



HOUSE BILL No. 4023

February 2, 1993, Introduced by Reps. Profit, Randall and Pitoniak and referred to the Committee on Business and Finance.

A bill to provide for the organization and regulation of limited liability companies; to prescribe their duties, rights, powers, immunities, and liabilities; to prescribe the powers and duties of certain state departments and agencies; and to provide for penalties and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

ARTICLE 1

1
2 Sec. 101. This act shall be known and may be cited as the
3 "Michigan limited liability company act".

4 Sec. 102. (1) Unless the context requires otherwise, the
5 definitions contained in this section control the interpretation
6 of this act.

7 (2) As used in this act:

8 (a) "Administrator" means the chief officer of the
9 department of commerce or his or her designated representative.

1 (b) "Articles of organization" means the original documents
2 filed to organize a limited liability company, as amended or
3 restated by certificates of correction, amendment, or merger,
4 restated articles, or other instruments filed or issued under any
5 statute.

6 (c) "Constituent company" means each limited liability com-
7 pany that is a party to a plan of merger.

8 (d) "Contribution" means anything of value that a person
9 contributes to the limited liability company as a prerequisite
10 for or in connection with membership, including cash, property,
11 services performed, or a promissory note or other binding obliga-
12 tion to contribute cash or property, or perform services.

13 (e) "Corporation" or "domestic corporation" means a corpora-
14 tion formed under the business corporation act, Act No. 284 of
15 the Public Acts of 1972, being sections 450.1101 to 450.2098 of
16 the Michigan Compiled Laws, or a corporation existing on
17 January 1, 1973 and formed under another statute of this state
18 for a purpose for which a corporation may be formed under the
19 business corporation act.

20 (f) "Distribution" means a direct or indirect transfer of
21 money or other property or the incurrence of indebtedness by a
22 limited liability company to or for the benefit of its members or
23 assignees of its members in respect of the membership interests.

24 (g) "Foreign limited liability company" means a limited
25 liability company formed under laws other than the laws of this
26 state.

(h) "Foreign limited partnership" means a limited partnership formed under laws other than the laws of this state.

(i) "Limited liability company" or "domestic limited liability company" means an entity that is an unincorporated association having 2 or more members and is formed under this act.

(j) "Limited partnership" or "domestic limited partnership" means a limited partnership formed under the Michigan revised uniform limited partnership act, Act No. 213 of the Public Acts of 1982, being sections 449.1101 to 449.2108 of the Michigan Compiled Laws.

(k) "Manager" or "managers" means a person or persons designated by the members of a limited liability company to manage the limited liability company as provided in the articles of organization or an operating agreement.

(l) "Member" means a person with an ownership interest in a limited liability company with the rights and obligations specified under this act.

(m) "Membership interest" or "interest" means a member's rights in the limited liability company, including, but not limited to, the right to receive distributions of the limited liability company's assets and any right to vote or participate in management.

(n) "Operating agreement" means a valid written agreement of the members as to the affairs of a limited liability company and the conduct of its business and includes any provision in the articles of organization pertaining to the affairs of a limited liability company and the conduct of its business.

1 (o) "Person" means an individual, partnership, limited
2 liability company, association, corporation, governmental entity,
3 or any other legal entity.

4 (p) "Surviving company" means the constituent company sur-
5 viving a merger, as identified in the certificate of merger.

6 Sec. 103. (1) The original articles of organization shall
7 be signed in ink by at least 2 of the persons forming the limited
8 liability company. The names of the persons signing the document
9 shall be stated beneath or opposite their signatures.

10 (2) Any other document required or permitted to be filed
11 under this act that is also required by this act to be executed
12 on behalf of the domestic limited liability company shall be
13 signed in ink by a manager of the company if management is vested
14 in 1 or more managers or by at least 1 member if management is
15 reserved to the members. A document required to be executed on
16 behalf of a foreign limited liability company shall be signed in
17 ink by a person with authority to do so under the laws of the
18 jurisdiction of its organization. The name of the person signing
19 the document and the capacity in which he or she signs shall be
20 stated beneath or opposite his or her signature.

21 (3) A person executing a document under this section may
22 sign the document by an attorney in fact. Powers of attorney
23 relating to the signing of a document by an attorney in fact need
24 not be sworn to, verified, or acknowledged, and need not be filed
25 with the administrator.

26 Sec. 104. (1) A document required or permitted to be filed
27 under this act shall be filed by delivering the document to the

1 administrator together with the fees and accompanying documents
2 required by law. The administrator may establish procedures for
3 accepting delivery by means of facsimile transmission.

4 (2) If the document substantially conforms to the require-
5 ments of this act, the administrator shall indorse upon it the
6 word "filed" with his or her official title and the date of
7 receipt and of filing, and shall file and index the document or a
8 photostatic, micrographic, photographic, optical disc media, or
9 other reproduced copy in his or her office. If so requested at
10 the time of the delivery of the document to his or her office,
11 the administrator shall include the hour of filing in his or her
12 indorsement.

13 (3) The administrator shall prepare and return a true copy
14 of the document, or at his or her discretion the original, to the
15 person who submitted it for filing showing the filing date.

16 (4) The records and files of the administrator relating to
17 domestic and foreign limited liability companies shall be open to
18 reasonable inspection by the public. The records or files may be
19 maintained either in their original form or in a photostatic,
20 micrographic, photographic, optical disc media, or other repro-
21 duced form.

22 (5) The administrator may make copies of all documents filed
23 under this act or any predecessor act by a photostatic, micro-
24 graphic, photographic, optical disc media, or other process, and
25 may destroy the originals of the documents so copied. A photo-
26 static, micrographic, photographic, optical disc media, or other
27 reproduced copy certified by the administrator, which may be sent

1 by facsimile transmission, shall be considered an original for
2 all purposes and is admissible in evidence in like manner as an
3 original.

4 (6) The document is effective at the time it is indorsed
5 unless a subsequent effective time is set forth in the document
6 that is not later than 90 days after the date of delivery.

7 (7) The administrator may require that a document required
8 or permitted to be filed under this act be on a form prescribed
9 by the administrator.

10 Sec. 105. (1) If the administrator fails promptly to file a
11 document submitted for filing under this act, the administrator,
12 within 10 days after receipt from the person submitting the docu-
13 ment for filing of a written request for the filing of the docu-
14 ment, shall give to that person written notice of the refusal to
15 file that states the reasons for the failure to file the
16 document.

17 (2) A person may seek judicial review of the administrator's
18 decision pursuant to sections 103, 104, and 106 of the adminis-
19 trative procedures act of 1969, Act No. 306 of the Public Acts of
20 1969, being sections 24.303, 24.304, and 24.306 of the Michigan
21 Compiled Laws.

22 (3) If the administrator refuses or revokes the authoriza-
23 tion of a foreign limited liability company to transact business
24 in this state pursuant to this act, the foreign limited liability
25 company may seek judicial review pursuant to sections 103, 104,
26 and 106 of Act No. 306 of the Public Acts of 1969.

1 Sec. 106. (1) If a document relating to a domestic or
2 foreign limited liability company filed with the administrator
3 under this act was at the time of filing an inaccurate record of
4 the action referred to in the document, or was defectively or
5 erroneously executed, the document may be corrected by filing
6 with the administrator a certificate of correction on behalf of
7 the company.

8 (2) The certificate shall be signed as provided by this act
9 in the same manner as required for the document being corrected.

10 (3) The certificate shall set forth the name of the company,
11 the date the document to be corrected was filed by the adminis-
12 trator, the provision in the document as it should have origi-
13 nally appeared, and if the execution was defective, the proper
14 execution.

15 (4) The corrected document is effective in its corrected
16 form as of its original filing date except as to a person who
17 relied upon the inaccurate portion of the document and was as a
18 result of the inaccurate portion of the document adversely
19 affected by the correction.

