company is or will be
15 "manager-managed".

16 (2) The limited liability company is or will be "managed by
17 managers".

18 (3) Management of the limited liability company is or will
19 be "vested in managers".

20 b. Includes words of similar import.

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

23 a. The Except as expressly provided in this chapter, the
24 management and conduct of the limited liability company are
25 vested in the members.

26 b. Each member has equal rights in the management and
27 conduct of the limited liability company's activities and
28 affairs.

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

32 ~~d. An act outside the ordinary course of the activities~~
33 ~~of the company, including selling, leasing, exchanging, or~~
34 ~~otherwise disposing of all, or substantially all, of the~~
35 ~~company's property, with or without the goodwill, may be~~

1 ~~undertaken only with the consent of all members~~ The affirmative
2 vote or consent of all the members is required to do any of the
3 following:

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

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

10 (3) Approve a merger, interest exchange, conversion, or
11 domestication under subchapter X.

12 (4) Amend the operating agreement.

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

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

17 a. Except as ~~otherwise~~ expressly provided in **this chapter**,
18 any matter relating to the activities and affairs of the
19 limited liability company is decided exclusively by the
20 managers manager, or, if there is more than one manager, by a
21 majority of the managers.

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

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

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

30 (1) Sell, lease, exchange, or otherwise dispose of all, or
31 substantially all, of the limited liability company's property,
32 with or without the goodwill, outside the ordinary course of
33 the company's activities.

34 (2) ~~Approve a merger, conversion, or domestication under~~
35 article 10 Undertake any other act outside the ordinary course

1 of the limited liability company's activities and affairs.

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

5 (4) Amend the operating agreement.

6 ~~e.~~ d. A manager may be chosen at any time by the
7 affirmative vote or consent of a majority of the members and
8 remains a manager until a successor has been chosen, unless the
9 manager at an earlier time resigns, is removed, or dies, or, in
10 the case of a manager that is not an individual, terminates. A
11 manager may be removed at any time by the affirmative vote or
12 consent of a majority of the members without notice or cause.

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

18 ~~g.~~ f. A person's ceasing to be a manager does not discharge
19 any debt, obligation, or other liability to the limited
20 liability company or members which the person incurred while
21 a manager.

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

27 5. The dissolution of a limited liability company does not
28 affect the applicability of [this section](#). However, a person
29 that wrongfully causes dissolution of the company loses the
30 right to participate in management as a member and a manager.

31 6. ~~This chapter does not entitle a member to remuneration~~
32 ~~for services performed for a member-managed limited liability~~
33 ~~company, except for reasonable compensation for services~~
34 ~~rendered in winding up the activities of the company~~ A limited
35 liability company shall reimburse a member for an advance to

1 the company beyond the amount of capital the member agreed to
2 contribute.

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

8 8. A member is not entitled to remuneration for services
9 performed for a member-managed limited liability company,
10 except for reasonable compensation for services rendered in
11 winding up the activities of the company.

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

14 **489.407A Real estate interest transferred by limited**
15 **liability company or foreign limited liability company.**

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

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

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

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

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

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

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

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

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

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

18 **489.408 Indemnification Reimbursement, indemnification,**
19 **advancement, and insurance.**

20 1. A limited liability company shall reimburse a member of
21 a member-managed limited liability company or the manager of
22 a manager-managed limited liability company for any payment
23 ~~made and indemnify for any debt, obligation, or other liability~~
24 ~~incurred by a member of a member-managed company or the manager~~
25 ~~of a manager-managed company in the course of the member's~~
26 ~~or manager's activities on behalf of the company, if, in~~
27 ~~making the payment or incurring the debt, obligation, or other~~
28 ~~liability, the member or manager complied with the duties~~
29 ~~stated in sections 489.405 and 489.409 by the member or manager~~
30 in the course of the member's or manager's activities on behalf
31 of the company, if the member or manager complied with sections
32 489.405, 489.407, and 489.409 in making the payment.

33 2. ~~A limited liability company may purchase and maintain~~
34 ~~insurance on behalf of a member or manager of the company~~
35 ~~against liability asserted against or incurred by the member or~~

1 ~~manager in that capacity or arising from that status even if,~~
2 ~~under section 489.110, subsection 7, the operating agreement~~
3 ~~could not eliminate or limit the person's liability to the~~
4 ~~company for the conduct giving rise to the liability~~ A limited
5 liability company shall indemnify and hold harmless a person
6 with respect to any claim or demand against the person and any
7 debt, obligation, or other liability incurred by the person by
8 reason of the person's former or present capacity as a member
9 or manager, if the claim, demand, debt, obligation, or other
10 liability does not arise from the person's breach of section
11 489.405, 489.407, or 489.409.

12 3. In the ordinary course of its activities and affairs,
13 a limited liability company may advance reasonable expenses,
14 including attorney's fees and costs, incurred by a person
15 in connection with a claim or demand against the person by
16 reason of the person's former or present capacity as a member
17 or manager, if the person promises to repay the company if
18 the person ultimately is determined not to be entitled to be
19 indemnified under subsection 2.

20 4. A limited liability company may purchase and maintain
21 insurance on behalf of a member or manager against liability
22 asserted against or incurred by the member or manager in that
23 capacity or arising from that status even if, under section
24 489.110, subsection 3, paragraph "g", the operating agreement
25 could not eliminate or limit the person's liability to the
26 company for the conduct giving rise to the liability.

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

29 **489.409 Standards of conduct for members and managers.**

30 1. A member of a member-managed limited liability company
31 owes to the company and, subject to section 489.901, subsection
32 2, the other members the fiduciary duties of loyalty and care
33 stated in subsections 2 and 3.

34 2. The fiduciary duty of loyalty of a member in a
35 member-managed limited liability company includes all of the

1 following duties:

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

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

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

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

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

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

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

33 4. ~~A member in a member-managed limited liability company~~
34 ~~or a manager-managed limited liability company shall discharge~~
35 ~~the duties under this chapter or under the operating agreement~~

1 ~~and exercise any rights consistently with the contractual~~
2 ~~obligation of good faith and fair dealing~~ A member shall
3 discharge the duties and obligations under this chapter
4 or under the operating agreement and exercise any rights
5 consistently with the contractual obligation of good faith and
6 fair dealing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 c. Subsection 4 applies to managers and members.

24 d. Subsection 5 applies only to members.

25 e. The power to ratify under subsection 6 may be exercised
26 only by the members.

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

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

32 **489.410 ~~Right of members, managers, and dissociated members~~**
33 **~~to information~~ Rights to information of member, manager, and**
34 **person dissociated as member.**

35 1. In a member-managed limited liability company, all of the

1 following rules apply:

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

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

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

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

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

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

28 *a.* The informational rights stated in subsection 1 and
29 the duty stated in subsection 1, paragraph "c", apply to the
30 managers and not the members.

31 *b.* During regular business hours and at a reasonable
32 location specified by the limited liability company, a
33 member may ~~obtain from the company and~~ inspect and copy full
34 information regarding the activities, affairs, financial
35 condition, and other circumstances of the company as is just

1 and reasonable if all of the following apply:

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

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

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

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

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

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

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

27 3. ~~On ten days' demand made in a record received by a~~
28 ~~limited liability company, a dissociated member may have access~~
29 ~~to information to which the person was entitled while a member~~
30 ~~if the information pertains to the period during which the~~
31 ~~person was a member, the person seeks the information in good~~
32 ~~faith, and the person satisfies the requirements imposed on~~
33 ~~a member by~~ subsection 2, paragraph "b". The company shall
34 ~~respond to a demand made pursuant to~~ this subsection in the
35 ~~manner provided in~~ subsection 2, paragraph "c" Subject to

1 subsection 8, on ten days' demand made in a record received by
2 a limited liability company, a person dissociated as a member
3 may have access to the information to which the person was
4 entitled while a member if all of the following apply:

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

7 b. The person seeks the information in good faith.

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

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

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

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

32 7. ~~In addition to any restriction or condition stated~~
33 ~~in its operating agreement, a limited liability company, as~~
34 ~~a matter within the ordinary course of its activities, may~~
35 ~~impose reasonable restrictions and conditions on access to~~

1 ~~and use of information to be furnished under [this section](#),~~
2 ~~including designating information confidential and imposing~~
3 ~~nondisclosure and safeguarding obligations on the recipient.~~
4 ~~In a dispute concerning the reasonableness of a restriction~~
5 ~~under [this subsection](#), the company has the burden of proving~~
6 ~~reasonableness. Subject to section 489.504, the rights under~~
7 ~~this section do not extend to a person as transferee.~~

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

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

20 **489.502 Transfer of transferable interest.**

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

24 a. It is permissible.

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

28 c. Subject to [section 489.504](#), it does not entitle the
29 transferee to do any of the following:

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

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

35 2. A transferee has the right to receive, in accordance

1 with the transfer, distributions to which the transferor would
2 otherwise be entitled.

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

6 4. A transferable interest may be evidenced by a certificate
7 of the interest issued by ~~the~~ a limited liability company in a
8 record, and, subject to this section, the interest represented
9 by the certificate may be transferred by a transfer of the
10 certificate.

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

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

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

25 8. ~~When~~ If a member transfers a transferable interest to a
26 person that becomes a member with respect to the transferred
27 interest, the transferee is liable for the member's obligations
28 under section sections 489.403 and ~~section 489.406~~, subsection
29 ~~37~~ 489.406 known to the transferee when the transferee becomes
30 a member.

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

33 **489.503 Charging order.**

34 1. On application by a judgment creditor of a member
35 or transferee, a court may enter a charging order against

1 the transferable interest of the judgment debtor for the
2 unsatisfied amount of the judgment. A Except as otherwise
3 provided in subsection 6, a charging order constitutes a lien
4 on a judgment debtor's transferable interest and requires the
5 limited liability company to pay over to the person to which
6 the charging order was issued any distribution that ~~would~~
7 otherwise would be paid to the judgment debtor.

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

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

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

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

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

28 5. At any time before foreclosure under [subsection 3](#),
29 a limited liability company or one or more members whose
30 transferable interests are not subject to the charging order
31 may pay to the judgment creditor the full amount due under the
32 judgment and thereby succeed to the rights of the judgment
33 creditor, including the charging order.

34 6. ~~This chapter does not deprive any member or transferee of~~
35 ~~the benefit of any exemption laws applicable to the member's~~

1 ~~or transferee's transferable interest~~ If a court orders
2 foreclosure of a charging order lien against the sole member of
3 a limited liability company all of the following apply:

4 a. The court shall confirm the sale.

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

7 c. The purchaser thereby becomes a member.

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

10 7. ~~This section provides the exclusive remedy by which~~
11 ~~a person seeking to enforce a judgment against a member or~~
12 ~~transferee may, in the capacity of judgment creditor, satisfy~~
13 ~~the judgment from the judgment debtor's transferable interest~~
14 This chapter does not deprive any member or transferee of the
15 benefit of any exemption law applicable to the transferable
16 interest of the member or transferee.

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

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

23 **489.504 Power of personal representative of deceased member.**

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

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

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

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

33 **489.601 ~~Member's power~~ Power to dissociate as a member —**
34 **wrongful dissociation.**

35 1. A person has the power to dissociate as a member at any

1 time, rightfully or wrongfully, by withdrawing as a member by
2 express will under [section 489.602, subsection 1](#).

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

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

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

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

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

14 (3) The person is dissociated under section 489.602,
15 subsection 7, ~~paragraph "a", by becoming a debtor in bankruptcy~~
16 8.

17 (4) In the case of a person that is not a trust other than
18 a business trust, an estate, or an individual, the person
19 is expelled or otherwise dissociated as a member because it
20 willfully dissolved or terminated.

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

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

29 **489.602 Events causing dissociation.**

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

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

1 date.

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

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

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

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

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

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

16 (2) ~~A charging order in effect under [section 489.503](#) which~~
17 ~~has not been foreclosed.~~

18 c. ~~The person is a corporation and, within ninety days~~
19 ~~after the company notifies the person that it will be expelled~~
20 ~~as a member because the person has filed a certificate of~~
21 ~~dissolution or the equivalent, its charter has been revoked,~~
22 ~~or its right to conduct business has been suspended by~~
23 ~~the jurisdiction of its incorporation, the certificate of~~
24 ~~dissolution has not been revoked or its charter or right to~~
25 ~~conduct business has not been reinstated.~~

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

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

33 a. ~~Has engaged, or is engaging, in wrongful conduct that~~
34 ~~has adversely and materially affected, or will adversely and~~
35 ~~materially affect, the company's activities~~ It is unlawful to

1 carry on the limited liability company's activities and affairs
2 with the person as a member.

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

9 (1) A transfer for security purposes.

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

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

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

23 (2) Not later than ninety days after the notification,
24 the statement of dissolution or the equivalent has not been
25 withdrawn, rescinded, or revoked, the person has not been
26 reinstated, or the person's charter or the equivalent or right
27 to conduct business has not been reinstated.

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

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

35 a. The person dies has engaged or is engaging in wrongful

1 conduct that has affected adversely and materially, or will
2 affect adversely and materially, the company's activities and
3 affairs.

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

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

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

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

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

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

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

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

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

30 ~~c. Seeks, consents to, or acquiesces in the appointment of~~
31 ~~a trustee, receiver, or liquidator of the person or of all or~~
32 ~~substantially all of the person's property.~~

33 ~~8. In the case of a person that is a trust or is acting as~~
34 ~~a member by virtue of being a trustee of a trust, the trust's~~
35 ~~entire transferable interest in the company is distributed In a~~

1 member-managed limited liability company, any of the following
2 apply:

3 a. The person becomes a debtor in bankruptcy.

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

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

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

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

24 ~~11. The company participates in a merger under [article 10](#),~~
25 ~~if any of the following applies:~~ In the case of a person that
26 is not an individual, the existence of the person terminates.

27 ~~a. The company is not the surviving entity.~~

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

30 ~~12. The company participates in a conversion under article~~
31 ~~10~~ The limited liability company participates in a merger under
32 subchapter X and any of the following apply:

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

35 b. Otherwise as a result of the merger, the person ceases

1 to be a member.

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

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

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

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

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

17 **489.603 Effect of ~~person's dissociation as member.~~**

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

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

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

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

34 2. A person's dissociation as a member of a limited
35 liability company does not of itself discharge the person from

1 any debt, obligation, or other liability to the company or the
2 other members which the person incurred while a member.

3 Sec. 52. Section 489.604, Code 2023, is amended to read as
4 follows:

5 **489.604 Member's power to dissociate under certain**
6 **circumstances.**

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

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

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

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

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

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

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

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

6 3. **This section** applies to a limited liability company
7 whose original articles of organization or certificate of
8 organization is filed with the secretary of state on or after
9 July 1, 1997.

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

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

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

20 **489.701 Events causing dissolution.**

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

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

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

27 c. ~~Once the~~ The limited liability company has at least one
28 member, and then the passage of ninety consecutive days during
29 which the company has no members, unless before the end of the
30 period all of the following apply:

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

35 (2) At least one person becomes a member in accordance with

1 the consent.

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

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

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

10 (3) The managers or those members in control of the limited
11 liability company conduct themselves according to any of the
12 following:

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

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

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

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

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

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

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

32 **489.701A Rescinding dissolution.**

33 1. A limited liability company may rescind its dissolution,
34 unless a statement of termination applicable to the company has
35 become effective, a the district court has entered an order

1 under [section 489.701, subsection 1](#), paragraph “d”, dissolving
2 the company, or the secretary of state has dissolved the
3 company under [section 489.705](#).

4 2. Rescinding dissolution under [this section](#) requires all
5 of the following:

6 a. The affirmative vote or consent of each member.

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

10 (1) If the statement has not become effective, delivery to
11 the secretary of state for filing of a statement of withdrawal
12 under [section 489.205](#) [489.208A](#) applicable to the statement of
13 dissolution.

14 (2) If the statement of dissolution has become effective,
15 delivery to the secretary of state for filing of a statement of
16 rescission stating the name of the limited liability company
17 and that dissolution has been rescinded under [this section](#).

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

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

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

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

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

32 **489.702 Winding up.**

33 1. A dissolved limited liability company shall wind up its
34 activities and affairs, and except as otherwise provided in
35 section 489.701A, the company continues after dissolution only

1 for the purpose of winding up.

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

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

8 b. It may do all of the following:

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

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

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

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

17 (5) Settle disputes by mediation or arbitration.

18 (6) Deliver to the secretary of state for filing a statement
19 of termination stating the name of the limited liability
20 company and that the company is terminated.

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

23 3. If a dissolved limited liability company has no members,
24 the legal representative of the last person to have been a
25 member may wind up the activities and affairs of the company.
26 If the person does so, the person has the powers of a sole
27 manager under [section 489.407, subsection 3](#), and is deemed to
28 be a manager for the purposes of [section 489.304, subsection](#)
29 ~~1, paragraph "b"~~.

30 4. If the legal representative under [subsection 3](#) declines
31 or fails to wind up the limited liability company's activities
32 and affairs, a person may be appointed to do so by the consent
33 of transferees owning a majority of the rights to receive
34 distributions as transferees at the time the consent is to be
35 effective. All of the following apply to a person appointed

1 under this subsection:

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

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

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

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

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

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

22 *a.* On application of a member, if the applicant establishes
23 good cause.