20 ARTICLE 2

21 Sec. 201. A limited liability company may be formed under
22 this act for any lawful purpose for which a domestic corporation
23 or a domestic partnership could be formed, except as otherwise
24 provided by law.

25 Sec. 202. (1) Two or more of the persons who will be mem-
26 bers may form a limited liability company by filing executed
27 articles of organization.

1 (2) The existence of the limited liability company shall
2 begin on the effective date of the articles of organization as
3 provided in section 104. Filing is conclusive evidence that all
4 conditions precedent required to be performed under this act have
5 been fulfilled and that the company has been formed under this
6 act, except in an action or special proceeding by the attorney
7 general.

8 Sec. 203. (1) The articles of organization shall contain
9 all of the following:

10 (a) The name of the limited liability company.

11 (b) The purposes for which the limited liability company is
12 formed. It is a sufficient compliance with this subdivision to
13 state substantially, alone or with specifically enumerated pur-
14 poses, that the limited liability company may engage in any
15 activity for which limited liability companies may be formed
16 under this act.

17 (c) The street address, and the mailing address if different
18 from the street address, of the limited liability company's ini-
19 tial registered office and the name of its initial resident agent
20 at that address.

21 (d) If the business of the limited liability company is to
22 be managed by managers, a statement that it is to be so managed.

23 (e) The maximum duration of the limited liability company.

24 (2) The articles of organization, at the discretion of the
25 organizers or members, may contain any provision not inconsistent
26 with this act or another statute of this state, including any

1 provision that under this act is required or permitted to be in
2 an operating agreement.

3 (3) The articles or organization need not set out the powers
4 of the limited liability company as described in section 210.

5 Sec. 204. (1) The name of a domestic limited liability com-
6 pany shall contain the words "limited liability company" or con-
7 tain the abbreviation "L.L.C." or "L.C."

8 (2) The name of a domestic or foreign limited liability com-
9 pany formed under or subject to this act shall conform to all of
10 the following:

11 (a) Shall not contain a word or phrase, or abbreviation or
12 derivative of a word or phrase, that indicates or implies that
13 the company is formed for a purpose other than the purpose or
14 purposes permitted by its articles of organization.

15 (b) Shall not contain the word "corporation" or
16 "incorporated" or the abbreviation "corp." or "inc."

17 (c) Shall distinguish the name upon the records in the
18 office of the administrator from all of the following:

19 (i) The name of a domestic limited liability company or a
20 foreign limited liability company authorized to transact business
21 in this state.

22 (ii) The name of a corporation subject to the business cor-
23 poration act, Act No. 284 of the Public Acts of 1972, being sec-
24 tions 450.1101 to 450.2098 of the Michigan Compiled Laws, or a
25 nonprofit corporation subject to the nonprofit corporation act,
26 Act No. 162 of the Public Acts of 1982, being sections 450.2101
27 to 450.3192 of the Michigan Compiled Laws.

1 (iii) A name reserved, registered, or assumed under this
2 act, under Act No. 284 of the Public Acts of 1972, or under Act
3 No. 162 of the Public Acts of 1982.

4 (iv) The name of a domestic or foreign limited partnership
5 as filed or registered, reserved, or assumed under the Michigan
6 revised uniform limited partnership act, Act No. 213 of the
7 Public Acts of 1982, being sections 449.1101 to 449.2108 of the
8 Michigan Compiled Laws.

9 (d) Shall not contain a word or phrase, an abbreviation, or
10 derivative of a word or phrase, the use of which is prohibited or
11 restricted by any other statute of this state.

12 (3) If a foreign limited liability company is unable to
13 obtain a certificate of authority to transact business in this
14 state because its name does not comply with subsection (1) or
15 (2), the foreign limited liability company may apply for author-
16 ity to transact business in this state by adding to its name in
17 the application a word, abbreviation, or other distinctive and
18 distinguishing element, or alternatively, adopting for use in
19 this state an assumed name otherwise available for use. If in
20 the judgment of the administrator that name would comply with
21 subsections (1) and (2), those subsections shall not be a bar to
22 the issuance to the foreign limited liability company of a cer-
23 tificate of authority to transact business in this state. The
24 certificate issued to the foreign limited liability company shall
25 be issued in the name applied for and the foreign limited liabil-
26 ity company shall use that name in all its dealings with the
27 administrator and in the transaction of business in this state.

1 Sec. 205. (1) A person may reserve the right to use of a
2 limited liability company name by executing and filing with the
3 administrator an application to reserve the name. If the admin-
4 istrator finds that the name is available for use, the adminis-
5 trator shall reserve it for exclusive use of the applicant for a
6 period expiring at the end of the fourth full calendar month fol-
7 lowing the month in which the application was filed.

8 (2) The administrator, for good cause shown, may extend the
9 reservation for periods of not more than 2 calendar months each.
10 Not more than 2 extensions shall be granted.

11 (3) The right to exclusive use of a reserved name may be
12 transferred to another person by filing a notice of the transfer,
13 executed by the applicant for whom the name was reserved, and
14 stating the name and address of the transferee.

15 Sec. 206. (1) A domestic or foreign limited liability com-
16 pany may transact its business under an assumed name or names
17 other than its name as set forth in its articles of organization
18 or certificate of authority, if not precluded from use under sec-
19 tion 204(2), by filing a certificate stating the true name of the
20 company and the assumed name under which the business is to be
21 transacted.

22 (2) The certificate shall be effective, unless sooner termi-
23 nated by the filing of a certificate of termination or by the
24 dissolution or withdrawal of the company, for a period expiring
25 on December 31 of the fifth full calendar year following the year
26 in which it was filed. It may be extended for additional
27 consecutive periods of 5 full calendar years each by filing

1 similar certificates not earlier than 90 days preceding the
2 expiration of any period.

3 (3) The administrator shall notify the company of the
4 impending expiration of the certificate of assumed name not later
5 than 90 days before the expiration of the initial or subsequent
6 5-year period.

7 (4) This section does not create substantive rights to the
8 use of a particular assumed name.

9 (5) The same name may be assumed by 2 or more limited
10 liability companies or by 1 or more companies and 1 or more cor-
11 porations, limited partnerships, or other enterprises in the case
12 of companies and other enterprises participating together in a
13 partnership or joint venture. Each participating limited liabil-
14 ity company shall file a certificate under this section.

15 Sec. 207. (1) Each domestic limited liability company and
16 foreign limited liability company authorized to transact business
17 in this state shall have and continuously maintain in this state
18 both of the following:

19 (a) A registered office that may but need not be the same as
20 its place of business.

21 (b) A resident agent, which agent may be either an individ-
22 ual resident in this state whose business office or residence is
23 identical with the registered office, a domestic corporation, or
24 a foreign corporation authorized to transact business in this
25 state and having a business office identical with the registered
26 office.

1 (2) The resident agent appointed by a limited liability
2 company is an agent of the company upon whom any process, notice,
3 or demand required or permitted by law to be served upon the com-
4 pany may be served.

5 (3) A person, whether a resident or nonresident of this
6 state, who is a member of a limited liability company or who
7 accepts election, appointment, or employment as a manager of a
8 company organized under this act, by the acceptance, is held to
9 have appointed the resident agent of the company as his or her
10 agent upon whom process may be served while the person is a
11 member or manager in any action commenced in a court of general
12 jurisdiction in this state arising out of or founded upon any
13 action of the company or of a person as a member or manager of
14 the company. Upon accepting service of process, the resident
15 agent shall promptly forward it to the member or manager at his
16 or her last known address.

17 (4) Each domestic limited liability company or foreign
18 limited liability company authorized to transact business in this
19 state shall file with the administrator an annual statement exe-
20 cuted as provided in section 103 containing the name of its resi-
21 dent agent and the address of its registered office in this
22 state. The statement shall be filed not later than May 15 of
23 each year.