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

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

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

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

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

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

1 **489.703 Known claims against dissolved limited liability**
2 **company.**

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

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

10 *a.* Specify the information required to be included in a
11 claim.

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

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

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

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

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

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

25 (1) The limited liability company causes the claimant to
26 receive a notice in a record stating that the claim is rejected
27 and will be barred unless the claimant commences an action
28 against the company to enforce the claim ~~within~~ not later than
29 ninety days after the claimant receives the notice.

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

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

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

3 **489.704 Other claims against dissolved limited liability**
4 **company.**

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

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

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

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

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

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

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

32 3. If a dissolved limited liability company publishes a
33 notice in accordance with subsection 2, ~~unless the claimant~~
34 ~~commences an action to enforce the claim against the company~~
35 ~~within five years after the publication date of the notice, the~~

~~1 claim of each of the following claimants is barred of each of~~
2 the following claimants is barred unless the claimant commences
3 an action to enforce the claim against the company not later
4 than three years after the publication date of the notice:

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

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

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

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

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

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

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

25 **489.705 Administrative Grounds for administrative**
26 **dissolution.**

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

31 ~~a. 1.~~ ~~The limited liability company has not delivered a~~
32 ~~biennial report to the secretary of state in a form that meets~~
33 ~~the requirements of section 489.209 within sixty days after~~
34 ~~it is due, or has not paid within sixty days after the due~~
35 ~~date, any fee, tax, or penalty due to the secretary of state~~

1 ~~under this chapter or law other than this chapter~~ The limited
2 liability company does not pay within sixty days after they are
3 due any fees, taxes, interest, or penalties imposed by this
4 chapter or other laws of this state.

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

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

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

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

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

34 4. ~~A limited liability company that has been~~
35 ~~administratively dissolved continues in existence but, subject~~

1 to ~~section 489.706~~, may carry on only activities necessary to
2 wind up its activities and liquidate its assets under sections
3 ~~489.702 and 489.708~~ and to notify claimants under sections
4 ~~489.703 and 489.704~~ The secretary of state has not been
5 notified within sixty days that the limited liability company's
6 registered agent or place of business of the registered agent
7 has been changed, or that its registered agent has resigned, or
8 that its registered office has been discontinued.

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

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

16 **489.706 Reinstatement following administrative dissolution.**

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

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

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

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

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

33 2. a. The secretary of state shall refer the federal
34 tax identification number contained in the application for
35 reinstatement to the department of workforce development.

1 The department of workforce development shall report to the
2 secretary of state the tax status of the limited liability
3 company. If the department reports to the secretary of state
4 that a filing delinquency or liability exists against the
5 ~~limited liability~~ company, the secretary of state shall not
6 cancel the ~~declaration~~ certificate of dissolution until the
7 filing delinquency or liability is satisfied.

8 ~~3.~~ b. (1) If the secretary of state determines that the
9 application contains the information required by subsection
10 1, and that a delinquency or liability reported pursuant to
11 ~~subsection 2~~ paragraph "a" has been satisfied, and that the
12 information is correct, the secretary of state shall cancel
13 the ~~declaration~~ certificate of dissolution and prepare a
14 certificate of reinstatement that recites the secretary of
15 state's determination and the effective date of reinstatement,
16 file the ~~original of the~~ certificate of reinstatement, and
17 ~~serve~~ deliver a copy ~~on~~ to the limited liability company under
18 section 489.116.

19 (2) If the limited liability company's name in subsection
20 1, paragraph "c", is different ~~than~~ from the name in subsection
21 1, paragraph "a", the certificate of reinstatement shall
22 constitute an amendment to the ~~limited liability~~ company's
23 certificate of organization insofar as it pertains to its
24 name. A ~~limited liability~~ company shall not relinquish the
25 right to retain its name ~~as provided in~~ section 489.108, if the
26 reinstatement is effective within five years of the effective
27 date of the ~~limited liability~~ company's dissolution.

28 ~~4.~~ 3. When the reinstatement is effective, it relates
29 back to and takes effect as of the effective date of the
30 administrative dissolution as if the administrative dissolution
31 had never occurred.

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

33 1. A dissolved limited liability company that has published
34 a notice under section 489.704 may file an application with
35 the district court in the county where the company's principal

1 office is located or, if the principal office is not located
2 in this state, where the office of its registered agent is
3 or was last located, for a determination of the amount and
4 form of security to be provided for payment of claims that are
5 reasonably expected to arise after the date of dissolution
6 based on facts known to the company and any of the following
7 apply:

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

9 (1) The facts are contingent.

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

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

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

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

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

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

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

35 **489.707 Appeal from ~~rejection~~ denial of reinstatement.**

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

8 2. ~~Within thirty days after service of a notice of rejection~~
9 ~~of reinstatement under~~ subsection 1, a limited liability
10 company may appeal from the rejection by petitioning the
11 district court to set aside the dissolution. ~~The petition~~
12 ~~must be served on the secretary of state and contain a copy~~
13 ~~of the secretary of state's declaration of dissolution, the~~
14 ~~company's application for reinstatement, and the secretary~~
15 ~~of state's notice of rejection~~ The limited liability company
16 may appeal the denial of reinstatement to the district court
17 of the county where the company's principal office or, if none
18 in this state, where its registered office is located within
19 thirty days after service of the notice of denial is effected.
20 The company appeals by petitioning the court to set aside
21 the dissolution and attaching to the petition copies of the
22 secretary of state's certificate of dissolution, the company's
23 application for reinstatement, and the secretary of state's
24 notice of denial.

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

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

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

32 **489.708 Distribution Disposition of assets in winding up**
33 **~~limited liability company's activities.~~**

34 1. In winding up its activities and affairs, a limited
35 liability company ~~must~~ shall apply its assets to discharge its

1 the company's obligations to creditors, including members that
2 are creditors.

3 2. After a limited liability company complies with
4 subsection 1, any surplus must be distributed in the following
5 order, subject to any charging order in effect under section
6 489.503:

7 a. To each person owning a transferable interest that
8 reflects contributions made ~~by a member and not previously~~
9 ~~returned, an amount equal to the value of the unreturned~~
10 contributions and not previously returned, an amount equal to
11 the value of the unreturned contributions.

12 b. ~~In equal shares among members and dissociated members,~~
13 ~~except to the extent necessary to comply with any transfer~~
14 ~~effective under [section 489.502](#) Among persons owning~~
15 transferable interests in proportion to their respective rights
16 to share in distributions immediately before the dissolution of
17 the limited liability company.

18 3. If a limited liability company does not have sufficient
19 surplus to comply with [subsection 2](#), paragraph "a", any surplus
20 must be distributed among the owners of transferable interests
21 in proportion to the value of ~~their~~ the respective unreturned
22 contributions.

23 4. All distributions made under [subsections 2 and 3](#) must be
24 paid in money.

25 Sec. 63. NEW SECTION. 489.709 Procedure for and effect of
26 administrative dissolution.

27 1. If the secretary of state determines that one or more
28 grounds exist under section 489.705 for dissolving a limited
29 liability company, the secretary of state shall serve the
30 company with written notice of such determination under section
31 489.116.

32 2. If the limited liability company does not correct
33 each ground for dissolution or demonstrate to the reasonable
34 satisfaction of the secretary of state that each ground
35 determined by the secretary of state does not exist within

1 sixty days after service of the notice under section 489.116,
2 the secretary of state shall administratively dissolve the
3 company by signing a certificate of dissolution that recites
4 the ground or grounds for dissolution and its effective
5 date. The secretary of state shall file the original of the
6 certificate and serve a copy on the company under section
7 489.116.

8 3. A limited liability company administratively dissolved
9 continues its existence but shall not carry on any business
10 except that necessary to wind up and liquidate its business
11 and affairs under section 489.702 and notify claimants under
12 sections 489.703 and 489.704.

13 4. The administrative dissolution of a limited liability
14 company does not terminate the authority of its registered
15 agent.

16 Sec. 64. Section 489.801, Code 2023, is amended to read as
17 follows:

18 **489.801 Governing law.**

19 1. ~~Subject to sections 489.14402 and 489.14404, the law~~
20 ~~of the state or other jurisdiction under which~~ The law of
21 the jurisdiction of formation of a foreign limited liability
22 company ~~is formed~~ governs all of the following:

23 a. The internal affairs of the foreign limited liability
24 company.

25 b. The liability of a member as member and a manager as
26 manager ~~for the debts, obligations, or other liabilities a~~
27 debt, obligation, or other liability of the foreign limited
28 liability company.

29 c. The liability of a series of the foreign limited
30 liability company.

31 2. A foreign limited liability company ~~shall not be denied~~
32 ~~a certificate of authority by reason of any difference between~~
33 ~~the law of the jurisdiction under which the company is formed~~
34 is not precluded from registering to do business in this state
35 because of any difference between the law of the foreign

1 limited liability company's jurisdiction of formation and the
2 law of this state.

3 ~~3. A certificate of authority does not authorize a~~
4 ~~foreign limited liability company to engage in any business~~
5 ~~or exercise any power that a limited liability company shall~~
6 ~~not~~ Registration of a foreign limited liability company to do
7 business in this state does not permit the foreign limited
8 liability company to engage in any business or affairs or
9 exercise any power that a limited liability company cannot
10 lawfully engage in or exercise in this state.

11 **Sec. 65. NEW SECTION. 489.805A **Special litigation****
12 **committee.**

13 1. If a limited liability company is named as or made a
14 party in a derivative proceeding, the company may appoint a
15 special litigation committee to investigate the claims asserted
16 in the proceeding and determine whether pursuing the action is
17 in the best interests of the company. If the company appoints
18 a special litigation committee, on motion by the committee made
19 in the name of the company, except for good cause shown, the
20 court shall stay discovery for the time reasonably necessary
21 to permit the committee to make its investigation. This
22 subsection does not prevent the court from doing any of the
23 following:

24 a. Enforcing a person's right to information under section
25 489.410.

26 b. Granting extraordinary relief in the form of a temporary
27 restraining order or preliminary injunction.

28 2. A special litigation committee must be composed of one
29 or more disinterested and independent individuals, who may be
30 members.

31 3. A special litigation committee may be appointed as
32 follows:

33 a. In a member-managed limited liability company, any of the
34 following:

35 (1) By the affirmative vote or consent of a majority of the

1 members not named as parties in the proceeding.

2 (2) If all members are named as parties in the proceeding,
3 by a majority of the members named as defendants.

4 *b.* In a manager-managed limited liability company, any of
5 the following:

6 (1) By a majority of the managers not named as parties in
7 the proceeding.

8 (2) If all managers are named as parties in the proceeding,
9 by a majority of the managers named as defendants.

10 4. After appropriate investigation, a special litigation
11 committee may determine that it is in the best interests of the
12 limited liability company that the proceeding comply with any
13 of the following:

14 *a.* Continue under the control of the plaintiff.

15 *b.* Continue under the control of the committee.

16 *c.* Be settled on terms approved by the committee.

17 *d.* Be dismissed.

18 5. After making a determination under subsection 4, a
19 special litigation committee shall file with the court a
20 statement of its determination and its report supporting its
21 determination and shall serve each party with a copy of the
22 determination and report. The court shall determine whether
23 the members of the committee were disinterested and independent
24 and whether the committee conducted its investigation and made
25 its recommendation in good faith, independently, and with
26 reasonable care, with the committee having the burden of proof.
27 If the court finds that the members of the committee were
28 disinterested and independent and that the committee acted in
29 good faith, independently, and with reasonable care, the court
30 shall enforce the determination of the committee. Otherwise,
31 the court shall dissolve the stay of discovery entered under
32 subsection 1 and allow the action to continue under the control
33 of the plaintiff.

34 Sec. 66. Section 489.809, Code 2023, is amended to read as
35 follows:

1 **489.809 Action by attorney general.**

2 The attorney general may maintain an action to enjoin a
3 foreign limited liability company from ~~transacting doing~~
4 business in this state in violation of [this article chapter](#).

5 Sec. 67. Section 489.902, Code 2023, is amended to read as
6 follows:

7 **489.902 Derivative action.**

8 A member may maintain a derivative action to enforce a
9 right of a limited liability company ~~as follows~~ if any of the
10 following apply:

11 1. The member first makes a demand on the other members in a
12 member-managed limited liability company, or the managers of a
13 manager-managed limited liability company, requesting that they
14 cause the company to bring an action to enforce the right, and
15 the managers or other members do not bring the action within
16 ~~ninety days from the date the demand was made unless the member~~
17 ~~has earlier been notified that the demand has been rejected by~~
18 ~~the company or unless irreparable injury to the company would~~
19 ~~result by waiting for the expiration of the ninety-day period~~
20 a reasonable time.

21 2. A demand under [subsection 1](#) would be futile.

22 Sec. 68. Section 489.904, Code 2023, is amended to read as
23 follows:

24 **489.904 Pleading.**

25 In a derivative action under [section 489.902](#), the complaint
26 must state with particularity any of the following:

27 1. The date and content of the plaintiff's demand and the
28 response to the demand by the managers or other members.

29 2. ~~If a demand has not been made, the reasons a demand under~~
30 ~~[section 489.902, subsection 1](#), would be~~ Why demand should be
31 excused as futile.

32 Sec. 69. NEW SECTION. **489.905 Activities not constituting**
33 **doing business in this state.**

34 1. Activities of a foreign limited liability company that
35 do not constitute doing business in this state for purposes of

1 this subchapter include all of the following:

2 *a.* Maintaining, defending, mediating, arbitrating, or
3 settling a proceeding.

4 *b.* Carrying on any activity concerning the internal affairs
5 of the foreign limited liability company, including holding
6 meetings of its members or managers.

7 *c.* Maintaining accounts in financial institutions.

8 *d.* Maintaining offices or agencies for the transfer,
9 exchange, and registration of securities of the foreign limited
10 liability company or maintaining trustees or depositories with
11 respect to those securities.

12 *e.* Selling through independent contractors.

13 *f.* Soliciting or obtaining orders by any means if the
14 orders require acceptance outside this state before they become
15 contracts.

16 *g.* Creating or acquiring indebtedness, mortgages, or
17 security interests in property.

18 *h.* Securing or collecting debts or enforcing mortgages or
19 other security interests in property securing the debts and
20 holding, protecting, or maintaining property so acquired.

21 *i.* Conducting an isolated transaction that is not in the
22 course of similar transactions.

23 *j.* Owning, protecting, and maintaining property.

24 *k.* Doing business in interstate commerce.

25 2. This section does not apply in determining the contacts
26 or activities that may subject a foreign limited liability
27 company to service of process, taxation, or regulation under
28 the laws of this state other than this chapter.

29 Sec. 70. Section 489.906, Code 2023, is amended to read as
30 follows:

31 **489.906 Proceeds and expenses.**

32 1. Except as otherwise provided in [subsection 2](#), all of the
33 following apply:

34 *a.* Any proceeds or other benefits of a derivative action
35 under ~~section 489.902~~, whether by judgment, compromise, or

1 settlement, belong to the limited liability company and not to
2 the plaintiff.

3 *b.* If the plaintiff receives any proceeds, the plaintiff
4 shall remit them immediately to the limited liability company.

5 2. If a derivative action ~~under section 489.902~~ is
6 successful in whole or in part, the court may award the
7 plaintiff reasonable expenses, including reasonable attorney
8 fees and costs, from the recovery of the limited liability
9 company.

10 3. A derivative action on behalf of a limited liability
11 company shall not be voluntarily dismissed or settled without
12 the court's approval.

13 Sec. 71. NEW SECTION. **489.906A Noncomplying name of foreign**
14 **limited liability company.**

15 1. A foreign limited liability company whose name does
16 not comply with section 489.108 shall not register to do
17 business in this state until it adopts, for the purpose of
18 doing business in this state, an alternate name that complies
19 with section 489.108 by filing a foreign registration statement
20 under section 489.911B, or if applicable, a transfer of
21 registration statement under section 489.910, setting forth
22 that alternate name. After registering to do business in this
23 state with an alternate name, a foreign limited liability
24 company shall do business in this state under any of the
25 following:

26 *a.* The alternate name.

27 *b.* The foreign limited liability company's name, with the
28 addition of its jurisdiction of formation.

29 2. If a registered foreign limited liability company
30 changes its name after registration to a name that does not
31 comply with section 489.108, it shall not do business in this
32 state until it complies with subsection 1 by amending its
33 registration statement to adopt an alternate name that complies
34 with section 489.108.

35 Sec. 72. NEW SECTION. **489.907 Withdrawal of registration of**

1 **registered foreign limited liability company.**

2 1. A registered foreign limited liability company may
3 withdraw its registration by delivering a statement of
4 withdrawal to the secretary of state for filing. The statement
5 of withdrawal must be signed by the foreign limited liability
6 company and state all of the following:

7 a. The name of the foreign limited liability company and its
8 jurisdiction of formation.

9 b. That the foreign limited liability company is not doing
10 business in this state and that it withdraws its registration
11 to do business in this state.

12 c. That the foreign limited liability company revokes the
13 authority of its registered agent in this state.

14 d. An address to which process on the foreign limited
15 liability company may be sent by the secretary of state under
16 section 489.116, subsection 3.

17 2. After the withdrawal of the registration of a foreign
18 limited liability company, service of process in any proceeding
19 based on a cause of action arising during the time the entity
20 was registered to do business in this state may be made as
21 provided in section 489.116.

22 **Sec. 73. NEW SECTION. 489.908 Deemed withdrawal upon**
23 **domestication or conversion to certain domestic entities.**

24 A registered foreign limited liability company that
25 domesticates to a domestic limited liability company or
26 converts to a domestic business corporation or domestic
27 nonprofit corporation or any type of domestic filing entity or
28 to a domestic limited liability partnership is deemed to have
29 withdrawn its registration on the effectiveness of such event.

30 **Sec. 74. NEW SECTION. 489.909 Withdrawal upon dissolution**
31 **or conversion to certain nonfiling entities.**

32 1. A registered foreign limited liability company that
33 has dissolved and completed winding up or has converted to
34 a domestic or foreign nonfiling entity other than a limited
35 liability partnership shall deliver to the secretary of state

1 for filing a statement of withdrawal. The statement must be
2 signed by the dissolved foreign limited liability company or
3 the converted domestic or foreign nonfiling entity and state:

4 *a.* In the case of a foreign limited liability company that
5 has completed winding up all of the following:

6 (1) Its name and jurisdiction of formation.

7 (2) That the foreign limited liability company withdraws
8 its registration to do business in this state and revokes the
9 authority of its registered agent to accept service on its
10 behalf.

11 (3) An address to which process on the foreign limited
12 liability company may be sent by the secretary of state under
13 section 489.116, subsection 3.

14 *b.* In the case of a foreign limited liability company that
15 has converted to a domestic or foreign nonfiling entity other
16 than a limited liability partnership, all of the following:

17 (1) The name of the converting foreign limited liability
18 company and its jurisdiction of formation.

19 (2) The type of the nonfiling entity to which it has
20 converted and its name and jurisdiction of formation.

21 (3) That it withdraws its registration to do business in
22 this state and revokes the authority of its registered agent to
23 accept service on its behalf.

24 (4) An address to which process on the foreign limited
25 liability company may be sent by the secretary of state under
26 section 489.116, subsection 3.

27 2. After the withdrawal of the registration of a foreign
28 limited liability company, service of process in any proceeding
29 based on a cause of action arising during the time the entity
30 was registered to do business in this state may be made as
31 provided in section 489.116.

32 **Sec. 75. NEW SECTION. 489.910 Transfer of registration.**

33 1. If a registered foreign limited liability company merges
34 into a nonregistered foreign entity or converts to a foreign
35 entity required to register with the secretary of state to do

1 business in this state, the foreign entity shall deliver to
2 the secretary of state for filing a transfer of registration
3 statement. The transfer of registration statement must be
4 signed by the surviving or converted foreign entity and state
5 all of the following:

6 a. The name of the registered foreign limited liability
7 company and its jurisdiction of formation before the merger or
8 conversion.

9 b. The name and type of the surviving or converted foreign
10 entity and its jurisdiction of formation after the merger
11 or conversion and, if the name does not comply with section
12 489.108, an alternate name adopted pursuant to section
13 489.906A.

14 c. All of the following information regarding the surviving
15 or converted foreign entity after the merger or conversion:

16 (1) The street and mailing addresses of the principal office
17 of the foreign entity and, if the law of the foreign entity's
18 jurisdiction of formation requires it to maintain an office in
19 that jurisdiction, the street and mailing addresses of that
20 office.

21 (2) The street and mailing addresses of the place of
22 business of the foreign entity's registered agent in this state
23 and the name of its registered agent.

24 2. On the effective date of a transfer of registration
25 statement as determined in accordance with section 489.207,
26 the registration of the registered foreign limited liability
27 company to do business in this state is transferred without
28 interruption to the foreign entity into which it has merged or
29 to which it has been converted.

30 **Sec. 76. NEW SECTION. 489.911 Administrative termination of**
31 **registration.**

32 1. The secretary of state may terminate the registration of
33 a registered foreign limited liability company in the manner
34 provided in subsections 2 and 3, if any of the following
35 applies:

1 *a.* The foreign limited liability company does not pay within
2 sixty days after they are due any fees, taxes, interest, or
3 penalties imposed by this chapter or other laws of this state.

4 *b.* The foreign limited liability company does not deliver
5 its biennial report to the secretary of state within sixty days
6 after it is due.

7 *c.* The foreign limited liability company is without a
8 registered agent or its registered agent has no place of
9 business in this state for sixty days or more.

10 *d.* The secretary of state has not been notified within sixty
11 days that the foreign limited liability company's registered
12 agent or the registered agent's place of business has been
13 changed, that its registered agent has resigned, or that its
14 registered office has been discontinued.

15 2. The secretary of state may terminate the registration of
16 a registered foreign limited liability company by doing all of
17 the following:

18 *a.* Filing a certificate of termination.

19 *b.* Delivering a copy of the certificate of termination
20 to the foreign company's registered agent or, if the foreign
21 company does not have a registered agent, to the foreign
22 company's principal office.

23 3. The certificate of termination must state all of the
24 following:

25 *a.* The effective date of the termination, which must be
26 not less than sixty days after the secretary of state delivers
27 the copy of the certificate of termination as prescribed in
28 subsection 2, paragraph "b".

29 *b.* The grounds for termination under subsection 1.

30 4. The registration of a registered foreign limited
31 liability company to do business in this state ceases on
32 the effective date of the termination as set forth in the
33 certificate of termination, unless before that date the
34 foreign company cures each ground for termination stated in the
35 certificate of termination. If the foreign company cures each

1 ground, the secretary of state shall file a statement that the
2 certificate of termination is withdrawn.

3 5. After the effective date of the termination as set forth
4 in the certificate of termination, service of process in any
5 proceeding based on a cause of action arising during the time
6 the entity was registered to do business in this state may be
7 made as provided in section 489.116.

8 Sec. 77. NEW SECTION. **489.911A Registration to do business**
9 **in this state.**

10 1. A foreign limited liability company shall not do business
11 in this state until it registers with the secretary of state
12 under this chapter.

13 2. A foreign limited liability company doing business in
14 this state shall not maintain a proceeding in any court of this
15 state until it is registered to do business in this state.

16 3. The failure of a foreign limited liability company
17 to register to do business in this state does not impair
18 the validity of a contract or act of the foreign company or
19 preclude it from defending a proceeding in this state.

20 4. A limitation on the liability of a member or manager
21 of a foreign limited liability company is not waived solely
22 because the foreign company does business in this state without
23 registering.

24 5. Section 489.801, subsection 1, applies even if a
25 foreign limited liability company fails to register under this
26 subchapter.

27 Sec. 78. NEW SECTION. **489.911B Foreign registration**
28 **statement.**

29 1. To register to do business in this state, a foreign
30 limited liability company shall deliver a foreign registration
31 statement to the secretary of state for filing. The
32 registration statement must be signed by the foreign company
33 and state all of the following:

34 a. The name of the foreign limited liability company and,
35 if the name does not comply with section 489.108, an alternate

1 name as required by section 489.906A.

2 *b.* The foreign limited liability company's jurisdiction of
3 formation.

4 *c.* The street and mailing addresses of the foreign limited
5 liability company's principal office and, if the law of the
6 foreign company's jurisdiction of formation requires the
7 foreign company to maintain an office in that jurisdiction, the
8 street and mailing addresses of that required office.

9 *d.* The street and mailing addresses of the place of business
10 of the foreign limited liability company's registered agent in
11 this state and the name of its registered agent.

12 2. The foreign limited liability company shall deliver the
13 completed foreign registration statement to the secretary of
14 state, and also deliver to the secretary of state a certificate
15 of existence or a document of similar import duly authenticated
16 by the secretary of state or other official having custody of
17 corporate records in the state or country under whose law it is
18 incorporated which is dated no earlier than ninety days prior
19 to the date the application is filed by the secretary of state.

20 **Sec. 79. NEW SECTION. 489.911C Amendment of foreign**
21 **registration statement.**

22 A registered foreign limited liability company shall sign
23 and deliver to the secretary of state for filing an amendment
24 to its foreign registration statement if there is a change in
25 any of the following:

26 1. Its name or alternate name.

27 2. Its jurisdiction of formation, unless its registration
28 is deemed to have been withdrawn under section 489.908 or
29 transferred under section 489.910.

30 3. An address required by section 489.911B, subsection 1,
31 paragraph "c".

32 4. The information required by section 489.911B, subsection
33 1, paragraph "d".

34 **Sec. 80. Section 489.1001, Code 2023, is amended by striking**
35 **the section and inserting in lieu thereof the following:**

1 **489.1001 Definitions.**

2 As used in this subchapter, unless the context otherwise
3 requires:

4 1. "*Acquired entity*" means the entity, all of one or more
5 classes or series of interests of which are acquired in an
6 interest exchange.

7 2. "*Acquiring entity*" means the entity that acquires all
8 of one or more classes or series of interests of the acquired
9 entity in an interest exchange.

10 3. "*Conversion*" means a transaction authorized by part 4.

11 4. "*Converted entity*" means the converting entity as it
12 continues in existence after a conversion.

13 5. "*Converting entity*" means the domestic entity that
14 approves a plan of conversion pursuant to section 489.1043 or
15 the foreign entity that approves a conversion pursuant to the
16 law of its jurisdiction of formation.

17 6. "*Distributional interest*" means the right under an
18 unincorporated entity's organic law and organic rules to
19 receive distributions from the entity.

20 7. "*Domestic*", with respect to an entity, means governed as
21 to its internal affairs by the law of this state.

22 8. "*Domesticated limited liability company*" means the
23 domesticating limited liability company as it continues in
24 existence after a domestication.

25 9. "*Domesticating limited liability company*" means the
26 domestic limited liability company that approves a plan of
27 domestication pursuant to section 489.1053 or the foreign
28 limited liability company that approves a domestication
29 pursuant to the law of its jurisdiction of formation.

30 10. "*Domestication*" means a transaction authorized by part
31 5.

32 11. *a.* "*Entity*" means any of the following:

33 (1) A business corporation.

34 (2) A nonprofit corporation.

35 (3) A general partnership, including a limited liability

1 partnership.

2 (4) A limited partnership, including a limited liability
3 limited partnership.

4 (5) A limited liability company.

5 (6) A domestic cooperative.

6 (7) An unincorporated nonprofit association.

7 (8) A statutory trust, business trust, or common-law
8 business trust.

9 (9) Any other person that has any of the following:

10 (a) A legal existence separate from any interest holder of
11 that person.

12 (b) The power to acquire an interest in real property in
13 its own name.

14 *b. "Entity"* does not include any of the following:

15 (1) An individual.

16 (2) A trust with a predominantly donative purpose or a
17 charitable trust.

18 (3) An association or relationship that is not an entity
19 listed in paragraph "a" and is not a partnership under the
20 rules stated in section 486A.202, subsection 3, or a similar
21 provision of the law of another jurisdiction.

22 (4) A decedent's estate.

23 (5) A government or a governmental subdivision, agency, or
24 instrumentality.

25 12. "*Filing entity*" means an entity whose formation requires
26 the filing of a public organic record. The term does not
27 include a limited liability partnership.

28 13. "*Foreign*", with respect to an entity, means an
29 entity governed as to its internal affairs by the law of a
30 jurisdiction other than this state.

31 14. "*Governance interest*" means a right under the organic
32 law or organic rules of an unincorporated entity, other than as
33 a governor, agent, assignee, or proxy, to any of the following:

34 *a.* Receive or demand access to information concerning, or
35 the books and records of, the entity.

- 1 *b.* Vote for or consent to the election of the governors of
2 the entity.
- 3 *c.* Receive notice of or vote on or consent to an issue
4 involving the internal affairs of the entity.
- 5 15. "*Governor*" means any of the following:
- 6 *a.* A director of a business corporation.
- 7 *b.* A director or trustee of a nonprofit corporation.
- 8 *c.* A general partner of a general partnership.
- 9 *d.* A general partner of a limited partnership.
- 10 *e.* A manager of a manager-managed limited liability company.
- 11 *f.* A member of a member-managed limited liability company.
- 12 *g.* A director of a domestic cooperative.
- 13 *h.* A manager of an unincorporated nonprofit association.
- 14 *i.* A trustee of a statutory trust, business trust, or
15 common-law business trust.
- 16 *j.* Any other person under whose authority the powers of an
17 entity are exercised and under whose direction the activities
18 and affairs of the entity are managed pursuant to the organic
19 law and organic rules of the entity.
- 20 16. "*Interest*" means any of the following:
- 21 *a.* A share in a business corporation.
- 22 *b.* A membership in a nonprofit corporation.
- 23 *c.* A partnership interest in a general partnership.
- 24 *d.* A partnership interest in a limited partnership.
- 25 *e.* A membership interest in a limited liability company.
- 26 *f.* A share in a domestic cooperative.
- 27 *g.* A membership in an unincorporated nonprofit association.
- 28 *h.* A beneficial interest in a statutory trust, business
29 trust, or common-law business trust.
- 30 *i.* A governance interest or distributional interest in any
31 other type of unincorporated entity.
- 32 17. "*Interest exchange*" means a transaction authorized by
33 part 3.
- 34 18. "*Interest holder*" means any of the following:
- 35 *a.* A shareholder of a business corporation.

- 1 *b.* A member of a nonprofit corporation.
- 2 *c.* A general partner of a general partnership.
- 3 *d.* A general partner of a limited partnership.
- 4 *e.* A limited partner of a limited partnership.
- 5 *f.* A member of a limited liability company.
- 6 *g.* a shareholder of a domestic cooperative.
- 7 *h.* A member of an unincorporated nonprofit association.
- 8 *i.* A beneficiary or beneficial owner of a statutory trust,
- 9 business trust, or common-law business trust.
- 10 *j.* Any other direct holder of an interest.
- 11 19. "*Interest holder liability*" means any of the following:
- 12 *a.* Personal liability for a liability of an entity which is
- 13 imposed on a person due to any of the following:
- 14 (1) Solely by reason of the status of the person as an
- 15 interest holder.
- 16 (2) By the organic rules of the entity which make one or
- 17 more specified interest holders or categories of interest
- 18 holders liable in their capacity as interest holders for all or
- 19 specified liabilities of the entity.
- 20 *b.* An obligation of an interest holder under the organic
- 21 rules of an entity to contribute to the entity.
- 22 20. "*Merger*" means a transaction authorized by part 2.
- 23 21. "*Merging entity*" means an entity that is a party to
- 24 a merger and exists immediately before the merger becomes
- 25 effective.
- 26 22. "*Organic law*" means the law of an entity's jurisdiction
- 27 of formation governing the internal affairs of the entity.
- 28 23. "*Organic rules*" means the public organic record and
- 29 private organic rules of an entity.
- 30 24. "*Plan*" means a plan of merger, plan of interest
- 31 exchange, plan of conversion, or plan of domestication.
- 32 25. "*Plan of conversion*" means a plan under section
- 33 489.1042.
- 34 26. "*Plan of domestication*" means a plan under section
- 35 489.1052.

1 27. "*Plan of interest exchange*" means a plan under section
2 489.1032.

3 28. "*Plan of merger*" means a plan under section 489.1022.

4 29. *a.* "*Private organic rules*" means the rules, whether or
5 not in a record, that govern the internal affairs of an entity,
6 are binding on all its interest holders, and are not part of
7 its public organic record, if any.

8 *b.* "*Private organic rules*" includes all of the following:

- 9 (1) The bylaws of a business corporation.
- 10 (2) The bylaws of a nonprofit corporation.
- 11 (3) The partnership agreement of a general partnership.
- 12 (4) The partnership agreement of a limited partnership.
- 13 (5) The operating agreement of a limited liability company.
- 14 (6) The bylaws of a domestic cooperative.
- 15 (7) The governing principles of an unincorporated nonprofit
16 association.

17 (8) The trust instrument of a statutory trust or similar
18 rules of a business trust or common-law business trust.

19 30. "*Protected agreement*" means any of the following:

20 *a.* A record evidencing indebtedness and any related
21 agreement in effect on January 1, 2009.

22 *b.* An agreement that is binding on an entity on January 1,
23 2009.

24 *c.* The organic rules of an entity in effect on January 1,
25 2009.

26 *d.* An agreement that is binding on any of the governors or
27 interest holders of an entity on January 1, 2009.

28 31. *a.* "*Public organic record*" means the record the filing
29 of which by the secretary of state is required to form an
30 entity and any amendment to or restatement of that record.

31 *b.* "*Public organic record*" includes any of the following:

32 (1) The articles of incorporation of a business
33 corporation.

34 (2) The articles of incorporation of a nonprofit
35 corporation.

1 (3) The certificate of limited partnership of a limited
2 partnership.

3 (4) The certificate of organization of a limited liability
4 company.

5 (5) The articles of incorporation of a domestic
6 cooperative.