24 Sec. 208. (1) A resident agent of a limited liability com-
25 pany may resign as agent upon filing a written notice of resigna-
26 tion with the administrator and with a member or manager of the
27 limited liability company.

1 (2) The company shall promptly appoint a successor resident
2 agent.

3 (3) The appointment of the resigning agent terminates 30
4 days after the date the notice is filed with the administrator or
5 upon the appointment of a successor, whichever occurs first.

6 Sec. 209. (1) A domestic limited liability company or for-
7 eign limited liability company authorized to transact business in
8 this state may change its registered office or resident agent, or
9 both, upon filing with the administrator a statement executed as
10 provided in section 103 and setting forth all of the following:

11 (a) The name of the limited liability company.

12 (b) The address of its then registered office and the new
13 address if the registered office is to be changed.

14 (c) The name of its then resident agent and the name of the
15 successor if the resident agent is to be changed.

16 (d) A statement that the address of the registered office
17 and the address of the resident agent are identical.

18 (e) A statement that the change was authorized in accordance
19 with an operating agreement, or, if not provided for in an oper-
20 ating agreement, by affirmative vote of a majority of the members
21 voting in accordance with section 502(1) or managers voting in
22 accordance with section 405.

23 (2) If a resident agent changes its business or residence
24 address to another place within this state, the resident agent
25 may change the address of the registered office of the domestic
26 or foreign limited liability company of which the person is a
27 resident agent by filing a statement as required in subsection

1 (1) and mailing a copy of the statement to the limited liability
2 company. The statement need only to be signed by the resident
3 agent and need not contain the statement required by subsection
4 (1)(e).

5 Sec. 210. Subject to the limitations provided in this act,
6 any other statute of this state, or its articles of organization,
7 a limited liability company has all powers necessary or conven-
8 ient to effect any purpose for which the company is formed,
9 including all powers granted to corporations in section 261 of
10 the business corporation act, Act No. 284 of the Public Acts of
11 1972, being section 450.1261 of the Michigan Compiled Laws.

12 Sec. 211. An act of a limited liability company and a
13 transfer of real or personal property to or by a limited liabil-
14 ity company, otherwise lawful, is not invalid because the company
15 was without capacity or power to do the act or make or receive
16 the transfer, except that the lack of capacity or power may be
17 asserted in any of the following:

18 (a) In an action by a member against the company to enjoin
19 the doing of an act or the transfer of real or personal property
20 by or to the company.

21 (b) In an action by or in the right of the company to pro-
22 cure a judgment in its favor against an incumbent or former
23 member or manager of the company for loss or damage due to his or
24 her unauthorized act.

25 (c) In an action or special proceeding by the attorney gen-
26 eral to dissolve the company or to enjoin it from the transaction
27 of unauthorized business.

1 Sec. 212. A domestic or foreign limited liability company,
2 whether or not formed at the request of a lender, may agree in
3 writing to pay any rate of interest as long as that rate of
4 interest is not in excess of the rate set forth in Act No. 259 of
5 the Public Acts of 1968, being sections 438.41 to 438.42 of the
6 Michigan Compiled Laws.

7 Sec. 213. A limited liability company shall keep at its
8 registered office all of the following:

9 (a) A current list of the full name and last known address
10 of each member and manager.

11 (b) A copy of the articles or restated articles of organi-
12 zation, together with any amendments to the articles.

13 (c) Copies of the limited liability company's federal,
14 state, and local tax returns and reports, if any, for the 3 most
15 recent years.

16 (d) Copies of any financial statements of the limited
17 liability company for the 3 most recent years.

18 (e) Copies of operating agreements.

19 (f) Copies of records that would enable a member to deter-
20 mine the members' relative shares of the limited liability
21 company's distributions and their relative voting rights.

22 ARTICLE 3

23 Sec. 301. (1) The contribution of a member to a limited
24 liability company may consist of any tangible or intangible prop-
25 erty or benefit to the company, including cash, property, serv-
26 ices performed, promissory notes, contracts for services to be

1 performed, or other binding obligation to contribute cash or
2 property or to perform services.

3 (2) A contribution of an obligation to contribute cash or
4 property or services to be performed may be in exchange for a
5 present membership interest or for a future membership interest,
6 including a future profits interest, as provided in an operating
7 agreement.

8 Sec. 302. (1) A promise by a member to contribute to the
9 limited liability company is not enforceable unless set out in a
10 writing signed by the member.

11 (2) Unless otherwise provided in an operating agreement, a
12 member is obligated to the limited liability company to perform
13 any enforceable promise to contribute cash or property or to per-
14 form services, even if he or she is unable to perform because of
15 death, disability, or other reason. If a member does not make
16 the required contribution of property or services, he or she is
17 obligated, at the option of the limited liability company, to
18 contribute cash equal to that portion of value of the stated con-
19 tribution that has not been made.

20 (3) The rights of the company under this section are in
21 addition to any other rights that the company may have under an
22 operating agreement or applicable law.

23 (4) Unless otherwise provided in an operating agreement, the
24 obligation of a member to make a contribution or return money or
25 other property paid or distributed in violation of this act may
26 be compromised only with the unanimous consent of the members.
27 Notwithstanding the compromise, a creditor of a limited liability

1 company who extends credit or otherwise acts in reliance on that
2 obligation after the member signs a writing that reflects the
3 obligation and before the amendment of the writing to reflect the
4 compromise may enforce the original obligation.

5 Sec. 303. Distributions of cash or other assets of a
6 limited liability company shall be allocated among the members
7 and among classes of members in the manner provided in an operat-
8 ing agreement. If an operating agreement does not provide for an
9 allocation, distributions shall be allocated on the basis of the
10 value, as stated in the limited liability company records
11 required to be kept pursuant to section 213 or determined by any
12 other reasonable method, of the contributions made by each member
13 to the extent that they have been received by the limited liabil-
14 ity company and have not been returned.

15 Sec. 304. Except as otherwise provided in this act, a
16 member is entitled to receive distributions from a limited
17 liability company before the withdrawal of the member from the
18 limited liability company and before the dissolution and winding
19 up of the limited liability company to the extent and at the
20 times or upon the happening of the events specified in an operat-
21 ing agreement.

22 Sec. 305. Except as otherwise provided in this act, on
23 withdrawal a withdrawing member is entitled to receive any dis-
24 tribution to which the member is entitled under an operating
25 agreement. Except as otherwise provided in this act or in an
26 operating agreement, a withdrawing member also is entitled to
27 receive as a distribution, within a reasonable time after

1 withdrawal, the fair value of the member's interest in the
2 limited liability company as of the date of withdrawal based upon
3 the member's right to share in distributions from the limited
4 liability company.

5 Sec. 306. Except as provided in an operating agreement, a
6 member, regardless of the nature of the member's contribution,
7 has no right to demand and receive a distribution from a limited
8 liability company in any form other than cash, and a member may
9 not be compelled to accept from a limited liability company a
10 distribution of an asset in kind to the extent that the percen-
11 tage of the asset distributed to the member exceeds a percentage
12 of that asset that is equal to the percentage in which the member
13 shares in distributions from the limited liability company.

14 Sec. 307. (1) A distribution shall not be made if, after
15 giving it effect, the limited liability company would not be able
16 to pay its debts as they become due in the usual course of busi-
17 ness or the limited liability company's total assets would be
18 less than the sum of its total liabilities plus, unless the oper-
19 ating agreement provides otherwise, the amount that would be
20 needed, if the limited liability company were to be dissolved at
21 the time of the distribution, to satisfy the preferential rights
22 of other members upon dissolution that are superior to the rights
23 of the member or members receiving the distribution.