7 (6) The certificate of trust of a statutory trust or similar
8 record of a business trust.

9 32. "*Registered foreign entity*" means a foreign entity that
10 is registered to do business in this state pursuant to a record
11 filed by the secretary of state.

12 33. "*Statement of conversion*" means a statement under
13 section 489.1045.

14 34. "*Statement of domestication*" means a statement under
15 section 489.1055.

16 35. "*Statement of interest exchange*" means a statement under
17 section 489.1035.

18 36. "*Statement of merger*" means a statement under section
19 489.1025.

20 37. "*Surviving entity*" means the entity that continues in
21 existence after or is created by a merger.

22 38. "*Type of entity*" means a generic form of entity that is
23 any of the following:

24 a. Recognized at common law.

25 b. Formed under an organic law, whether or not some entities
26 formed under that organic law are subject to provisions of that
27 law that create different categories of the form of entity.

28 Sec. 81. Section 489.1002, Code 2023, is amended by striking
29 the section and inserting in lieu thereof the following:

30 **489.1002 Relationship of subchapter to other laws.**

31 1. This subchapter does not authorize an act prohibited by,
32 and does not affect the application or requirements of, law
33 other than this subchapter.

34 2. A transaction effected under this subchapter shall
35 not create or impair a right, duty, or obligation of a

1 person under the statutory law of this state other than this
2 subchapter relating to a change in control, takeover, business
3 combination, control-share acquisition, or similar transaction
4 involving a domestic merging, acquired, converting, or
5 domesticating business corporation unless any of the following
6 applies:

7 *a.* If the corporation does not survive the transaction, the
8 transaction satisfies any requirements of the law.

9 *b.* If the corporation survives the transaction, the approval
10 of the plan is by a vote of the shareholders or directors which
11 would be sufficient to create or impair the right, duty, or
12 obligation directly under the law.

13 Sec. 82. Section 489.1003, Code 2023, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **489.1003 Required notice or approval.**

16 1. A domestic or foreign entity that is required to give
17 notice to, or obtain the approval of, a governmental agency
18 or officer of this state to be a party to a merger must give
19 the notice or obtain the approval to be a party to an interest
20 exchange, conversion, or domestication.

21 2. Property held for a charitable purpose under the law of
22 this state by a domestic or foreign entity immediately before
23 a transaction under this subchapter becomes effective may be
24 diverted from the objects for which it was donated, granted,
25 devised, or otherwise transferred only to the extent a public
26 benefit corporation is able to divert from such objects under
27 chapter 504.

28 3. A bequest, devise, gift, grant, or promise contained
29 in a will or other instrument of donation, subscription, or
30 conveyance which is made to a merging entity that is not the
31 surviving entity and which takes effect or remains payable
32 after the merger inures to the surviving entity.

33 4. A trust obligation that would govern property if
34 transferred to a nonsurviving entity applies to property that
35 is transferred to the surviving entity under this section.

1 Sec. 83. Section 489.1004, Code 2023, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **489.1004 Nonexclusivity.**

4 The fact that a transaction under this subchapter produces
5 a certain result does not preclude the same result from being
6 accomplished in any other manner permitted by law other than
7 this subchapter.

8 Sec. 84. Section 489.1005, Code 2023, is amended by striking
9 the section and inserting in lieu thereof the following:

10 **489.1005 Reference to external facts.**

11 1. A plan may refer to facts ascertainable outside the plan
12 if the manner in which the facts will operate upon the plan is
13 specified in the plan. The facts may include the occurrence of
14 an event or a determination or action by a person, whether or
15 not the event, determination, or action is within the control
16 of a party to the transaction.

17 2. The following provisions of a record delivered to the
18 secretary of state for filing under this chapter or a plan
19 delivered for filing in lieu of a statement shall not be made
20 dependent on facts outside the record or plan:

21 *a.* The name and address of any person.

22 *b.* The registered office of any entity.

23 *c.* The registered agent of any entity.

24 *d.* The number of authorized interests and designation of
25 each class or series of interests.

26 *e.* The effective date of a record delivered to the secretary
27 of state for filing.

28 *f.* Any required statement in a record delivered to the
29 secretary of state for filing of the date on which the
30 underlying transaction was approved or the manner in which that
31 approval was given.

32 Sec. 85. Section 489.1006, Code 2023, is amended by striking
33 the section and inserting in lieu thereof the following:

34 **489.1006 Appraisal rights.**

35 An interest holder of a domestic merging, acquired,

1 converting, or domesticating limited liability company is
2 entitled to contractual appraisal rights in connection with a
3 transaction under this subchapter to the extent provided in any
4 of the following:

5 1. The operating agreement.

6 2. The plan.

7 Sec. 86. Section 489.1007, Code 2023, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **489.1007 Excluded entities and transactions.**

10 This subchapter shall not be used to effect a transaction
11 involving a bank, insurance company, or public utility where
12 any chapter governing the regulation of such entity does not
13 permit the transaction.

14 Sec. 87. NEW SECTION. **489.1021 Merger authorized.**

15 1. By complying with this part, all of the following apply:

16 a. One or more domestic limited liability companies may
17 merge with one or more domestic or foreign entities into a
18 domestic or foreign surviving entity.

19 b. Two or more foreign entities may merge into a domestic
20 limited liability company.

21 2. By complying with the provisions of this part applicable
22 to foreign entities, a foreign entity may be a party to a
23 merger under this part or may be the surviving entity in such
24 a merger if the merger is authorized by the law of the foreign
25 entity's jurisdiction of formation.

26 Sec. 88. NEW SECTION. **489.1022 Plan of merger.**

27 1. A domestic limited liability company may become a party
28 to a merger under this part by approving a plan of merger. The
29 plan must be in a record and contain all of the following:

30 a. As to each merging entity, its name, jurisdiction of
31 formation, and type of entity.

32 b. If the surviving entity is to be created in the merger, a
33 statement to that effect and the entity's name, jurisdiction of
34 formation, and type of entity.

35 c. The manner of converting the interests in each party

1 to the merger into interests, securities, obligations, money,
2 other property, rights to acquire interests or securities, or
3 any combination of the foregoing.

4 *d.* If the surviving entity exists before the merger, any
5 proposed amendments to all of the following:

6 (1) Its public organic record, if any.

7 (2) Its private organic rules that are, or are proposed to
8 be, in a record.

9 *e.* If the surviving entity is to be created in the merger,
10 all of the following:

11 (1) Its proposed public organic record, if any.

12 (2) The full text of its private organic rules that are
13 proposed to be in a record.

14 *f.* The other terms and conditions of the merger.

15 *g.* Any other provision required by the law of a merging
16 entity's jurisdiction of formation or the organic rules of a
17 merging entity.

18 2. In addition to the requirements of subsection 1, a plan
19 of merger may contain any other provision not prohibited by
20 law.

21 **Sec. 89. NEW SECTION. 489.1023 Approval of merger.**

22 1. A plan of merger is not effective unless it has been
23 approved according to all of the following:

24 *a.* By a domestic merging limited liability company, by all
25 the members of the company entitled to vote on or consent to
26 any matter.

27 *b.* In a record, by each member of a domestic merging limited
28 liability company which will have interest holder liability for
29 debts, obligations, and other liabilities that are incurred
30 after the merger becomes effective, unless all of the following
31 apply:

32 (1) The operating agreement of the limited liability
33 company provides in a record for the approval of a merger in
34 which some or all of its members become subject to interest
35 holder liability by the affirmative vote or consent of fewer

1 than all the members.

2 (2) The member consented in a record to or voted for that
3 provision of the operating agreement or became a member after
4 the adoption of that provision.

5 2. A merger involving a domestic merging entity that is not
6 a limited liability company is not effective unless the merger
7 is approved by that entity in accordance with its organic law.

8 3. A merger involving a foreign merging entity is not
9 effective unless the merger is approved by the foreign entity
10 in accordance with the law of the foreign entity's jurisdiction
11 of formation.

12 Sec. 90. NEW SECTION. 489.1024 Amendment or abandonment
13 of plan of merger.

14 1. A plan of merger may be amended only with the consent
15 of each party to the plan, except as otherwise provided in the
16 plan.

17 2. A domestic merging limited liability company may approve
18 an amendment of a plan of merger according to any of the
19 following:

20 a. In the same manner as the plan was approved, if the plan
21 does not provide for the manner in which it may be amended.

22 b. By its managers or members in the manner provided in the
23 plan, but a member that was entitled to vote on or consent to
24 approval of the merger is entitled to vote on or consent to any
25 amendment of the plan that will change any of the following:

26 (1) The amount or kind of interests, securities,
27 obligations, money, other property, rights to acquire interests
28 or securities, or any combination of the foregoing, to be
29 received by the interest holders of any party to the plan.

30 (2) The public organic record, if any, or private
31 organic rules of the surviving entity that will be in effect
32 immediately after the merger becomes effective, except for
33 changes that do not require approval of the interest holders of
34 the surviving entity under its organic law or organic rules.

35 (3) Any other terms or conditions of the plan, if the change

1 would adversely affect the member in any material respect.

2 3. After a plan of merger has been approved and before
3 a statement of merger becomes effective, the plan may be
4 abandoned as provided in the plan. Unless prohibited by the
5 plan, a domestic merging limited liability company may abandon
6 the plan in the same manner as the plan was approved.

7 4. If a plan of merger is abandoned after a statement of
8 merger has been delivered to the secretary of state for filing
9 and before the statement becomes effective, a statement of
10 abandonment, signed by a party to the plan, must be delivered
11 to the secretary of state for filing before the statement of
12 merger becomes effective. The statement of abandonment takes
13 effect on filing, and the merger is abandoned and does not
14 become effective. The statement of abandonment must contain
15 all of the following:

16 a. The name of each party to the plan of merger.

17 b. The date on which the statement of merger was filed by
18 the secretary of state.

19 c. A statement that the merger has been abandoned in
20 accordance with this section.

21 Sec. 91. NEW SECTION. 489.1025 **Statement of merger —**
22 **effective date of merger.**

23 1. A statement of merger must be signed by each merging
24 entity and delivered to the secretary of state for filing.

25 2. A statement of merger must contain all of the following:

26 a. The name, jurisdiction of formation, and type of entity
27 of each merging entity that is not the surviving entity.

28 b. The name, jurisdiction of formation, and type of entity
29 of the surviving entity, and if the surviving entity is a
30 foreign entity, the street and mailing addresses of an office
31 of the surviving entity that the secretary of state may use for
32 purposes of section 489.1026, subsection 5.

33 c. A statement that the merger was approved by each domestic
34 merging entity, if any, in accordance with this part and by
35 each foreign merging entity, if any, in accordance with the law

1 of its jurisdiction of formation.

2 *d.* If the surviving entity exists before the merger and is
3 a domestic filing entity, any amendment to its public organic
4 record approved as part of the plan of merger.

5 *e.* If the surviving entity is created by the merger and
6 is a domestic filing entity, its public organic record, as an
7 attachment.

8 *f.* If the surviving entity is created by the merger and
9 is a domestic limited liability partnership, its statement of
10 qualification, as an attachment.

11 3. In addition to the requirements of subsection 2, a
12 statement of merger may contain any other provision not
13 prohibited by law.

14 4. If the surviving entity is a domestic entity, its public
15 organic record, if any, must satisfy the requirements of the
16 law of this state, except that the public organic record does
17 not need to be signed.

18 5. If the surviving entity is a domestic limited liability
19 company, the merger becomes effective when the statement of
20 merger is effective. In all other cases, the merger becomes
21 effective on the later of the following:

22 *a.* The date and time provided by the organic law of the
23 surviving entity.

24 *b.* When the statement is effective.

25 **Sec. 92. NEW SECTION. 489.1026 Effect of merger.**

26 1. When a merger becomes effective, all of the following
27 apply:

28 *a.* The surviving entity continues or comes into existence.

29 *b.* Each merging entity that is not the surviving entity
30 ceases to exist.

31 *c.* All property of each merging entity vests in the
32 surviving entity without transfer, reversion, or impairment.

33 *d.* All debts, obligations, and other liabilities of each
34 merging entity are debts, obligations, and other liabilities
35 of the surviving entity.

1 e. Except as otherwise provided by law or the plan of
2 merger, all the rights, privileges, immunities, powers, and
3 purposes of each merging entity vest in the surviving entity.

4 f. If the surviving entity exists before the merger, all of
5 the following apply:

6 (1) All its property continues to be vested in it without
7 transfer, reversion, or impairment.

8 (2) It remains subject to all its debts, obligations, and
9 other liabilities.

10 (3) All its rights, privileges, immunities, powers, and
11 purposes continue to be vested in it.

12 g. The name of the surviving entity may be substituted for
13 the name of any merging entity that is a party to any pending
14 action or proceeding.

15 h. If the surviving entity exists before the merger, all of
16 the following apply:

17 (1) Its public organic record, if any, is amended to the
18 extent provided in the statement of merger.

19 (2) Its private organic rules that are to be in a record, if
20 any, are amended to the extent provided in the plan of merger.

21 i. If the surviving entity is created by the merger, its
22 private organic rules are effective and all of the following
23 apply:

24 (1) If it is a filing entity, its public organic record
25 becomes effective.

26 (2) If it is a limited liability partnership, its statement
27 of qualification becomes effective.

28 j. The interests in each merging entity which are to be
29 converted in the merger are converted, and the interest holders
30 of those interests are entitled only to the rights provided to
31 them under the plan of merger and to any appraisal rights they
32 have under section 489.1006 and the merging entity's organic
33 law.

34 2. Except as otherwise provided in the organic law or
35 organic rules of a merging entity, the merger does not give

1 rise to any rights that an interest holder, governor, or third
2 party would have upon a dissolution, liquidation, or winding up
3 of the merging entity.

4 3. When a merger becomes effective, a person that did
5 not have interest holder liability with respect to any of
6 the merging entities and becomes subject to interest holder
7 liability with respect to a domestic entity as a result of
8 the merger has interest holder liability only to the extent
9 provided by the organic law of that entity and only for those
10 debts, obligations, and other liabilities that are incurred
11 after the merger becomes effective.

12 4. When a merger becomes effective, the interest holder
13 liability of a person that ceases to hold an interest in a
14 domestic merging limited liability company with respect to
15 which the person had interest holder liability is subject to
16 the following rules:

17 a. The merger does not discharge any interest holder
18 liability under this chapter to the extent the interest holder
19 liability was incurred before the merger became effective.

20 b. The person does not have interest holder liability under
21 this chapter for any debt, obligation, or other liability that
22 is incurred after the merger becomes effective.

23 c. This chapter continues to apply to the release,
24 collection, or discharge of any interest holder liability
25 preserved under paragraph "a" as if the merger had not occurred.

26 d. The person has whatever rights of contribution from
27 any other person as are provided by this chapter, law other
28 than this chapter, or the operating agreement of the domestic
29 merging limited liability company with respect to any interest
30 holder liability preserved under paragraph "a" as if the merger
31 had not occurred.

32 5. When a merger becomes effective, a foreign entity that is
33 the surviving entity may be served with process in this state
34 for the collection and enforcement of any debts, obligations,
35 or other liabilities of a domestic merging limited liability

1 company as provided in section 489.116.

2 6. When a merger becomes effective, the registration to do
3 business in this state of any foreign merging entity that is
4 not the surviving entity is canceled.

5 Sec. 93. NEW SECTION. 489.1031 Interest exchange
6 authorized.

7 1. By complying with this part, any of the following apply:

8 a. A domestic limited liability company may acquire all
9 of one or more classes or series of interests of another
10 domestic entity or a foreign entity in exchange for interests,
11 securities, obligations, money, other property, rights to
12 acquire interests or securities, or any combination of the
13 foregoing.

14 b. All of one or more classes or series of interests of a
15 domestic limited liability company may be acquired by another
16 domestic entity or a foreign entity in exchange for interests,
17 securities, obligations, money, other property, rights to
18 acquire interests or securities, or any combination of the
19 foregoing.

20 2. By complying with the provisions of this part applicable
21 to foreign entities, a foreign entity may be the acquiring or
22 acquired entity in an interest exchange under this part if
23 the interest exchange is authorized by the law of the foreign
24 entity's jurisdiction of formation.

25 3. If a protected agreement contains a provision that
26 applies to a merger of a domestic limited liability company but
27 does not refer to an interest exchange, the provision applies
28 to an interest exchange in which the domestic limited liability
29 company is the acquired entity as if the interest exchange were
30 a merger until the provision is amended on or after January 1,
31 2009.

32 Sec. 94. NEW SECTION. 489.1032 Plan of interest exchange.

33 1. A domestic limited liability company may be the acquired
34 entity in an interest exchange under this part by approving a
35 plan of interest exchange. The plan must be in a record and

1 contain all of the following:

2 *a.* The name of the acquired entity.

3 *b.* The name, jurisdiction of formation, and type of entity
4 of the acquiring entity.

5 *c.* The manner of converting the interests in the acquired
6 entity into interests, securities, obligations, money, other
7 property, rights to acquire interests or securities, or any
8 combination of the foregoing.

9 *d.* Any proposed amendments to all of the following:

10 (1) The certificate of organization of the acquired entity.