24 (2) The limited liability company may base a determination
25 that a distribution is not prohibited under subsection (1) either
26 on financial statements prepared on the basis of accounting
27 practices and principles that are reasonable under the

1 circumstances or on a fair valuation or other method that is
2 reasonable under the circumstances.

3 (3) The effect of a distribution under subsection (1) is
4 measured at the following times:

5 (a) Except as provided in subsection (5), in the case of a
6 distribution of the fair value of a withdrawing member's inter-
7 est, as of the earlier of the date money or other property is
8 transferred or debt incurred by the limited liability company, or
9 the date the member ceases to be a member.

10 (b) In the case of any other distribution of indebtedness,
11 as of the date the indebtedness is authorized if distribution
12 occurs within 120 days after the date of authorization or the
13 date the indebtedness is distributed if it occurs more than 120
14 days after the date of authorization.

15 (c) In all other cases, as of the date the distribution is
16 authorized if the payment occurs within 120 days after the date
17 of authorization or the date the payment is made if it occurs
18 more than 120 days after the date of authorization.

19 (4) At the time a member becomes entitled to receive a dis-
20 tribution, the member has the status of, and is entitled to all
21 remedies available to, a creditor of the limited liability com-
22 pany with respect to the distribution. A company's indebtedness
23 to a member incurred by reason of a distribution made in accord-
24 ance with this section is at parity with the company's indebted-
25 ness to its general, unsecured creditors except as otherwise
26 agreed.

1 (5) If the limited liability company distributes an
2 obligation to make future payments as payment of the fair value
3 of a withdrawing member's interest, and distribution of the obli-
4 gation would otherwise be prohibited under subsection (1) at the
5 time it is made, the company may issue the obligation and the
6 following apply:

7 (a) At any time prior to the due date of the obligation,
8 payments of principal and interest may be made as a distribution
9 to the extent that a distribution may then be made under this
10 section.

11 (b) At any time on or after the due date, the obligation to
12 pay principal and interest is considered distributed and treated
13 as indebtedness described in subsection (4) to the extent that a
14 distribution may then be made under this section.

15 (c) The obligation is not considered a liability or debt for
16 purposes of determinations under subsection (1) except to the
17 extent that it is considered distributed and treated as indebted-
18 ness under this subsection.

19 (6) The enforceability of a guaranty or other undertaking by
20 a third party relating to a distribution is not affected by the
21 prohibition of the distribution under subsection (1).

22 (7) If any claim is made to recover a distribution made con-
23 trary to subsection (1) or if a violation of subsection (1) is
24 raised as a defense to a claim based upon a distribution, this
25 section does not prevent the person receiving the distribution
26 from asserting a right of rescission or other legal or equitable
27 rights.

1 Sec. 308. (1) Members or managers who vote for or assent to
2 a distribution in violation of an operating agreement or section
3 307 are personally liable, jointly and severally, to the limited
4 liability company for the amount of the distribution that exceeds
5 what could have been distributed without violating section 307 or
6 the operating agreement if it is established that the member or
7 manager did not act in compliance with section 404.

8 (2) For purposes of liability under subsection (1), a member
9 or manager entitled to participate in a decision to make a dis-
10 tribution is presumed to have assented to a distribution unless
11 he or she files a written dissent with the limited liability com-
12 pany either at the meeting at which the distribution decision is
13 made if it is made at a meeting and he or she is present or
14 within a reasonable time after he or she has knowledge of the
15 decision.

16 (3) A member who accepts or receives a distribution with
17 knowledge of facts indicating it is in violation of an operating
18 agreement or section 307 is liable to the limited liability com-
19 pany for the amount the member accepts or receives.

20 (4) Each member or manager held liable under subsection (1)
21 for an unlawful distribution is entitled to contribution from
22 both of the following:

23 (a) From each other member or manager who could be held
24 liable under subsection (1) for the unlawful distribution.

25 (b) From each member who could be held liable under
26 subsection (3) for the amount the member accepted or received.

1 (5) A proceeding under this section is barred unless it is
2 commenced within 2 years after the date on which the effect of
3 the distribution is measured under section 307.

4 ARTICLE 4

5 Sec. 401. Unless the articles of organization state that
6 the business of the limited liability company is to be managed by
7 managers, the business of the limited liability company shall be
8 managed by the members subject to any provisions in an operating
9 agreement restricting or enlarging the management rights and
10 duties of any member or group of members. If management is
11 vested in the members, both of the following apply:

12 (a) The members shall be considered to be managers for pur-
13 poses of applying this act unless the context clearly requires
14 otherwise.

15 (b) The members have and are subject to all duties and
16 liabilities of managers and to all limitations on liability and
17 indemnification rights of managers.

18 Sec. 402. (1) The articles of organization may provide that
19 the business of the limited liability company shall be managed by
20 or under the authority of 1 or more managers who may, but need
21 not be, members.

22 (2) An operating agreement may prescribe qualifications for
23 managers.

24 (3) The number of managers shall be specified in or fixed in
25 accordance with an operating agreement.

26 Sec. 403. (1) Unless otherwise provided in an operating
27 agreement, selection of managers to fill initial positions or

1 vacancies shall be by majority vote of the members voting in
2 proportion to their shares of distributions of the limited
3 liability company, as determined in accordance with section 303.

4 (2) The members may remove 1 or more managers with or with-
5 out cause unless an operating agreement provides that managers
6 may be removed only for cause. Removal shall be by majority vote
7 of the members voting in accordance with section 502(1), except
8 that an operating agreement may require a higher vote for removal
9 without cause.

10 (3) Removal for cause shall be at a meeting called expressly
11 for that purpose, and the manager or managers to be removed for
12 cause shall have reasonable advance notice of the allegations
13 against them and an opportunity to be heard at the meeting.

14 Sec. 404. (1) A manager shall discharge his or her duties
15 as a manager in good faith, with the care an ordinarily prudent
16 person in a like position would exercise under similar circum-
17 stances, and in a manner he or she reasonably believes to be in
18 the best interests of the limited liability company.

19 (2) In discharging his or her duties, a manager may rely on
20 information, opinions, reports or statements, including, but not
21 limited to, financial statements or other financial data, if pre-
22 pared or presented by any of the following:

23 (a) One or more members or employees of the limited liabil-
24 ity company whom the manager reasonably believes to be reliable
25 and competent in the matter presented.

1 (b) Legal counsel, public accountants, engineers, or other
2 persons as to matters the manager reasonably believes are within
3 the person's professional or expert competence.

4 (c) A committee of managers of which he or she is not a
5 member if the manager reasonably believes the committee merits
6 confidence.

7 (3) A manager is not entitled to rely on the information
8 described in subsection (2) if he or she has knowledge concerning
9 the matter in question that makes reliance otherwise permitted by
10 subsection (2) unwarranted.

11 (4) A manager is not liable for any action taken as a man-
12 ager or any failure to take any action if he or she performs the
13 duties of his or her office in compliance with this section.

14 (5) Except as otherwise provided in an operating agreement,
15 a manager shall account to the limited liability company and hold
16 as trustee for it any profit or benefit derived without the
17 informed consent of the members by the manager from any transac-
18 tion connected with the conduct or winding up of the limited
19 liability company or from any personal use by him or her of its
20 property.

21 (6) An action against a manager for failure to perform the
22 duties imposed by this act shall be commenced within 3 years
23 after the cause of action has accrued, or within 2 years after
24 the time when the cause of action is discovered or should reason-
25 ably have been discovered by the complainant, whichever occurs
26 first.

1 Sec. 405. Except as otherwise provided in an operating
2 agreement, if the limited liability company has more than 1
3 manager, all decisions of the managers shall be made by majority
4 vote of the managers.