11 (2) The operating agreement of the acquired entity that are,
12 or are proposed to be, in a record.

13 *e.* The other terms and conditions of the interest exchange.

14 *f.* Any other provision required by the law of this state or
15 the operating agreement of the acquired entity.

16 2. In addition to the requirements of subsection 1, a
17 plan of interest exchange may contain any other provision not
18 prohibited by law.

19 Sec. 95. NEW SECTION. 489.1033 **Approval of interest**
20 **exchange.**

21 1. A plan of interest exchange is not effective unless it
22 has been approved according to all of the following:

23 *a.* By all the members of a domestic acquired limited
24 liability company entitled to vote on or consent to any matter.

25 *b.* In a record, by each member of the domestic acquired
26 limited liability company that will have interest holder
27 liability for debts, obligations, and other liabilities that
28 are incurred after the interest exchange becomes effective,
29 unless all of the following apply:

30 (1) The operating agreement of the limited liability
31 company provides in a record for the approval of an interest
32 exchange or a merger in which some or all of its members become
33 subject to interest holder liability by the affirmative vote or
34 consent of fewer than all the members.

35 (2) The member consented in a record to or voted for that

1 provision of the operating agreement or became a member after
2 the adoption of that provision.

3 2. An interest exchange involving a domestic acquired
4 entity that is not a limited liability company is not effective
5 unless it is approved by the domestic entity in accordance with
6 its organic law.

7 3. An interest exchange involving a foreign acquired entity
8 is not effective unless it is approved by the foreign entity in
9 accordance with the law of the foreign entity's jurisdiction
10 of formation.

11 4. Except as otherwise provided in its organic law or
12 organic rules, the interest holders of the acquiring entity are
13 not required to approve the interest exchange.

14 Sec. 96. NEW SECTION. 489.1034 Amendment or abandonment
15 of plan of interest exchange.

16 1. A plan of interest exchange may be amended only with the
17 consent of each party to the plan, except as otherwise provided
18 in the plan.

19 2. A domestic acquired limited liability company may
20 approve an amendment of a plan of interest exchange according
21 to any of the following:

22 a. In the same manner as the plan was approved, if the plan
23 does not provide for the manner in which it may be amended.

24 b. By its managers or members in the manner provided in
25 the plan, but a member that was entitled to vote on or consent
26 to approval of the interest exchange is entitled to vote on or
27 consent to any amendment of the plan that will change any of
28 the following:

29 (1) The amount or kind of interests, securities,
30 obligations, money, other property, rights to acquire interests
31 or securities, or any combination of the foregoing, to be
32 received by any of the members of the acquired company under
33 the plan.

34 (2) The certificate of organization or operating agreement
35 of the acquired company that will be in effect immediately

1 after the interest exchange becomes effective, except for
2 changes that do not require approval of the members of the
3 acquired company under this chapter or the operating agreement.

4 (3) Any other terms or conditions of the plan, if the change
5 would adversely affect the member in any material respect.

6 3. After a plan of interest exchange has been approved and
7 before a statement of interest exchange becomes effective,
8 the plan may be abandoned as provided in the plan. Unless
9 prohibited by the plan, a domestic acquired limited liability
10 company may abandon the plan in the same manner as the plan was
11 approved.

12 4. If a plan of interest exchange is abandoned after a
13 statement of interest exchange has been delivered to the
14 secretary of state for filing and before the statement becomes
15 effective, a statement of abandonment, signed by the acquired
16 limited liability company, must be delivered to the secretary
17 of state for filing before the statement of interest exchange
18 becomes effective. The statement of abandonment takes effect
19 on filing, and the interest exchange is abandoned and does not
20 become effective. The statement of abandonment must contain
21 all of the following:

22 a. The name of the acquired limited liability company.

23 b. The date on which the statement of interest exchange was
24 filed by the secretary of state.

25 c. A statement that the interest exchange has been abandoned
26 in accordance with this section.

27 Sec. 97. NEW SECTION. 489.1035 **Statement of interest**
28 **exchange — effective date of interest exchange.**

29 1. A statement of interest exchange must be signed by a
30 domestic acquired limited liability company and delivered to
31 the secretary of state for filing.

32 2. A statement of interest exchange must contain all of the
33 following:

34 a. The name of the acquired limited liability company.

35 b. The name, jurisdiction of formation, and type of entity

1 of the acquiring entity.

2 *c.* A statement that the plan of interest exchange was
3 approved by the acquired company in accordance with this part.

4 *d.* Any amendments to the acquired company's certificate of
5 organization approved as part of the plan of interest exchange.

6 3. In addition to the requirements of subsection 2, a
7 statement of interest exchange may contain any other provision
8 not prohibited by law.

9 4. An interest exchange becomes effective when the
10 statement of interest exchange is effective.

11 **Sec. 98. NEW SECTION. 489.1036 Effect of interest exchange.**

12 1. When an interest exchange in which the acquired entity
13 is a domestic limited liability company becomes effective, all
14 of the following apply:

15 *a.* The interests in the acquired limited liability company
16 which are the subject of the interest exchange are converted,
17 and the members holding those interests are entitled only to
18 the rights provided to them under the plan of interest exchange
19 and to any appraisal rights they have under section 486.1006.

20 *b.* The acquiring entity becomes the interest holder of the
21 interests in the acquired limited liability company stated in
22 the plan of interest exchange to be acquired by the acquiring
23 entity.

24 *c.* The certificate of organization of the acquired limited
25 liability company is amended to the extent provided in the
26 statement of interest exchange.

27 *d.* The provisions of the operating agreement of the acquired
28 limited liability company that are to be in a record, if any,
29 are amended to the extent provided in the plan of interest
30 exchange.

31 2. Except as otherwise provided in the operating agreement
32 of a domestic acquired limited liability company, the interest
33 exchange does not give rise to any rights that a member,
34 manager, or third party would have upon a dissolution,
35 liquidation, or winding up of the acquired limited liability

1 company.

2 3. When an interest exchange becomes effective, a person
3 that did not have interest holder liability with respect to
4 a domestic acquired limited liability company and becomes
5 subject to interest holder liability with respect to a domestic
6 entity as a result of the interest exchange has interest holder
7 liability only to the extent provided by the organic law of
8 the entity and only for those debts, obligations, and other
9 liabilities that are incurred after the interest exchange
10 becomes effective.

11 4. When an interest exchange becomes effective, the
12 interest holder liability of a person that ceases to hold an
13 interest in a domestic acquired limited liability company with
14 respect to which the person had interest holder liability is
15 subject to all of the following rules:

16 a. The interest exchange does not discharge any interest
17 holder liability under this chapter to the extent the interest
18 holder liability was incurred before the interest exchange
19 became effective.

20 b. The person does not have interest holder liability under
21 this chapter for any debt, obligation, or other liability that
22 is incurred after the interest exchange becomes effective.

23 c. This chapter continues to apply to the release,
24 collection, or discharge of any interest holder liability
25 preserved under paragraph "a" as if the interest exchange had
26 not occurred.

27 d. The person has whatever rights of contribution from
28 any other person as are provided by this chapter, law other
29 than this chapter, or the operating agreement of the acquired
30 limited liability company with respect to any interest holder
31 liability preserved under paragraph "a" as if the interest
32 exchange had not occurred.

33 Sec. 99. NEW SECTION. 489.1041 Conversion authorized.

34 1. By complying with this part, a domestic limited liability
35 company may become any of the following:

1 *a.* A domestic entity that is a different type of entity.

2 *b.* A foreign entity that is a different type of entity, if
3 the conversion is authorized by the law of the foreign entity's
4 jurisdiction of formation.

5 2. By complying with the provisions of this part applicable
6 to foreign entities, a foreign entity that is not a foreign
7 limited liability company may become a domestic limited
8 liability company if the conversion is authorized by the law of
9 the foreign entity's jurisdiction of formation.

10 3. If a protected agreement contains a provision that
11 applies to a merger of a domestic limited liability company
12 but does not refer to a conversion, the provision applies
13 to a conversion of the limited liability company as if the
14 conversion were a merger until the provision is amended on or
15 after January 1, 2009.

16 4. A domestic entity that is not a limited liability company
17 may become a domestic limited liability company if all of the
18 following apply:

19 *a.* The domestic converting entity complies with section
20 489.1043.

21 *b.* The domestic converting entity files a statement of
22 conversion in accordance with section 489.1045.

23 Sec. 100. NEW SECTION. **489.1042 Plan of conversion.**

24 1. A domestic limited liability company may convert to a
25 different type of entity under this part by approving a plan
26 of conversion. The plan must be in a record and contain all of
27 the following:

28 *a.* The name of the converting limited liability company.

29 *b.* The name, jurisdiction of formation, and type of entity
30 of the converted entity.

31 *c.* The manner of converting the interests in the converting
32 limited liability company into interests, securities,
33 obligations, money, other property, rights to acquire interests
34 or securities, or any combination of the foregoing.

35 *d.* The proposed public organic record of the converted

1 entity if it will be a filing entity.

2 e. The full text of the private organic rules of the
3 converted entity which are proposed to be in a record.

4 f. The other terms and conditions of the conversion.

5 g. Any other provision required by the law of this state
6 or the operating agreement of the converting limited liability
7 company.

8 2. In addition to the requirements of subsection 1, a plan
9 of conversion may contain any other provision not prohibited
10 by law.

11 Sec. 101. NEW SECTION. 489.1043 Approval of conversion.

12 1. A plan of conversion is not effective unless it has been
13 approved according to all of the following:

14 a. By a domestic converting limited liability company, by
15 all the members of the limited liability company entitled to
16 vote on or consent to any matter.

17 b. In a record, by each member of a domestic converting
18 limited liability company which will have interest holder
19 liability for debts, obligations, and other liabilities that
20 are incurred after the conversion becomes effective, unless all
21 of the following apply:

22 (1) The operating agreement of the limited liability
23 company provides in a record for the approval of a conversion
24 or a merger in which some or all of its members become subject
25 to interest holder liability by the affirmative vote or consent
26 of fewer than all the members.

27 (2) The member voted for or consented in a record to that
28 provision of the operating agreement or became a member after
29 the adoption of that provision.

30 2. A conversion involving a domestic converting entity that
31 is not a limited liability company is not effective unless it
32 is approved by the domestic converting entity in accordance
33 with its organic law.

34 3. A conversion of a foreign converting entity is not
35 effective unless it is approved by the foreign entity in

1 accordance with the law of the foreign entity's jurisdiction
2 of formation.

3 Sec. 102. NEW SECTION. 489.1044 Amendment or abandonment of
4 plan of conversion.

5 1. A plan of conversion of a domestic converting limited
6 liability company may be amended according to any of the
7 following:

8 a. In the same manner as the plan was approved, if the plan
9 does not provide for the manner in which it may be amended.

10 b. By its managers or members in the manner provided in the
11 plan, but a member that was entitled to vote on or consent to
12 approval of the conversion is entitled to vote on or consent
13 to any amendment of the plan that will change any of the
14 following:

15 (1) The amount or kind of interests, securities,
16 obligations, money, other property, rights to acquire interests
17 or securities, or any combination of the foregoing, to be
18 received by any of the members of the converting limited
19 liability company under the plan.

20 (2) The public organic record, if any, or private organic
21 rules of the converted entity which will be in effect
22 immediately after the conversion becomes effective, except for
23 changes that do not require approval of the interest holders of
24 the converted entity under its organic law or organic rules.

25 (3) Any other terms or conditions of the plan, if the change
26 would adversely affect the member in any material respect.

27 2. After a plan of conversion has been approved by a
28 domestic converting limited liability company and before a
29 statement of conversion becomes effective, the plan may be
30 abandoned as provided in the plan. Unless prohibited by the
31 plan, a domestic converting limited liability company may
32 abandon the plan in the same manner as the plan was approved.

33 3. If a plan of conversion is abandoned after a statement
34 of conversion has been delivered to the secretary of state
35 for filing and before the statement becomes effective, a

1 statement of abandonment, signed by the converting entity,
2 must be delivered to the secretary of state for filing before
3 the statement of conversion becomes effective. The statement
4 of abandonment takes effect on filing, and the conversion is
5 abandoned and does not become effective. The statement of
6 abandonment must contain all of the following:

7 *a.* The name of the converting limited liability company.

8 *b.* The date on which the statement of conversion was filed
9 by the secretary of state.

10 *c.* A statement that the conversion has been abandoned in
11 accordance with this section.

12 **Sec. 103. NEW SECTION. 489.1045 Statement of conversion —**
13 **effective date of conversion.**

14 1. A statement of conversion must be signed by the
15 converting entity and delivered to the secretary of state for
16 filing.

17 2. A statement of conversion must contain all of the
18 following:

19 *a.* The name, jurisdiction of formation, and type of entity
20 of the converting entity.

21 *b.* The name, jurisdiction of formation, and type of entity
22 of the converted entity and if the converted entity is a
23 foreign entity, the street and mailing addresses of an office
24 of the converted entity that the secretary of state may use for
25 purposes of section 489.1046, subsection 5.

26 *c.* If the converting entity is a domestic limited liability
27 company, a statement that the plan of conversion was approved
28 in accordance with this part or, if the converting entity is a
29 foreign entity, a statement that the conversion was approved
30 by the foreign entity in accordance with the law of its
31 jurisdiction of formation.

32 *d.* If the converted entity is a domestic filing entity, its
33 public organic record, as an attachment.

34 *e.* If the converted entity is a domestic limited liability
35 partnership, its statement of qualification, as an attachment.

1 3. In addition to the requirements of subsection 2, a
2 statement of conversion may contain any other provision not
3 prohibited by law.

4 4. If the converted entity is a domestic entity, its public
5 organic record, if any, must satisfy the requirements of the
6 law of this state, except that the public organic record does
7 not need to be signed.

8 5. If the converted entity is a domestic limited liability
9 company, the conversion becomes effective when the statement of
10 conversion is effective. In all other cases, the conversion
11 becomes effective on the later of the following:

12 a. The date and time provided by the organic law of the
13 converted entity.

14 b. When the statement is effective.

15 Sec. 104. NEW SECTION. 489.1046 **Effect of conversion.**

16 1. When a conversion becomes effective all of the following
17 apply:

18 a. The converted entity is any of the following:

19 (1) Organized under and subject to the organic law of the
20 converted entity.

21 (2) The same entity without interruption as the converting
22 entity.

23 b. All property of the converting entity continues to be
24 vested in the converted entity without transfer, reversion, or
25 impairment.

26 c. All debts, obligations, and other liabilities of the
27 converting entity continue as debts, obligations, and other
28 liabilities of the converted entity.

29 d. Except as otherwise provided by law or the plan of
30 conversion, all the rights, privileges, immunities, powers,
31 and purposes of the converting entity remain in the converted
32 entity.

33 e. The name of the converted entity may be substituted for
34 the name of the converting entity in any pending action or
35 proceeding.

1 *f.* The certificate of organization of the converted entity
2 becomes effective.

3 *g.* The provisions of the operating agreement of the
4 converted entity which are to be in a record, if any, approved
5 as part of the plan of conversion become effective.

6 *h.* The interests in the converting entity are converted, and
7 the interest holders of the converting entity are entitled only
8 to the rights provided to them under the plan of conversion and
9 to any appraisal rights they have under section 489.1006.

10 2. Except as otherwise provided in the operating agreement
11 of a domestic converting limited liability company, the
12 conversion does not give rise to any rights that a member,
13 manager, or third party would have upon a dissolution,
14 liquidation, or winding up of the converting entity.

15 3. When a conversion becomes effective, a person that
16 did not have interest holder liability with respect to the
17 converting entity and becomes subject to interest holder
18 liability with respect to a domestic entity as a result of the
19 conversion has interest holder liability only to the extent
20 provided by the organic law of the entity and only for those
21 debts, obligations, and other liabilities that are incurred
22 after the conversion becomes effective.

23 4. When a conversion becomes effective, the interest holder
24 liability of a person that ceases to hold an interest in a
25 domestic converting limited liability company with respect to
26 which the person had interest holder liability is subject to
27 all of the following rules:

28 *a.* The conversion does not discharge any interest holder
29 liability under this chapter to the extent the interest holder
30 liability was incurred before the conversion became effective.

31 *b.* The person does not have interest holder liability under
32 this chapter for any debt, obligation, or other liability that
33 arises after the conversion becomes effective.

34 *c.* This chapter continues to apply to the release,
35 collection, or discharge of any interest holder liability

1 preserved under paragraph "a" as if the conversion had not
2 occurred.

3 d. The person has whatever rights of contribution from any
4 other person as are provided by this chapter, law other than
5 this chapter, or the organic rules of the converting entity
6 with respect to any interest holder liability preserved under
7 paragraph "a" as if the conversion had not occurred.

8 5. When a conversion becomes effective, a foreign entity
9 that is the converted entity may be served with process in this
10 state for the collection and enforcement of any of its debts,
11 obligations, and other liabilities as provided in section
12 489.116.

13 6. If the converting entity is a registered foreign entity,
14 its registration to do business in this state is canceled when
15 the conversion becomes effective.

16 7. A conversion does not require the entity to wind up its
17 affairs and does not constitute or cause the dissolution of the
18 entity.

19 Sec. 105. NEW SECTION. 489.1051 Domestication authorized.

20 1. By complying with this part, a domestic limited liability
21 company may become a foreign limited liability company if
22 the domestication is authorized by the law of the foreign
23 jurisdiction.

24 2. By complying with the provisions of this part applicable
25 to foreign limited liability companies, a foreign limited
26 liability company may become a domestic limited liability
27 company if the domestication is authorized by the law of the
28 foreign limited liability company's jurisdiction of formation.

29 3. If a protected agreement contains a provision that
30 applies to a merger of a domestic limited liability company
31 but does not refer to a domestication, the provision applies
32 to a domestication of the limited liability company as if the
33 domestication were a merger until the provision is amended on
34 or after January 1, 2009.

35 Sec. 106. NEW SECTION. 489.1052 Plan of domestication.

1 1. A domestic limited liability company may become a foreign
2 limited liability company in a domestication by approving
3 a plan of domestication. The plan must be in a record and
4 contain all of the following:

5 a. The name of the domesticating limited liability company.

6 b. The name and jurisdiction of formation of the
7 domesticated limited liability company.

8 c. The manner of converting the interests in the
9 domesticating limited liability company into interests,
10 securities, obligations, money, other property, rights to
11 acquire interests or securities, or any combination of the
12 foregoing.

13 d. The proposed certificate of organization of the
14 domesticated limited liability company.

15 e. The full text of the provisions of the operating
16 agreement of the domesticated limited liability company that
17 are proposed to be in a record.

18 f. The other terms and conditions of the domestication.

19 g. Any other provision required by the law of this state or
20 the operating agreement of the domesticating limited liability
21 company.

22 2. In addition to the requirements of subsection 1, a plan
23 of domestication may contain any other provision not prohibited
24 by law.

25 Sec. 107. NEW SECTION. 489.1053 **Approval of domestication.**

26 1. A plan of domestication of a domestic domesticating
27 limited liability company is not effective unless it has been
28 approved according to any of the following:

29 a. By all the members entitled to vote on or consent to any
30 matter.

31 b. In a record, by each member that will have interest
32 holder liability for debts, obligations, and other liabilities
33 that are incurred after the domestication becomes effective,
34 unless all of the following apply:

35 (1) The operating agreement of the domesticating limited

1 liability company in a record provides for the approval of a
2 domestication or merger in which some or all of its members
3 become subject to interest holder liability by the affirmative
4 vote or consent of fewer than all the members.

5 (2) The member voted for or consented in a record to that
6 provision of the operating agreement or became a member after
7 the adoption of that provision.

8 2. A domestication of a foreign domesticating limited
9 liability company is not effective unless it is approved in
10 accordance with the law of the foreign limited liability
11 company's jurisdiction of formation.

12 Sec. 108. NEW SECTION. 489.1054 Amendment or abandonment
13 of plan of domestication.

14 1. A plan of domestication of a domestic domesticating
15 limited liability company may be amended according to any of
16 the following:

17 a. In the same manner as the plan was approved, if the plan
18 does not provide for the manner in which it may be amended.

19 b. By its managers or members in the manner provided in
20 the plan, but a member that was entitled to vote on or consent
21 to approval of the domestication is entitled to vote on or
22 consent to any amendment of the plan that will change any of
23 the following:

24 (1) The amount or kind of interests, securities,
25 obligations, money, other property, rights to acquire interests
26 or securities, or any combination of the foregoing, to be
27 received by any of the members of the domesticating limited
28 liability company under the plan.

29 (2) The certificate of organization or operating agreement
30 of the domesticated limited liability company that will be in
31 effect immediately after the domestication becomes effective,
32 except for changes that do not require approval of the members
33 of the domesticated limited liability company under its organic
34 law or operating agreement.

35 (3) Any other terms or conditions of the plan, if the change

1 would adversely affect the member in any material respect.

2 2. After a plan of domestication has been approved by a
3 domestic domesticating limited liability company and before a
4 statement of domestication becomes effective, the plan may be
5 abandoned as provided in the plan. Unless prohibited by the
6 plan, a domestic domesticating limited liability company may
7 abandon the plan in the same manner as the plan was approved.

8 3. If a plan of domestication is abandoned after a statement
9 of domestication has been delivered to the secretary of state
10 for filing and before the statement becomes effective, a
11 statement of abandonment, signed by the domesticating limited
12 liability company, must be delivered to the secretary of state
13 for filing before the statement of domestication becomes
14 effective. The statement of abandonment takes effect on
15 filing, and the domestication is abandoned and does not become
16 effective. The statement of abandonment must contain all of
17 the following:

18 a. The name of the domesticating limited liability company.

19 b. The date on which the statement of domestication was
20 filed by the secretary of state.

21 c. A statement that the domestication has been abandoned in
22 accordance with this section.

23 Sec. 109. NEW SECTION. 489.1055 **Statement of domestication**
24 **— effective date of domestication.**

25 1. A statement of domestication must be signed by the
26 domesticating limited liability company and delivered to the
27 secretary of state for filing.

28 2. A statement of domestication must contain all of the
29 following:

30 a. The name and jurisdiction of formation of the
31 domesticating limited liability company.

32 b. The name and jurisdiction of formation of the
33 domesticated limited liability company and the street and
34 mailing addresses of an office of the domesticated limited
35 liability company that the secretary of state may use for

1 purposes of section 489.1056, subsection 5.

2 *c.* If the domesticating limited liability company is a
3 domestic limited liability company, a statement that the plan
4 of domestication was approved in accordance with this part or,
5 if the domesticating limited liability company is a foreign
6 limited liability company, a statement that the domestication
7 was approved in accordance with the law of its jurisdiction of
8 formation.

9 *d.* The certificate of organization of the domesticated
10 limited liability company, as an attachment.

11 3. In addition to the requirements of subsection 2, a
12 statement of domestication may contain any other provision not
13 prohibited by law.

14 4. The certificate of organization of a domestic
15 domesticated limited liability company must satisfy the
16 requirements of this chapter, but the certificate does not need
17 to be signed.

18 5. If the domesticated entity is a domestic limited
19 liability company, the domestication becomes effective
20 when the statement of domestication is effective. If the
21 domesticated entity is a foreign limited liability company,
22 the domestication becomes effective on the later of all of the
23 following:

24 *a.* The date and time provided by the organic law of the
25 domesticated entity.

26 *b.* When the statement is effective.

27 Sec. 110. NEW SECTION. 489.1056 Effect of domestication.

28 1. When a domestication becomes effective, all of the
29 following apply:

30 *a.* The domesticated entity is all of the following:

31 (1) Organized under and subject to the organic law of the
32 domesticated entity.

33 (2) The same entity without interruption as the
34 domesticating entity.

35 *b.* All property of the domesticating entity continues to be

1 vested in the domesticated entity without transfer, reversion,
2 or impairment.

3 *c.* All debts, obligations, and other liabilities of the
4 domesticating entity continue as debts, obligations, and other
5 liabilities of the domesticated entity.

6 *d.* Except as otherwise provided by law or the plan of
7 domestication, all the rights, privileges, immunities,
8 powers, and purposes of the domesticating entity remain in the
9 domesticated entity.

10 *e.* The name of the domesticated entity may be substituted
11 for the name of the domesticating entity in any pending action
12 or proceeding.

13 *f.* The certificate of organization of the domesticated
14 entity becomes effective.

15 *g.* The provisions of the operating agreement of the
16 domesticated entity that are to be in a record, if any,
17 approved as part of the plan of domestication become effective.

18 *h.* The interests in the domesticating entity are converted
19 to the extent and as approved in connection with the
20 domestication, and the members of the domesticating entity are
21 entitled only to the rights provided to them under the plan
22 of domestication and to any appraisal rights they have under
23 section 489.1006.

24 2. Except as otherwise provided in the organic law or
25 operating agreement of the domesticating limited liability
26 company, the domestication does not give rise to any rights
27 that a member, manager, or third party would otherwise
28 have upon a dissolution, liquidation, or winding up of the
29 domesticating company.

30 3. When a domestication becomes effective, a person that
31 did not have interest holder liability with respect to the
32 domesticating limited liability company and becomes subject to
33 interest holder liability with respect to a domestic limited
34 liability company as a result of the domestication has interest
35 holder liability only to the extent provided by this chapter

1 and only for those debts, obligations, and other liabilities
2 that are incurred after the domestication becomes effective.

3 4. When a domestication becomes effective, the interest
4 holder liability of a person that ceases to hold an interest in
5 a domestic domesticating limited liability company with respect
6 to which the person had interest holder liability is subject
7 to all of the following rules:

8 a. The domestication does not discharge any interest
9 holder liability under this chapter to the extent the interest
10 holder liability was incurred before the domestication became
11 effective.

12 b. A person does not have interest holder liability under
13 this chapter for any debt, obligation, or other liability that
14 is incurred after the domestication becomes effective.

15 c. This chapter continues to apply to the release,
16 collection, or discharge of any interest holder liability
17 preserved under paragraph "a" as if the domestication had not
18 occurred.

19 d. A person has whatever rights of contribution from any
20 other person as are provided by this chapter, law other than
21 this chapter, or the operating agreement of the domestic
22 domesticating limited liability company with respect to any
23 interest holder liability preserved under paragraph "a" as if
24 the domestication had not occurred.

25 5. When a domestication becomes effective, a foreign
26 limited liability company that is the domesticated company
27 may be served with process in this state for the collection
28 and enforcement of any of its debts, obligations, and other
29 liabilities as provided in section 489.116.

30 6. If the domesticating limited liability company is a
31 registered foreign entity, the registration of the limited
32 liability company is canceled when the domestication becomes
33 effective.

34 7. A domestication does not require a domestic
35 domesticating limited liability company to wind up its affairs

1 and does not constitute or cause the dissolution of the limited
2 liability company.

3 Sec. 111. Section 489.1101, Code 2023, is amended to read
4 as follows:

5 **489.1101 Definitions.**

6 As used in [this article subchapter](#), unless the context
7 otherwise requires:

8 1. *“Employee”* or *“agent”* does not include a clerk,
9 stenographer, secretary, bookkeeper, technician, or other
10 person who is not usually and ordinarily considered by custom
11 and practice to be practicing a profession nor any other person
12 who performs all that person’s duties for the professional
13 limited liability company under the direct supervision and
14 control of one or more managers, employees, or agents of the
15 professional limited liability company who are duly licensed in
16 this state to practice a profession which the limited liability
17 company is authorized to practice in this state. This [article](#)
18 [subchapter](#) does not require any such persons to be licensed to
19 practice a profession if they are not required to be licensed
20 under any other law of this state.

21 2. *“Foreign professional limited liability company”* means
22 a limited liability company organized under laws other than
23 the laws of this state for a purpose for which a professional
24 limited liability company may be organized under this [article](#)
25 [subchapter](#).

26 3. *“Licensed”* includes registered, certified, admitted to
27 practice, or otherwise legally authorized under the laws of
28 this state.

29 4. *“Profession”* means the following professions:

- 30 a. Certified public accountancy.
- 31 b. Architecture.
- 32 c. Chiropractic.
- 33 d. Dentistry.
- 34 e. Physical therapy.
- 35 f. Practice as a physician assistant.

- 1 *g.* Psychology.
- 2 *h.* Professional engineering.
- 3 *i.* Land surveying.
- 4 *j.* Landscape architecture.
- 5 *k.* Law.
- 6 *l.* Medicine and surgery.
- 7 *m.* Optometry.
- 8 *n.* Osteopathic medicine and surgery.
- 9 *o.* Accounting practitioner.
- 10 *p.* Podiatry.
- 11 *q.* Real estate brokerage.
- 12 *r.* Speech pathology.
- 13 *s.* Audiology.
- 14 *t.* Veterinary medicine.
- 15 *u.* Pharmacy.
- 16 *v.* Nursing.
- 17 *w.* Marital and family therapy or mental health counseling,
18 provided that the marital and family therapist or mental health
19 counselor is licensed under [chapters 147](#) and [154D](#).
- 20 *x.* Social work, provided that the social worker is licensed
21 pursuant to [chapter 147](#) and [section 154C.3, subsection 1,](#)
22 paragraph "c".
- 23 5. "*Professional limited liability company*" means a limited
24 liability company subject to [this article subchapter](#), except a
25 foreign professional limited liability company.
- 26 6. "*Regulating board*" means any board, commission, court,
27 or governmental authority which, under the laws of this state,
28 is charged with the licensing, registration, certification,
29 admission to practice, or other legal authorization of the
30 practitioners of any profession.
- 31 7. *a.* "*Voluntary transfer*" includes a sale, voluntary
32 assignment, gift, pledge, or encumbrance; a voluntary change
33 of legal or equitable ownership or beneficial interest; or a
34 voluntary change of persons having voting rights with respect
35 to any transferable interest, except as proxies.

1 *b. "Voluntary transfer"* does not include a transfer of
2 an individual's interest in a limited liability company or
3 other property to a guardian or conservator appointed for that
4 individual or the individual's property.

5 Sec. 112. Section 489.1106, Code 2023, is amended to read
6 as follows:

7 **489.1106 Professional regulation.**

8 A professional limited liability company shall not
9 be required to register with or to obtain any license,
10 registration, certificate, or other legal authorization from
11 a regulating board in order to practice a profession. Except
12 as provided in [this section](#), [this article subchapter](#) does not
13 restrict or limit in any manner the authority or duties of any
14 regulating board with respect to ~~individuals~~ an individual
15 practicing a profession which is within the jurisdiction of the
16 regulating board, even if the individual is a member, manager,
17 employee, or agent of a professional limited liability company
18 or foreign professional limited liability company and practices
19 the individual's profession through such professional limited
20 liability company.

21 Sec. 113. Section 489.1107, Code 2023, is amended to read
22 as follows:

23 **489.1107 Relationship and liability to persons served.**

24 This [article subchapter](#) does not modify any law applicable
25 to the relationship between an individual practicing a
26 profession and a person receiving professional services,
27 including but not limited to any liability arising out of such
28 practice or any law respecting privileged communications.
29 This [article subchapter](#) does not modify or affect the ethical
30 standards or standards of conduct of any profession, including
31 but not limited to any standards prohibiting or limiting the
32 practice of the profession by a limited liability company or
33 prohibiting or limiting the practice of two or more professions
34 in combination. All such standards shall apply to the members,
35 managers, employees, and agents through whom a professional

1 limited liability company practices any profession in this
2 state, to the same extent that the standards apply to an
3 individual practitioner.

4 Sec. 114. Section 489.1110, Code 2023, is amended to read
5 as follows:

6 **489.1110 Convertible interests — rights and options.**

7 A professional limited liability company shall not create
8 or issue any interest convertible into an interest of the
9 professional limited liability company. The provisions of this
10 ~~article~~ subchapter with respect to the issuance and transfer
11 of interests apply to the creation, issuance, and transfer
12 of any right or option entitling the holder to purchase from
13 a professional limited liability company any interest of the
14 professional limited liability company. A right or option
15 shall not be transferable, whether voluntarily, involuntarily,
16 by operation of law, or in any other manner. Upon the death
17 of the holder, or when the holder ceases to be licensed to
18 practice a profession in this state which the professional
19 limited liability company is authorized to practice, the right
20 or option shall expire.

21 Sec. 115. Section 489.1112, subsections 4, 5, and 6, Code
22 2023, are amended to read as follows:

23 4. When a person other than a member of record becomes
24 entitled to have interests of a professional limited liability
25 company transferred into that person's name or to exercise
26 voting rights, except as a proxy, with respect to interests of
27 the professional limited liability company, the professional
28 limited liability company shall immediately purchase the
29 interests. Without limiting the generality of the foregoing,
30 this section shall be applicable whether the event occurs
31 as a result of appointment of a guardian or conservator for
32 a member or the member's property, transfer of interests
33 by operation of law, involuntary transfer of interests,
34 judicial proceeding, execution, levy, bankruptcy proceeding,
35 receivership proceeding, foreclosure or enforcement of a pledge

1 or encumbrance, or any other situation or occurrence. However,
2 this section does not apply to any voluntary transfer of
3 interests as defined in [this article subchapter](#).

4 5. Interests purchased by a professional limited liability
5 company under [this section](#) shall be transferred to the
6 professional limited liability company as of the close
7 of business on the date of the death or other event which
8 requires purchase. The member and the member's executors,
9 administrators, legal representatives, or successors in
10 interest, shall promptly do all things which may be necessary
11 or convenient to cause transfer to be made as of the transfer
12 date. However, the interests shall promptly be transferred on
13 the books and records of the professional limited liability
14 company as of the transfer date, notwithstanding any delay in
15 transferring or surrendering the interests or certificates
16 representing the interests, and the transfer shall be valid and
17 effective for all purposes as of the close of business on the
18 transfer date. The purchase price for such interests shall be
19 paid as provided in [this article subchapter](#), but the transfer
20 of interests to the professional limited liability company as
21 provided in [this section](#) shall not be delayed or affected by
22 any delay or default in making payment.