5 Sec. 406. Every manager is an agent of the limited liabil-
6 ity company for the purpose of its business, and the act of every
7 manager, including the execution in the limited liability company
8 name of any instrument, for apparently carrying on in the usual
9 way the business of the limited liability company of which he or
10 she is a manager binds the limited liability company, unless the
11 manager so acting does not have the authority to act for the
12 limited liability company in the particular matter and the person
13 with whom he or she is dealing has knowledge of the fact that he
14 or she has no authority.

15 Sec. 407. A provision in the articles of organization or an
16 operating agreement may eliminate or limit the monetary liability
17 of a manager to the limited liability company or its members for
18 breach of any duty established in section 404, except that the
19 provision does not eliminate or limit the liability of a manager
20 for any of the following:

21 (a) The receipt of a financial benefit to which the manager
22 is not entitled.

23 (b) Liability under section 308.

24 (c) A knowing violation of law.

25 (d) An act or omission occurring before the date when the
26 provision becomes effective.

1 Sec. 408. (1) A limited liability company may indemnify and
2 hold harmless a manager from and against any and all losses,
3 expenses, claims, and demands sustained by reason of any acts or
4 omissions or alleged acts or omissions as a manager, including
5 judgments, settlements, penalties, fines, or expenses incurred in
6 a proceeding to which the person is a party or threatened to be
7 made a party because he or she is or was a manager, to the extent
8 provided for in an operating agreement or in a contract with the
9 person, or to the fullest extent permitted by agency law subject
10 to any restriction in an operating agreement or contract, except
11 that the company may not indemnify any person for conduct
12 described in section 407(a), (b), or (c).

13 (2) A limited liability company may purchase and maintain
14 insurance on behalf of a manager against any liability or expense
15 asserted against or incurred by him or her in any such capacity
16 or arising out of his or her status as a manager, whether or not
17 the company could indemnify him or her against liability.

18 ARTICLE 5

19 Sec. 501. (1) A person may become a member of a limited
20 liability company by making a contribution accepted by the com-
21 pany or pursuant to section 506. Additional qualifications or
22 procedures may be prescribed by an operating agreement. A
23 limited liability company shall have at least 2 members.

24 (2) Unless otherwise provided by law or in an operating
25 agreement, a person who is a member or manager, or both, of a
26 limited liability company is not liable for the acts, debts, or
27 obligations of the company.

1 Sec. 502. (1) Unless otherwise provided in an operating
2 agreement, the members of a limited liability company shall vote
3 in proportion to their shares of distributions of the company, as
4 determined in accordance with section 303.

5 (2) The members have the right to vote on all of the
6 following:

7 (a) The dissolution of the limited liability company pursu-
8 ant to section 801(c).

9 (b) Merger of the limited liability company pursuant to sec-
10 tions 701 through 706.

11 (c) A transaction involving an actual or potential conflict
12 of interest between a manager and the limited liability company.

13 (d) An amendment to the articles of organization.

14 (3) Unless otherwise provided in an operating agreement, the
15 members have the right to vote on the sale, exchange, lease, or
16 other transfer of all or substantially all of the assets of the
17 limited liability company other than in the ordinary course of
18 business.

19 (4) The articles of organization or an operating agreement
20 may provide for any other voting rights of members.

21 (5) Unless a greater vote is required by this act, by the
22 articles of organization, or by an operating agreement, a major-
23 ity vote is required to approve any matter other than the selec-
24 tion of managers submitted for a vote by the members.

25 Sec. 503. (1) Upon written request of a member, a limited
26 liability company shall mail to the member a copy of its most
27 recent annual financial statement and of its most recent federal,

1 state, and local income tax returns and reports. Upon reasonable
2 request, a member may obtain true and full information regarding
3 the current state of business and financial condition of the
4 company.

5 (2) Upon reasonable written request and during ordinary
6 business hours, a member or his or her designated representative
7 may inspect and copy, at the member's expense, any of the records
8 required to be maintained under section 213.

9 (3) Upon reasonable written request, a member may obtain
10 such other information regarding the affairs of the limited
11 liability company or inspect, personally or through a representa-
12 tive and during ordinary business hours, such other books and
13 records of the company, as is just and reasonable.

14 (4) A member may have a formal accounting of the limited
15 liability company's affairs as provided in an operating agreement
16 or whenever circumstances render it just and reasonable.

17 Sec. 504. A membership interest is personal property. A
18 member has no interest in specific limited liability company
19 property.

20 Sec. 505. (1) Except as provided in an operating agreement,
21 a membership interest is assignable in whole or in part.

22 (2) An assignment of a membership interest does not of
23 itself entitle the assignee to participate in the management and
24 affairs of the company or to become or exercise any rights of a
25 member. An assignment entitles the assignee to receive, to the
26 extent assigned, only the distributions to which the assignor
27 would be entitled.

1 (3) Unless otherwise provided in an operating agreement and
2 except to the extent assumed by agreement, an assignee has no
3 liability as a member solely as a result of the assignment.

4 (4) Except as provided in an operating agreement, a member
5 ceases to be a member upon assignment of all of his or her mem-
6 bership interest. The assignor is not released from his or her
7 liability to the company under sections 302 and 308, even if the
8 assignee becomes a member.

9 Sec. 506. (1) Except as provided in an operating agreement
10 pursuant to subsection (2), an assignee of a membership interest
11 in a limited liability company may become a member only if the
12 other members unanimously consent.

13 (2) If management of the limited liability company has not
14 been delegated to managers and the operating agreement does not
15 provide for continuation of the business other than by majority
16 consent pursuant to section 801(d), an assignee of a membership
17 interest may become a member in any manner provided for in the
18 operating agreement.

19 (3) An assignee who becomes a member has, to the extent
20 assigned, the rights and powers, and is subject to the restric-
21 tions and liabilities, of a member under the articles of organi-
22 zation, any operating agreement, and this act. An assignee who
23 becomes a member also is liable for any obligations of his or her
24 assignor to make contributions and to return distributions under
25 sections 302 and 308(3). The assignee is not obligated for
26 liabilities unknown to the assignee at the time he or she became

1 a member unless the liabilities are shown on the financial
2 records of the limited liability company.

3 Sec. 507. (1) On application to a court of competent juris-
4 diction by any judgment creditor of a member, the court may
5 charge the membership interest of the member with payment of the
6 unsatisfied amount of judgment with interest. To the extent the
7 membership interest is so charged, the judgment creditor has only
8 the rights of an assignee of the membership interest. This act
9 does not deprive any member of the benefit of any exemption laws
10 applicable to his or her membership interest.

11 (2) Unless otherwise provided in an operating agreement, the
12 member remains a member and retains all rights and powers of mem-
13 bership except the right to receive distributions to the extent
14 charged.

15 Sec. 508. Unless otherwise provided in an operating agree-
16 ment, the pledge or granting of a security interest, lien, or
17 other encumbrance in or against any or all of the membership
18 interest of a member does not cause the member to cease to be a
19 member or to lose the power to exercise any rights or powers of a
20 member.

21 Sec. 509. A member may withdraw from a limited liability
22 company as provided in an operating agreement or by giving writ-
23 ten notice to the company and to the other members at least 90
24 days in advance of the date of withdrawal, but if the withdrawal
25 violates an operating agreement, the withdrawing member is not
26 entitled to the distributions provided for in section 305 and the
27 company may recover from the withdrawing member damages for

1 breach of the agreement in excess of the amount that would
2 otherwise be distributable to the withdrawing member under
3 section 305.

4 Sec. 510. A member may commence and maintain a civil suit
5 in the right of a limited liability company if all of the follow-
6 ing conditions are met:

7 (a) Either management of the limited liability company is
8 vested in a manager or managers who have the sole authority to
9 cause the limited liability company to sue in its own right or
10 management of the limited liability company is reserved to the
11 members but the plaintiff does not have the authority to cause
12 the limited liability company to sue in its own right under the
13 provisions of an operating agreement.