23 6. a. Notwithstanding [subsections 1 through 5](#), purchase by
24 the professional limited liability company is not required upon
25 the occurrence of any event other than death of a member, if
26 the professional limited liability company is dissolved within
27 sixty days after the occurrence of the event or voluntarily
28 elects to no longer be a professional limited liability company
29 but continue its existence as a limited liability company
30 pursuant to section 489.1119A within sixty days after the
31 occurrence of the event. The certificate of organization or
32 operating agreement of the professional limited liability
33 company may provide that purchase is not required upon the
34 death of a member, if the professional limited liability
35 company is dissolved within sixty days after the date of the

1 member's death.

2 b. Notwithstanding sections 1 through 5, purchase by the
3 professional limited liability company is not required upon the
4 death of a shareholder if the professional limited liability
5 company voluntarily elects to no longer be a professional
6 limited liability company but continue its existence as a
7 limited liability company pursuant to section 489.1119A within
8 sixty days after death.

9 Sec. 116. Section 489.1113, Code 2023, is amended to read
10 as follows:

11 **489.1113 Certificates representing interests.**

12 Each certificate representing an interest of a professional
13 limited liability company shall state in substance that the
14 certificate represents an interest in a professional limited
15 liability company and is not transferable except as expressly
16 provided in [this article subchapter](#) and in the certificate of
17 organization or an operating agreement of the professional
18 limited liability company.

19 Sec. 117. Section 489.1114, Code 2023, is amended to read
20 as follows:

21 **489.1114 Management.**

22 1. All managers of a professional limited liability
23 company shall at all times be individuals who are licensed to
24 practice a profession in this state or a lawful combination of
25 professions pursuant to [section 489.1102](#), which the limited
26 liability company is authorized to practice. ~~A person who~~
27 ~~is not licensed shall have no authority or duties in the~~
28 ~~management or control of the professional limited liability~~
29 ~~company. If a manager ceases to have this qualification, the~~
30 ~~manager shall immediately and automatically cease to hold such~~
31 ~~management position.~~

32 2. Notwithstanding subsection 1, upon the occurrence of
33 any event that requires the professional limited liability
34 company either to be dissolved or to elect to no longer be
35 a professional limited liability company but continue its

1 existence as a limited liability company, as provided in
2 section 489.1119A, all of the following apply:

3 a. The professional limited liability company ceases to
4 practice the profession that the professional limited liability
5 company is authorized to practice, as provided in section
6 489.1119A.

7 b. The individuals who are not licensed to practice in this
8 state a profession that the professional limited liability
9 company is authorized to practice may be appointed as officers
10 and directors for the sole purpose of doing any of the
11 following:

12 (1) Carrying out the dissolution of the professional
13 limited liability company.

14 (2) If applicable, carrying out the voluntary election
15 of the professional limited liability company to no longer
16 be a professional limited liability company but continue its
17 existence as a limited liability company, as provided in
18 section 489.1119A.

19 Sec. 118. Section 489.1115, Code 2023, is amended to read
20 as follows:

21 **489.1115 Merger.**

22 A professional limited liability company shall not merge
23 with any entity except another professional limited liability
24 company subject to [this article subchapter](#) or a professional
25 corporation subject to [chapter 496C](#). Merger is not permitted
26 unless the surviving or new professional limited liability
27 company is a professional limited liability company ~~which~~ that
28 complies with all requirements of [this article subchapter](#).

29 Sec. 119. Section 489.1116, Code 2023, is amended to read
30 as follows:

31 **489.1116 Dissolution or liquidation.**

32 A violation of any provision of [this article subchapter](#) by a
33 professional limited liability company or any of its members
34 or managers shall be cause for its involuntary dissolution, or
35 liquidation of its assets and business by the district court.

1 Upon the death of the last remaining member of a professional
2 limited liability company, or when the last remaining member is
3 not licensed or ceases to be licensed to practice a profession
4 in this state which the professional limited liability company
5 is authorized to practice, or when any person other than
6 the member of record becomes entitled to have all interests
7 of the last remaining member of the professional limited
8 liability company transferred into that person's name or to
9 exercise voting rights, except as a proxy, with respect to such
10 interests, the professional limited liability company shall not
11 practice any profession ~~and it~~. In that case, the professional
12 limited liability company shall either be promptly dissolved
13 or shall promptly elect to no longer be a professional limited
14 liability company but continue its existence as a limited
15 liability company as provided in section 489.1119A. However,
16 if prior to dissolution all outstanding interests of the
17 professional limited liability company are acquired by two
18 or more persons licensed to practice a profession in this
19 state which the professional limited liability company is
20 authorized to practice, the professional limited liability
21 company need not be dissolved nor elect to no longer be a
22 professional limited liability company and may instead practice
23 the profession as provided in [this article subchapter](#).

24 Sec. 120. Section 489.1117, Code 2023, is amended to read
25 as follows:

26 **489.1117 Foreign professional limited liability company.**

27 1. A foreign professional limited liability company may
28 practice a profession in this state if it complies with the
29 provisions of [this article subchapter](#). The secretary of state
30 may prescribe forms for this purpose. A foreign professional
31 limited liability company may practice a profession in this
32 state only through members, managers, employees, and agents
33 who are licensed to practice the profession in this state.
34 The provisions of [this article subchapter](#) with respect to the
35 practice of a profession by a professional limited liability

1 company apply to a foreign professional limited liability
2 company.

3 2. This article subchapter does not prohibit the practice
4 of a profession in this state by an individual who is a member,
5 manager, employee, or agent of a foreign professional limited
6 liability company, if the individual could lawfully practice
7 the profession in this state in the absence of any relationship
8 to a foreign professional limited liability company. This
9 subsection applies regardless of whether or not the foreign
10 professional limited liability company is authorized to
11 practice a profession in this state.

12 Sec. 121. Section 489.1118, Code 2023, is amended to read
13 as follows:

14 **489.1118 Limited liability companies organized under the**
15 **other laws.**

16 This article subchapter does not apply to or interfere with
17 the practice of any profession by or through any professional
18 limited liability company organized after July 1, 1992, under
19 any other law of this state or any other state or country, if
20 the practice is lawful under any other statute or rule of law
21 of this state. Any such professional limited liability company
22 may voluntarily elect to adopt this article subchapter and
23 become subject to its provisions, by amending its certificate
24 of organization to be consistent with all provisions of this
25 article subchapter and by stating in its amended certificate
26 of organization that the limited liability company has
27 voluntarily elected to adopt this article subchapter. Any
28 limited liability company organized under any law of any other
29 state or country may become subject to the provisions of this
30 article subchapter by complying with all provisions of this
31 article subchapter with respect to foreign professional limited
32 liability companies.

33 Sec. 122. Section 489.1119, Code 2023, is amended to read
34 as follows:

35 **489.1119 Conflicts with other provisions of this chapter.**

1 The provisions of this article subchapter shall prevail over
2 any inconsistent provisions of this chapter.

3 Sec. 123. NEW SECTION. 489.1119A Election to no longer be
4 **a professional limited liability company.**

5 A professional limited liability company may elect to no
6 longer be a professional limited liability company but continue
7 its existence as a limited liability company by filing with
8 the secretary of state an amendment to or restatement of its
9 certificate of organization that states that the limited
10 liability company is no longer a professional limited liability
11 company and amending its name to no longer indicate it is a
12 professional limited liability company.

13 Sec. 124. NEW SECTION. 489.1204 Severability clause.

14 If any provision of this chapter or its application to any
15 person or circumstance is held invalid, the invalidity does
16 not affect other provisions or applications of this chapter
17 which can be given effect without the invalid provision or
18 application, and to this end the provisions of this chapter are
19 severable.

20 Sec. 125. NEW SECTION. 489.1207 Application to existing
21 **relationships.**

22 1. For purposes of applying this chapter to a limited
23 liability company formed before the effective date of this
24 Act, references in the limited liability company's operating
25 agreement to provisions in this chapter in effect before the
26 effective date of this Act are deemed to be references to the
27 comparable provision in this chapter after the effective date
28 of this Act.

29 2. A limited liability company that has published notice of
30 its dissolution and requested persons having claims against the
31 limited liability company to present them in accordance with
32 the notice pursuant to section 489.703 as that section existed
33 immediately prior to the effective date of this Act shall be
34 subject to the requirements set forth in that section as it
35 existed immediately prior to the effective date of this Act,

1 including the right of a claim by a person that is commenced
2 within five years after publication of the notice.

3 3. For the purposes of applying this chapter to a limited
4 liability company formed before January 1, 2009, all of the
5 following apply:

6 a. The limited liability company's articles of organization
7 are deemed to be the company's certificate of organization.

8 b. For the purposes of applying section 489.102, subsection
9 15, and subject to section 489.112, subsection 4, language
10 in the limited liability company's articles of organization
11 designating the limited liability company's management
12 structure operates as if that language were in the operating
13 agreement.

14 c. If a professional limited liability company's name
15 complied with section 490A.1503 as that section existed on
16 December 30, 2010, that company's name shall also be deemed to
17 comply with the name requirements of section 489.1103 of the
18 2011 edition of the Iowa Code.

19 Sec. 126. Section 489.14101, Code 2023, is amended to read
20 as follows:

21 **489.14101 Short title.**

22 This article subchapter may be cited as the "*Uniform*
23 *Protected Series Act*".

24 Sec. 127. Section 489.14102, unnumbered paragraph 1, Code
25 2023, is amended to read as follows:

26 As used in this article subchapter, unless the context
27 otherwise requires:

28 Sec. 128. Section 489.14102, subsections 4 and 9, Code 2023,
29 are amended to read as follows:

30 4. "*Foreign protected series*" means an arrangement,
31 configuration, or other structure established by a foreign
32 limited liability company which has attributes comparable to
33 a protected series established under this article subchapter.
34 The term applies whether or not the law under which the foreign
35 company is organized refers to "protected series".

1 9. “*Protected-series manager*” means a person under whose
2 authority the powers of a protected series are exercised
3 and under whose direction the activities and affairs of the
4 protected series are managed under the operating agreement,
5 this article subchapter, and this chapter.

6 Sec. 129. Section 489.14104, subsection 4, paragraph c,
7 Code 2023, is amended to read as follows:

8 c. Except as permitted by law of this state other than
9 this article subchapter, have a purpose or power that the law
10 of this state other than this article subchapter prohibits a
11 limited liability company from doing or having.

12 Sec. 130. Section 489.14106, subsections 2, 3, and 4, Code
13 2023, are amended to read as follows:

14 2. If this chapter otherwise restricts the power of an
15 operating agreement to affect a matter, the restriction applies
16 to a matter under this article subchapter in accordance with
17 section 489.14108.

18 3. If law of this state other than this article subchapter
19 imposes a prohibition, limitation, requirement, condition,
20 obligation, liability, or other restriction on a limited
21 liability company, a member, manager, or other agent of the
22 company, or a transferee of the company, except as otherwise
23 provided in law of this state other than this article
24 subchapter, the restriction applies in accordance with section
25 489.14108.

26 4. Except as otherwise provided in section 489.14107, if the
27 operating agreement of a series limited liability company does
28 not provide for a matter described in subsection 1 in a manner
29 permitted by this article subchapter, the matter is determined
30 in accordance with the following rules:

31 a. To the extent this article subchapter addresses the
32 matter, this article subchapter governs.

33 b. To the extent this article subchapter does not address
34 the matter, the other articles subchapters of this chapter
35 govern the matter in accordance with section 489.14108.

1 Sec. 131. Section 489.14107, subsection 1, paragraphs v, w,
2 x, and y, Code 2023, are amended to read as follows:

3 v. ~~Article 6~~ Subchapter VI.

4 w. ~~Article 7~~ Subchapter VII.

5 x. ~~Article 8~~ Subchapter VIII.

6 y. A provision of this article subchapter pertaining to any
7 of the following:

8 (1) Registered agents.

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

12 Sec. 132. Section 489.14108, subsection 2, paragraph b,
13 subparagraphs (1) and (2), Code 2023, are amended to read as
14 follows:

15 (1) Accept for filing a type of record that neither this
16 article subchapter nor any of the other articles subchapters of
17 this chapter authorizes or requires a person to deliver to the
18 secretary of state for filing.

19 (2) Make or deliver a record that neither this article
20 subchapter nor the other articles subchapters of this chapter
21 authorizes or requires the secretary of state to make or
22 deliver.

23 Sec. 133. Section 489.14204, subsection 1, paragraph c,
24 Code 2023, is amended to read as follows:

25 c. Other means authorized by law of this state other than
26 the other articles subchapters of this chapter.

27 Sec. 134. Section 489.14301, subsection 5, unnumbered
28 paragraph 1, Code 2023, is amended to read as follows:

29 To the extent permitted by this section and law of this
30 state other than this article subchapter, a series limited
31 liability company or protected series of the company may
32 hold an associated asset directly or indirectly, through a
33 representative, nominee, or similar arrangement, except that
34 all of the following applies:

35 Sec. 135. Section 489.14303, subsection 4, Code 2023, is

1 amended to read as follows:

2 4. Except for [section 489.14108, subsection 1](#), paragraph
3 "c", a provision of [this article subchapter](#) which applies
4 to a protected-series transferee of a protected series of a
5 series limited liability company applies to the company in
6 its capacity as an owner of a protected-series transferable
7 interest of the protected series. A provision of the operating
8 agreement of a series limited liability company which applies
9 to a protected-series transferee of a protected series of the
10 company applies to the company in its capacity as an owner of a
11 protected-series transferable interest of the protected series.

12 Sec. 136. Section 489.14304, subsection 6, Code 2023, is
13 amended to read as follows:

14 6. ~~Article 9~~ [Subchapter IX](#) applies to a protected series in
15 accordance with [section 489.14108](#).

16 Sec. 137. Section 489.14402, subsection 3, paragraph b,
17 Code 2023, is amended to read as follows:

18 b. The claim is to establish or enforce a liability arising
19 under law of this state other than [this article subchapter](#) or
20 from an act or omission in this state.

21 Sec. 138. Section 489.14404, subsection 3, Code 2023, is
22 amended to read as follows:

23 3. In addition to any other remedy provided by law or
24 equity, if a claim against a series limited liability company
25 or a protected series has not been reduced to a judgment and
26 law other than [this article subchapter](#) permits a prejudgment
27 remedy by attachment, levy, or the like, the court may apply
28 subsection 2 as a prejudgment remedy.

29 Sec. 139. Section 489.14404, subsection 5, paragraph b,
30 Code 2023, is amended to read as follows:

31 b. The claimant is a resident of this state or doing
32 business or authorized to do business in this state, or the
33 claim under [section 489.14404](#) is to enforce a judgment, or to
34 seek a prejudgment remedy, pertaining to a liability arising
35 from law of this state other than [this article subchapter](#) or an

1 act or omission in this state.

2 Sec. 140. Section 489.14801, Code 2023, is amended to read
3 as follows:

4 **489.14801 Uniformity of application and construction.**

5 In applying and construing this article subchapter,
6 consideration shall be given to the need to promote uniformity
7 of the law with respect to its subject matter among states
8 that enact the uniform protected series Act as approved and
9 recommended by the national conference of commissioners on
10 uniform state laws.

11 Sec. 141. Section 489.14804, Code 2023, is amended to read
12 as follows:

13 **489.14804 Savings clause.**

14 This article subchapter does not affect an action commenced,
15 proceeding brought, or right accrued before July 1, 2020.

16 Sec. 142. REPEAL. Sections 489.113, 489.802, 489.803,
17 489.804, 489.805, 489.806, 489.807, 489.808, 489.1008,
18 489.1009, 489.1010, 489.1011, 489.1012, 489.1013, 489.1014,
19 489.1015, 489.1016, and 489.1304, Code 2023, are repealed.

20 Sec. 143. CODE EDITOR DIRECTIVE.

21 1. The Code editor is directed to make the following
22 transfers:

23 a. Section 489.104 to section 489.108.

24 b. Section 489.105 to section 489.109.

25 c. Section 489.106 to section 489.104.

26 d. Section 489.107 to section 489.111.

27 e. Section 489.108 to section 489.112.

28 f. Section 489.109 to section 489.113.

29 g. Section 489.110 to section 489.105.

30 h. Section 489.111 to section 489.106.

31 i. Section 489.112 to section 489.107.

32 j. Section 489.114 to section 489.116.

33 k. Section 489.114A, as enacted by this Act, to section
34 489.114.

35 1. Section 489.115 to section 489.117.

- 1 m. Section 489.115A, as enacted by this Act, to section
- 2 489.115.
- 3 n. Section 489.116 to section 489.119.
- 4 o. Section 489.117 to section 489.122.
- 5 p. Section 489.205A to section 489.122A.
- 6 q. Section 489.206 to section 489.209.
- 7 r. Section 489.206A, as enacted by this Act, to section
- 8 489.206.
- 9 s. Section 489.208 to section 489.211.
- 10 t. Section 489.208A, as enacted by this Act, to section
- 11 489.208.
- 12 u. Section 489.209 to section 489.211A.
- 13 v. Section 489.701A to section 489.703.
- 14 w. Section 489.703 to section 489.704.
- 15 x. Section 489.704 to section 489.705.
- 16 y. Section 489.705 to section 489.708.
- 17 z. Section 489.706 to section 489.710.
- 18 aa. Section 489.706A, as enacted by this Act, to section
- 19 489.706.
- 20 ab. Section 489.707 to section 489.711.
- 21 ac. Section 489.708 to section 489.707.
- 22 ad. Section 489.801 to section 489.901.
- 23 ae. Section 489.805A, as enacted by this Act, to section
- 24 489.805.
- 25 af. Section 489.809 to section 489.912.
- 26 ag. Section 489.901 to section 489.801.
- 27 ah. Section 489.902 to section 489.802.
- 28 ai. Section 489.903 to section 489.803.
- 29 aj. Section 489.904 to section 489.804.
- 30 ak. Section 489.906 to section 489.806.
- 31 al. Section 489.906A, as enacted by this Act, to section
- 32 489.906.
- 33 am. Section 489.911A to section 489.902.
- 34 an. Section 489.911B to section 489.903.
- 35 ao. Section 489.911C to section 489.904.

- 1 ap. Section 489.1119 to section 489.1120.
- 2 aq. Section 489.1119A to section 489.1119.
- 3 ar. Section 489.1301 to section 489.1201.
- 4 as. Section 489.1302 to section 489.1202.
- 5 at. Section 489.1303 to section 489.1203.

6 2. The Code editor shall correct internal references in the
7 Code and in any enacted legislation as necessary due to the
8 enactment of this section.

9 Sec. 144. DIRECTIONS TO THE CODE EDITOR — DIVIDING
10 SUBCHAPTER X INTO PARTS. The Code editor is directed to divide
11 the provisions of chapter 489, subchapter X, as amended or
12 enacted in this division of this Act, into parts as follows:
13 1. Part 1, including sections 489.1001 through 489.1007.
14 2. Part 2, including sections 489.1021 through 489.1026.
15 3. Part 3, including sections 489.1031 through 489.1036.
16 4. Part 4, including sections 489.1041 through 489.1046.
17 5. Part 5, including sections 489.1051 through 489.1056.

18 DIVISION II

19 COORDINATING AMENDMENTS

20 Sec. 145. Section 9.11, subsection 1, paragraph c, Code
21 2023, is amended to read as follows:

22 c. Chapter 489, including as provided in section ~~489.205,~~
23 489.205A and as stated in section 489.117 or as otherwise
24 described in ~~sections 489.112, 489.302, 489.702, 489.1008,~~
25 489.1012, and ~~489.14502~~ section 489.210.

26 Sec. 146. Section 10.1, subsection 9, paragraph b, Code
27 2023, is amended to read as follows:

28 b. As used in paragraph "a", a type of membership interest
29 in a limited liability company includes a protected series as
30 provided in chapter 489, article 14 subchapter XIV.

31 Sec. 147. Section 10.1, subsection 17, paragraph b, Code
32 2023, is amended to read as follows:

33 b. As used in paragraph "a", a type of membership interest
34 in a limited liability company includes a protected series of a
35 series limited liability company as provided in chapter 489,

1 ~~article 14~~ subchapter XIV.

2 Sec. 148. Section 10.10, subsection 1, paragraph c,
3 subparagraph (2), Code 2023, is amended to read as follows:

4 (2) As used in subparagraph (1), a type of membership
5 interest in a limited liability company includes a protected
6 series of a series limited liability company as provided in
7 chapter 489, ~~article 14~~ subchapter XIV.

8 Sec. 149. Section 488.108, subsection 4, paragraph b,
9 subparagraph (4), Code 2023, is amended to read as follows:

10 (4) For a limited liability company under chapter 489,
11 section 489.108, 489.109, 489.114A, or 489.706.

12 Sec. 150. Section 490.401, subsection 2, paragraph h,
13 subparagraph (4), Code 2023, is amended to read as follows:

14 (4) For a limited liability company under chapter 489,
15 section 489.108, 489.109, 489.114A, or 489.706.

16 Sec. 151. Section 501A.102, subsection 13, Code 2023, is
17 amended by striking the subsection.

18 Sec. 152. Section 501A.1101, subsections 1, 2, and 5, Code
19 2023, are amended to read as follows:

20 1. *Authorization.* Unless otherwise prohibited, cooperatives
21 organized under the laws of this state, including cooperatives
22 organized under this chapter or traditional cooperatives, may
23 merge or consolidate with each other, ~~an Iowa limited liability~~
24 ~~company under the provisions of section 489.1015, or other~~
25 another business entities entity organized under the laws
26 of another state, by complying with the provisions of this
27 section and the law of the state where the surviving or new
28 business entity will exist. A cooperative shall not merge or
29 consolidate with a business entity organized under the laws
30 of this state, other than a traditional cooperative, unless
31 the law governing the business entity expressly authorizes
32 merger or consolidation with a cooperative. This subsection
33 does not authorize a foreign business entity to do any act not
34 authorized by the law governing the foreign business entity.

35 2. *Plan.* To initiate a merger or consolidation of a

1 cooperative, a written plan of merger or consolidation shall be
2 prepared by the board or by a committee selected by the board
3 to prepare a plan. The plan shall state all of the following:

4 a. The names of ~~the~~ each constituent domestic cooperative,
5 ~~the name of any Iowa limited liability company~~ that is a party
6 to the merger, ~~to the extent authorized under section 489.1015,~~
7 and any foreign business entities entity that is a party to the
8 merger.

9 b. The name of the surviving or new domestic cooperative,
10 ~~Iowa limited liability company as required by section 489.1015,~~
11 or ~~other~~ foreign business entity.

12 c. The manner and basis of converting membership or
13 ownership interests of the constituent domestic cooperative,
14 ~~the Iowa limited liability company that is a party as provided~~
15 ~~in section 489.1015,~~ or foreign business entity into membership
16 or ownership interests in the surviving or new domestic
17 cooperative, ~~the surviving Iowa limited liability company as~~
18 ~~authorized in section 489.1015,~~ or foreign business entity.

19 d. The terms of the merger or consolidation.

20 e. The proposed effect of the merger or consolidation on
21 the members and patron members of each constituent domestic
22 cooperative.

23 f. For a consolidation, the plan shall contain the articles
24 of the entity or organizational documents to be filed with the
25 state in which the entity is organized ~~or, if the surviving~~
26 ~~organization is an Iowa limited liability company, the articles~~
27 ~~of organization~~.

28 5. *Effect of merger or consolidation.* ~~For a merger that does~~
29 ~~not involve an Iowa limited liability company, the following~~
30 ~~shall apply to the~~ The effect of a merger or consolidation
31 shall be as follows:

32 a. After the effective date, ~~the~~ each domestic cooperative,
33 ~~Iowa limited liability company, if party to the plan,~~
34 cooperatives and any foreign business entity that is a party to
35 the plan become a single entity. For a merger, the surviving

1 business entity is the business entity designated in the plan.
2 For a consolidation, the new domestic cooperative, ~~the Iowa~~
3 ~~limited liability company, if any, and any or new~~ foreign
4 business entity is the business entity provided for in the
5 plan. Except for the surviving or new domestic cooperative,
6 ~~Iowa limited liability company,~~ or foreign business entity, the
7 separate existence of each merged or consolidated domestic or
8 foreign business entity that is a party to the plan ceases on
9 the effective date of the merger or consolidation.

10 *b.* The surviving or new domestic cooperative, ~~Iowa limited~~
11 ~~liability company,~~ or foreign business entity possesses all of
12 the rights and property of each of the merged or consolidated
13 business entities and is responsible for all their obligations.
14 The title to property of the merged or consolidated domestic
15 cooperative, ~~Iowa limited liability company,~~ or foreign
16 business entity, is vested in the surviving or new domestic
17 cooperative, ~~Iowa limited liability company,~~ or foreign
18 business entity without reversion or impairment of the title
19 caused by the merger or consolidation.

20 *c.* ~~If a merger involves an Iowa limited liability company,~~
21 ~~this subsection is subject to the provisions of section~~
22 ~~489.1015.~~

23 Sec. 153. Section 501A.1102, subsection 1, Code 2023, is
24 amended to read as follows:

25 1. *Definition.* For purposes of this section, “*subsidiary*”
26 means a domestic cooperative, ~~an Iowa limited liability~~
27 ~~company,~~ or a foreign cooperative.

28 Sec. 154. Section 501A.1102, subsection 2, unnumbered
29 paragraph 1, Code 2023, is amended to read as follows:

30 ~~An Iowa limited liability company may only participate~~
31 ~~in a merger under this section to the extent authorized~~
32 ~~under section 489.1015.~~ A parent domestic cooperative or
33 a subsidiary that is a domestic cooperative may complete
34 the merger of a subsidiary as provided in this section.

35 However, if either the parent cooperative or the subsidiary

1 is a business entity organized under the laws of this state,
2 the merger of the subsidiary is not authorized under this
3 section unless the law governing the business entity expressly
4 authorizes merger with a cooperative.

5 Sec. 155. Section 501A.1103, subsection 2, paragraph a,
6 Code 2023, is amended to read as follows:

7 a. A merger may be abandoned upon any of the following:

8 (1) The members of each of the constituent domestic
9 cooperatives entitled to vote on the approval of the plan
10 have approved the abandonment at a meeting by the affirmative
11 vote of the holders of a majority of the voting power of the
12 membership interests entitled to vote.

13 ~~(2) The merger is with a domestic cooperative and an Iowa~~
14 ~~limited liability company or foreign business entity.~~

15 ~~(3) (2) The abandonment is approved in such manner as may~~
16 ~~be required by [section 489.1015](#) for the involvement of an Iowa~~
17 ~~limited liability company, or for a foreign business entity by~~
18 ~~under the laws of the state under which the foreign business~~
19 ~~entity is organized.~~

20 ~~(4) (3) The members of a constituent domestic cooperative~~
21 ~~are not entitled to vote on the approval of the plan, and the~~
22 ~~board of the constituent domestic cooperative has approved~~
23 ~~the abandonment by the affirmative vote of a majority of the~~
24 ~~directors present.~~

25 ~~(5) (4) The plan provides for abandonment and all~~
26 ~~conditions for abandonment set forth in the plan are met.~~

27 ~~(6) (5) The plan is abandoned before the effective date~~
28 ~~of the plan by a resolution of the board of any constituent~~
29 ~~domestic cooperative abandoning the plan of merger approved by~~
30 ~~the affirmative vote of a majority of the directors present,~~
31 ~~subject to the contract rights of any other person under the~~
32 ~~plan. If a plan of merger is with a domestic business entity or~~
33 ~~foreign business entity, the plan of merger may be abandoned~~
34 ~~before the effective date of the plan by a resolution of the~~
35 ~~foreign business entity adopted according to the laws of the~~

1 state under which the foreign business entity is organized,
2 subject to the contract rights of any other person under the
3 plan. ~~If the plan of merger is with an Iowa limited liability~~
4 ~~company, the plan of merger may be abandoned by the Iowa~~
5 ~~limited liability company as provided in [section 489.1015](#),~~
6 ~~subject to the contractual rights of any other person under the~~
7 ~~plan.~~

8 Sec. 156. Section 504.401, subsection 2, paragraph b,
9 subparagraph (4), Code 2023, is amended to read as follows:

10 (4) For a limited liability company under [chapter 489](#),
11 section 489.108, [489.109](#), [489.114A](#), or [489.706](#).

12 Sec. 157. Section 504.403, subsection 1, paragraph b,
13 subparagraph (4), Code 2023, is amended to read as follows:

14 (4) For a limited liability company under [chapter 489](#),
15 section 489.108, [489.109](#), [489.114A](#), or [489.706](#).

16 Sec. 158. Section 524.310, subsection 5, paragraph b, Code
17 2023, is amended to read as follows:

18 *b.* A corporate or company name reserved, registered, or
19 protected as provided in [section 489.109](#), [489.114A](#), [489.706](#),
20 [490.402](#), [490.403](#), [504.402](#), or [504.403](#).

21 Sec. 159. Section 524.303, subsection 2, Code 2023, is
22 amended to read as follows:

23 2. Applicable fees, payable to the secretary of state as
24 specified in section ~~489.117~~ or [section 490.122](#), for the filing
25 ~~of the articles of incorporation~~ or section 489.117 for filing
26 a certificate of organization.

27 Sec. 160. Section 542.7, subsection 3, paragraph c,
28 subparagraph (2), Code 2023, is amended to read as follows:

29 (2) Notwithstanding [chapter 489](#), ~~article 11~~ [subchapter XI](#),
30 or any other provision of law to the contrary, a certified
31 public accounting firm organized as a professional limited
32 liability company under [chapter 489](#), ~~article 11~~ [subchapter XI](#),
33 may have nonlicensee members provided that the professional
34 limited liability company complies with the requirements of
35 this section.

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DIVISION III
EFFECTIVE DATE

Sec. 161. EFFECTIVE DATE. This Act takes effect January 1, 2024.

EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

GENERAL. This bill enacts new or amends existing Code sections in the Revised Uniform Limited Liability Company Act (RULLCA), now referred to as simply the Uniform Limited Liability Act, as approved and recommended by the national conference on commissioners of uniform state laws, more commonly referred to as the uniform law commissioners (ULC) (see Code chapter 5). The RULLCA, which was enacted by the general assembly by 2008 Iowa Acts, chapter 1162, replaced the Iowa limited liability company Act effective January 1, 2011. Its provisions are published in Code chapter 489. The bill is based on amendments approved and recommended by the ULC in 2013. The bill amends every one of the 14 articles in the RULLCA other than the last article, the uniform protected series Act enacted by the general assembly in 2019 Iowa Acts, chapter 26. The bill also amends provisions to the Iowa professional corporation Act (IPCA) enacted as Article 11 by the general assembly in 2008 Iowa Acts, chapter 1088.

BACKGROUND. A limited liability company (LLC), sometimes referred to as simply a company, is a type of domestic business entity usually perpetual in duration and formed for capital acquisition and the distribution of any profits. An LLC is formed by filing a certificate of organization with the secretary of state (SOS). A foreign LLC is recognized to do business in the state when acting under a certificate of authorization. An LLC is often organized in a manner similar to a limited partnership which may include a number of passive investors and one or more managers who owe a fiduciary duty of care to the entity and its members when making decisions

1 affecting the company, although the law also recognizes
2 member-managed organizational structure. An LLC is governed
3 by an operating agreement executed by the members, which may
4 supersede certain statutory provisions, and is comparable to
5 a partnership agreement in a general or limited partnership.
6 Members and managers are shielded from personal liability
7 similar to shareholders and directors of a corporation. Unlike
8 a corporation, taxes attributable as income to an LLC are
9 passed through to investors without being taxed at the business
10 level.

11 BILL'S PROVISIONS. The bill changes the names of articles
12 to subchapters to be consistent with Iowa's system of Code
13 organization (see Code chapter 490, the Iowa business
14 corporation Act). The bill also changes the name of the Code
15 chapter, other than subchapter XI, to the uniform limited
16 liability company Act (ULLCA). Subchapter I includes basic
17 provisions that govern the interpretation of terms in the
18 ULLCA, the nature and powers of LLCs, the formation of LLCs
19 including through the use of an operating agreement, the use
20 and protection of its name, the use of a registered agent,
21 and service of process, including by the SOS. Subchapter
22 II governs the formation of an LLC, including the filing of
23 a certificate of organization. The bill provides that a
24 foreign LLC does business in the state under a certificate
25 of registration. The subchapter provides for the records
26 filed with the SOS or pursuant to judicial order, the filing
27 of biennial reports with the SOS, and payment of fees or
28 charges to the SOS. Subchapter III governs the relationship
29 between members and managers and between the LLC and persons
30 dealing with the business entity, including the liability
31 of members and managers. Subchapter IV governs membership,
32 contributions and distributions, the management, standards of
33 conduct, and the right to information. Subchapter V governs
34 the transfer of rights and the rights of persons transferred an
35 interest. Subchapter VI governs a member's dissociation from

1 an LLC. Subchapter VII governs the dissolution of the entity
2 voluntarily, by the SOS, and the winding up of its affairs,
3 including providing for the settlement of claims by creditors
4 and members. Subchapter VIII governs foreign LLCs and the
5 process to obtain a certificate of registration to do business
6 in the state. Subchapter IX governs action by members taken
7 against an LLC either directly or derivatively, and subchapter
8 X governs mergers, conversions, and domestications. Subchapter
9 XI amends provisions governing professional liability
10 companies. Subchapter XII governed series limited liability
11 companies before it was replaced by subchapter XIV. Subchapter
12 XIV enacts the uniform protected series Act.

13 PENALTY. A person who files a record containing information
14 that the person knows is false commits a serious misdemeanor.
15 A serious misdemeanor is punishable by confinement for no more
16 than one year and a fine of at least \$430 but not more than
17 \$2,560.

18 COORDINATING PROVISIONS. The bill makes a number of
19 corresponding changes, including eliminating special
20 requirements applicable to cooperatives involved in a merger or
21 consolidation with a cooperative under Code chapter 501A.

22 EFFECTIVE DATE. The bill takes effect January 1, 2024.