14 (b) The plaintiff has made written demand on the managers or
15 the members with the authority requesting that the managers or
16 members cause the limited liability company to take suitable
17 action.

18 (c) Ninety days have expired from the date the demand was
19 made unless the member has earlier been notified that the demand
20 has been rejected or unless irreparable injury to the limited
21 liability company would result by waiting for the expiration of
22 the 90-day period.

23 (d) The plaintiff was a member of the limited liability com-
24 pany at the time of the act or omission of which he or she com-
25 plains, or his or her status as a member devolved upon him or her
26 by operation of law or pursuant to the terms of an operating
27 agreement from a person who was a member at that time.

1 (e) The plaintiff fairly and adequately represents the
2 interests of the limited liability company in enforcing the right
3 of the limited liability company.

4 (f) The plaintiff continues to be a member until the time of
5 judgment, unless the failure to continue to be a member is the
6 result of action by the limited liability company in which the
7 former member did not acquiesce and the derivative proceeding was
8 commenced prior to the termination of the former member's status
9 as a member.

10 Sec. 511. If the limited liability company commences an
11 investigation of the allegations made in the demand or complaint,
12 the court may stay any derivative proceeding for a period as the
13 court considers appropriate.

14 Sec. 512. (1) The court shall dismiss a derivative proceed-
15 ing if, on motion by the limited liability company, the court
16 finds that 1 of the groups specified in subsection (3) has made a
17 determination in good faith after conducting a reasonable inves-
18 tigation upon which its conclusions are based that the mainte-
19 nance of the derivative proceeding is not in the best interests
20 of the company.

21 (2) If the determination is made pursuant to subsection
22 (3)(a) or (b), the company has the burden of proving the good
23 faith of the group making the determination and the reasonable-
24 ness of the investigation. If the determination is made pursuant
25 to subsection (3)(c), the plaintiff has the burden of proving
26 that the determination was not made in good faith or that the
27 investigation was not reasonable.

1 (3) A determination under subsection (1) may be made by any
2 1 of the following:

3 (a) By a majority vote of the disinterested managers or mem-
4 bers having the authority to cause the company to sue in its own
5 right, if the disinterested managers or members constitute a
6 majority of those having the authority to cause the company to
7 sue in its own right.

8 (b) By a majority vote of a committee consisting of 2 or
9 more disinterested managers or members appointed by a majority
10 vote of disinterested managers or members, whether or not the
11 disinterested managers or members constitute a majority of those
12 having the authority to cause the company to sue in its own
13 right.

14 (c) By a panel of 1 or more disinterested persons appointed
15 by the court upon motion by the company.

16 (4) For purposes of this section, "disinterested" means a
17 person who is not a party to a derivative proceeding or a person
18 who is a party if the limited liability company demonstrates that
19 the claim asserted against the person is frivolous or
20 insubstantial.

21 Sec. 513. A derivative proceeding may not be discontinued
22 or settled without the court's approval. If the court determines
23 that a proposed discontinuance or settlement will substantially
24 affect the interests of members of the limited liability company,
25 the court shall direct that notice be given to the members
26 affected. If notice is directed to be given to the affected
27 members, the court may determine whether 1 or more of the parties

1 to the action shall bear the expense of giving the notice, in the
2 amount as the court determines and finds to be reasonable under
3 the circumstances. The amount of expense shall be awarded as
4 special costs of the action and is recoverable in the same manner
5 as statutory taxable costs.

6 Sec. 514. Upon termination of the derivative proceeding,
7 the court may order 1 of the following:

8 (a) The plaintiff to pay any of the defendants' reasonable
9 expenses, including reasonable attorney fees, incurred in defend-
10 ing the proceeding if it finds that the proceeding was commenced
11 or maintained in bad faith or without reasonable cause.

12 (b) The limited liability company to pay the plaintiff's
13 reasonable expenses, including reasonable attorney fees, incurred
14 in the proceeding if it finds that the proceeding has resulted in
15 a substantial benefit to the company. The court shall direct the
16 plaintiff to account to the company for any proceeds received by
17 the plaintiff in excess of expenses awarded by the court, except
18 that this provision does not apply to a judgment rendered for the
19 benefit of an injured member only and limited to a recovery of
20 the loss or damage sustained by him or her.

21 ARTICLE 6

22 Sec. 601. A limited liability company may amend its arti-
23 cles of organization if the amendment contains only provisions
24 that might lawfully be contained in original articles of organi-
25 zation filed at the time the amendment is made.

26 Sec. 602. A limited liability company shall amend its
27 articles of organization if any of the following occur:

1 (a) A change in the name of the limited liability company.

2 (b) A change in the purposes of the limited liability
3 company.

4 (c) A change to or from the management of the limited
5 liability company by managers.

6 (d) A change in the maximum duration of the limited liabil-
7 ity company.

8 (e) A statement in the articles of organization has become
9 false or erroneous, except that a change in registered office or
10 resident agent may be made as provided for in section 209.

11 Sec. 603. The articles of organization shall be amended by
12 filing a certificate of amendment executed as provided in
13 section 103 and setting forth all of the following:

14 (a) The name of the limited liability company.

15 (b) The date of filing of its original articles of
16 organization.

17 (c) The entire article or articles being amended, or the
18 section or sections being amended if the article being amended is
19 divided into identified sections.

20 (d) A statement that the amendment or amendments were
21 approved by majority vote of the members as required by
22 section 502 or by such other vote as may be required by the arti-
23 cles of organization or an operating agreement.

24 Sec. 604. (1) A limited liability company may integrate
25 into a single instrument the provisions of its articles of orga-
26 nization that are then in effect and operative by filing restated
27 articles of organization executed as provided in section 103.

1 (2) A limited liability company may at the same time amend
2 its articles of organization and include the amendment in the
3 restated articles. An amendment effected in connection with the
4 integration and restatement of the articles is subject to any
5 other provision of this act that would apply if a certificate of
6 amendment were to be filed to effect the amendment, including the
7 requirement of member approval.

8 (3) Restated articles of organization shall be specifically
9 designated as such in the heading and shall state, either in the
10 heading or in an introductory paragraph, the present name of the
11 limited liability company and, if the name has changed, all of
12 its former names, and the date of filing of its original articles
13 of organization. If the restated articles include a further
14 amendment pursuant to subsection (2), the articles shall state
15 that the amendment was approved by the members.

16 (4) When the restated articles of organization become effec-
17 tive in accordance with section 104, the limited liability
18 company's original articles of organization are superseded and
19 the restated articles are the articles of organization of the
20 company.

21 ARTICLE 7

22 Sec. 701. (1) Two or more domestic limited liability com-
23 panies may merge pursuant to a plan of merger approved as pro-
24 vided in section 702.

25 (2) The plan of merger shall set forth all of the
26 following:

1 (a) The name of each constituent company and the name of the
2 surviving company.

3 (b) The terms and conditions of the proposed merger, includ-
4 ing the manner and basis of converting the membership interests
5 in each limited liability company into membership interests in
6 the surviving company, or into cash or other property, or into a
7 combination thereof.

8 (c) A statement of any amendment to the articles of organi-
9 zation of the surviving company to be effected by the merger or
10 any restatement of the articles, or a statement that no changes
11 are to be made in the articles of the surviving company.

12 (d) Other provisions with respect to the proposed merger
13 that the constituent companies consider necessary or desirable.

14 Sec. 702. (1) The plan of merger shall be submitted to the
15 members of each constituent company for approval, and approval
16 shall be by unanimous consent of the members of each constituent
17 company, unless an operating agreement of a constituent company
18 otherwise provides.

19 (2) If an operating agreement of a constituent company pro-
20 vides for approval by less than unanimous consent and the merger
21 is approved, a dissenting member may withdraw from the limited
22 liability company and receive the distributions provided for in
23 section 305.

24 Sec. 703. (1) After a plan of merger is approved, a certif-
25 icate of merger shall be executed as provided in section 103 and
26 filed on behalf of each constituent company. The certificate
27 shall set forth all of the following:

1 (a) The statements required by section 701(2)(a) and (c).

2 (b) A statement that the plan of merger has been approved by

3 the members of each constituent company in accordance with

4 section 702(1).

5 (c) The effective date of the merger if later than the date

6 of filing of the certificate of merger.

7 (2) The certificate of merger shall become effective in

8 accordance with section 104.

9 Sec. 704. When a merger takes effect, all of the following

10 apply:

11 (a) Every other constituent company merges into the surviv-

12 ing company and the separate existence of every constituent com-

13 pany except the surviving company ceases.

14 (b) All property, real, personal, and mixed, all debts due

15 on whatever account, including promises to make contributions,

16 all other choses in action, and all and every other interest of

17 or belonging to or due to each constituent company are vested in

18 the surviving company without further act or deed and without

19 reversion or impairment.

20 (c) Upon complying with section 206, the surviving company

21 may use the name and the assumed names of any constituent

22 company.

23 (d) The surviving company has all liabilities of each con-

24 stituent company.

25 (e) A proceeding pending against any constituent company may

26 be continued as if the merger had not occurred or the surviving

1 company may be substituted in the proceeding for the limited
2 liability company whose existence ceased.

3 (f) The articles of organization of the surviving company
4 are amended to the extent provided in the certificate of merger.

5 (g) The membership interests in each constituent company are
6 converted into membership interests in the surviving company and
7 into cash or other property as provided in the plan of merger.

8 Sec. 705. (1) One or more foreign limited liability com-
9 panies may merge with 1 or more domestic limited liability com-
10 panies if both of the following are satisfied:

11 (a) The merger is permitted by the law of the jurisdiction
12 under whose law each foreign constituent company is organized and
13 each foreign constituent company complies with that law in
14 effecting the merger.

15 (b) Each domestic constituent company complies with the pro-
16 visions of sections 701 through 703.

17 (2) If the surviving company is to be governed by the laws
18 of a jurisdiction other than this state, it shall comply with the
19 provisions of this act with respect to foreign limited liability
20 companies if it is to transact business in this state.

21 (3) The surviving company is liable for, and is subject to
22 service of process in a proceeding in this state for the enforce-
23 ment of, any obligation of a domestic constituent company,
24 including any obligation to a member of the domestic constituent
25 company who has dissented from the merger and withdrawn pursuant
26 to section 702(2).

1 Sec. 706. Unless the plan of merger provides otherwise, at
2 any time before the effective date of a certificate of merger,
3 the merger may be abandoned in accordance with the procedure set
4 forth in the plan of merger or, if none is set forth, by the
5 unanimous consent of the members of each limited liability com-
6 pany that is a constituent entity, unless the operating agreement
7 of the limited liability company provides otherwise. If a cer-
8 tificate of merger has been filed by a constituent company, it
9 shall file a certificate of abandonment within 10 days after the
10 abandonment but not later than the effective date of the certifi-
11 cate of merger.

12 ARTICLE 8

13 Sec. 801. A limited liability company is dissolved and its
14 affairs shall be wound up upon the happening of the first to
15 occur of the following:

16 (a) At the time specified in the articles of organization or
17 an operating agreement.

18 (b) Upon the happening of events specified in the articles
19 of organization or an operating agreement.

20 (c) By the unanimous consent of all members.

21 (d) Upon the death, withdrawal, expulsion, bankruptcy, or
22 dissolution of a member, or the occurrence of any other event
23 that terminates the continued membership of a member in the
24 limited liability company, unless either of the following
25 applies:

26 (i) Within 90 days after the termination of membership, a
27 majority of the remaining members voting in accordance with

1 section 502(1) consent to continue the business of the limited
2 liability company and to the admission of 1 or more members as
3 necessary.

4 (ii) Management of the limited liability company has not
5 been delegated to managers, an operating agreement does not allow
6 an assignee to become a member other than by unanimous consent of
7 the other members pursuant to section 506, and the business of
8 the company is continued as provided for in an operating
9 agreement.

10 (e) Upon the entry of a decree of judicial dissolution.

11 Sec. 802. Upon application by or for a member, the circuit
12 court for the county in which the registered office of a limited
13 liability company is located may decree dissolution of the com-
14 pany whenever the company is unable to carry on business in con-
15 formity with the articles of organization or operating
16 agreements.

17 Sec. 803. (1) The attorney general may bring an action in
18 the circuit court for the county in which the registered office
19 of a limited liability company is located for dissolution of the
20 company upon the ground that the company has committed any of the
21 following acts:

22 (a) Procured its organization through fraud.

23 (b) Repeatedly and willfully exceeded the authority con-
24 ferred upon it by law.

25 (c) Repeatedly and willfully conducted its business in an
26 unlawful manner.

1 (2) This section does not exclude any other statutory or
2 common law action by the attorney general for dissolution of a
3 limited liability company.

4 Sec. 804. Upon the dissolution and commencement of winding
5 up of the limited liability company, a certificate of dissolution
6 shall be executed as provided in section 103 and filed with the
7 administrator. The certificate shall set forth all of the
8 following:

9 (a) The name of the limited liability company.

10 (b) The reason for the dissolution.

11 (c) The effective date of the dissolution if later than the
12 date of filing of the certificate of dissolution.

13 Sec. 805. (1) Except as otherwise provided in the articles
14 of organization, an operating agreement, or this section, the
15 members or managers who have not wrongfully dissolved a limited
16 liability company may wind up the company's affairs, but the cir-
17 cuit court for the county in which the registered office is
18 located may wind up the limited liability company's affairs on
19 application of, and for good cause shown by, any member, his or
20 her legal representative, or assignee.

21 (2) The members or managers who are winding up the limited
22 liability company's affairs shall continue to function, for the
23 purpose of winding up, in accordance with the procedures estab-
24 lished by this act, the articles of organization, and operating
25 agreements, shall be held to no greater standard of conduct than
26 that described by section 404, and shall be subject to no greater
27 liabilities than would apply in the absence of dissolution.

1 (3) The limited liability company may sue and be sued in its
2 name and process may issue by and against the company in the same
3 manner as if dissolution had not occurred. An action brought by
4 or against the company before its dissolution does not abate
5 because of the dissolution.

6 Sec. 806. (1) The dissolved limited liability company may
7 notify its existing claimants in writing of the dissolution at
8 any time after the effective date of the dissolution. The writ-
9 ten notice shall include all of the following:

10 (a) A description of the information that must be included
11 in a claim. The limited liability company may demand sufficient
12 information to permit it to make a reasonable judgment whether
13 the claim should be accepted or rejected.

14 (b) A mailing address where a claim may be sent.

15 (c) The deadline, which may not be less than 6 months after
16 the effective date of the written notice, by which the dissolved
17 limited liability company must receive the claim.

18 (d) A statement that the claim will be barred if not
19 received by the deadline.

20 (2) The giving of notice provided for in subsection (1) does
21 not constitute recognition that a person to whom the notice is
22 directed has a valid claim against the limited liability
23 company.

24 (3) A claim against the dissolved limited liability company
25 is barred if either of the following applies:

1 (a) If a claimant who was given written notice under
2 subsection (1) does not deliver the claim to the dissolved
3 limited liability company by the deadline.

4 (b) If a claimant whose claim was rejected by a written
5 notice of rejection by the dissolved limited liability company
6 does not commence a proceeding to enforce the claim within 90
7 days after the effective date of the written notice of
8 rejection.

9 (4) For purposes of this section and section 807, "existing
10 claim" means any claim or right against the limited liability
11 company, liquidated or unliquidated. "Existing claim" does not
12 mean a contingent liability or a claim based on an event occur-
13 ring after the effective date of dissolution.

14 (5) For purposes of this section, the effective date of the
15 written notice is the earliest of the following:

16 (a) The date it is received.

17 (b) Five days after its deposit in the United States mail,
18 as evidenced by the postmark, if it is mailed postpaid and cor-
19 rectly addressed.

20 (c) The date shown on the return receipt, if the notice is
21 sent by registered or certified mail, return receipt requested,
22 and the receipt is signed by or on behalf of the addressee.

23 Sec. 807. (1) A dissolved limited liability company may
24 also publish notice of dissolution and request that persons with
25 claims against the company present them in accordance with the
26 notice.

1 (2) The notice shall be in accord with all the following:

2 (a) Be published 1 time in a newspaper of general
3 circulation in the county in which the dissolved limited liabil-
4 ity company's principal place of business, or if none in this
5 state, its registered office, is or was located.

6 (b) Describe the information that must be included in a
7 claim and provide a mailing address where the claim may be sent.
8 The limited liability company may demand sufficient information
9 to permit it to make a reasonable judgment whether the claim
10 should be accepted or rejected.

11 (c) State that a claim against the limited liability company
12 will be barred unless a proceeding to enforce the claim is com-
13 menced within 1 year after the publication date of the newspaper
14 notice.

15 (3) If the dissolved limited liability company publishes a
16 newspaper notice in accordance with subsection (2), the claim of
17 each of the following claimants is barred unless the claimant
18 commences a proceeding to enforce the claim against the dissolved
19 company within 1 year after the publication date of the
20 newspaper:

21 (a) A claimant who did not receive written notice under
22 section 806.

23 (b) A claimant whose claim was timely sent to the dissolved
24 limited liability company but not acted on.

25 (c) A claimant whose claim is contingent or based on an
26 event occurring after the effective date of dissolution.

1 (4) Notwithstanding subsection (3), a claimant having an
2 existing claim known to the limited liability company at the time
3 of publication in accordance with subsection (2) and who did not
4 receive written notice under section 806 is not barred from suit
5 until 6 months after the claimant has actual notice of the
6 dissolution.

7 Sec. 808. Upon the winding up of a limited liability com-
8 pany, the assets shall be distributed in the following order:

9 (a) To creditors, including members who are creditors, to
10 the extent permitted by law, in satisfaction of liabilities of
11 the limited liability company other than liabilities for distri-
12 butions to members under section 304 or 305. Reasonable provi-
13 sion shall be made for debts, liabilities, and obligations that
14 are not liquidated but will not be barred under section 806 or
15 807.

16 (b) Except as provided in an operating agreement, to members
17 and former members in satisfaction of liabilities for distribu-
18 tions under sections 304 and 305.

19 (c) Except as provided in an operating agreement, all
20 remaining assets to members and former members in accordance with
21 their shares of distributions as determined under section 303.

22 ARTICLE 9

23 Sec. 901. (1) A limited liability company may be formed
24 under this act for the purpose of rendering 1 or more profes-
25 sional services, as defined in section 902.

26 (2) A limited liability company formed for the purpose of
27 rendering professional services, and its members and managers,

1 are subject to the provisions of this article in addition to the
2 other provisions of this act, and the provisions of this article
3 shall take precedence over any other provision of this act in the
4 event of conflict.

5 Sec. 902. As used in this article:

6 (a) "Licensed person" means an individual who is licensed or
7 otherwise legally authorized to practice a professional service
8 by a court, department, board, commission, or an agency of this
9 state or another jurisdiction, any corporation all of whose
10 shareholders are licensed persons, or any limited liability com-
11 pany all of whose members and managers are licensed persons.

12 (b) "Professional service" means a type of personal service
13 to the public that requires as a condition precedent to the
14 rendering of the service the obtaining of a license or other
15 legal authorization. Professional service includes, but is not
16 limited to, services rendered by certified or other public
17 accountants, chiropractors, dentists, optometrists, veterinari-
18 ans, osteopaths, physicians and surgeons, doctors of medicine,
19 doctors of dentistry, podiatrists, chiropodists, architects, pro-
20 fessional engineers, land surveyors, and attorneys-at-law.

21 Sec. 903. (1) Two or more licensed persons may organize and
22 become members of a professional limited liability company.

23 (2) The articles of organization of the limited liability
24 company shall state, as its purposes, that the company is formed
25 to render specified professional services.

1 (3) The name of the limited liability company shall contain
2 the words "professional limited liability company" or the
3 abbreviation "P.L.L.C." or "P.L.C."

4 Sec. 904. (1) Except as otherwise provided in
5 subsection (2) or otherwise prohibited by law, a professional
6 limited liability company may render 1 or more professional serv-
7 ices, and each member and manager must be a licensed person in 1
8 or more of the professional services rendered by the company.

9 (2) If the professional limited liability company renders a
10 professional service that is included within the public health
11 code, Act No. 368 of the Public Acts of 1978, being
12 sections 333.1101 to 333.25211 of the Michigan Compiled Laws,
13 then all members and managers of the company shall be licensed or
14 legally authorized in this state to render the same professional
15 service.

16 (3) A licensed person of another jurisdiction may become a
17 member, manager, employee, or agent of the professional limited
18 liability company, but shall not render any professional services
19 in this state until the person is licensed or otherwise legally
20 authorized to render the professional service in this state.

21 Sec. 905. (1) A professional limited liability company
22 shall not render professional services within this state except
23 through its members, managers, employees, and agents who are
24 licensed or otherwise legally authorized to render the profes-
25 sional services within this state. The term employee does not
26 include secretaries, bookkeepers, technicians, and other
27 assistants who are not usually and ordinarily considered by

1 custom and practice to be rendering professional services to the
2 public for which a license or other legal authorization is
3 required.

4 (2) This act shall not be construed to abolish, repeal,
5 modify, restrict, or limit the law now in effect applicable to
6 the professional relationship and liabilities between the person
7 furnishing the professional services and the person receiving
8 such professional services and to the standards for professional
9 conduct. A member, manager, employee, or agent of a professional
10 limited liability company shall remain personally and fully
11 liable and accountable for any negligent or wrongful acts or mis-
12 conduct committed by him or her, or by any person under his or
13 her direct supervision and control, while rendering professional
14 services on behalf of the company to the person for whom the pro-
15 fessional services were being rendered.

16 (3) The limited liability company shall be liable up to the
17 full value of its property for any negligent or wrongful acts or
18 misconduct committed by any of its members, managers, employees,
19 or agents while they are engaged on behalf of the company in the
20 rendering of professional services.

21 Sec. 906. If a member, manager, employee, or agent of a
22 professional limited liability company becomes legally disquali-
23 fied to render the professional services rendered by the company
24 or accepts employment that, pursuant to existing law, places
25 restrictions or limitations on his or her continued rendering of
26 the professional services, he or she shall sever within a
27 reasonable period all employment with and financial interests in

1 the company. A company's failure to require compliance with this
2 section constitutes a ground for the forfeiture of its articles
3 of organization and its dissolution. If a company's failure to
4 comply with this section is brought to the attention of the
5 administrator, he or she shall certify that fact to the attorney
6 general for appropriate action to dissolve the company.

7 Sec. 907. (1) A professional limited liability company
8 shall not engage in any business other than the rendering of the
9 professional services for which it was specifically organized.

10 (2) This act does not prohibit the company from investing
11 its funds in real estate, mortgages, stocks, bonds, or any other
12 type of investments, owning real or personal property necessary
13 for the rendering of professional services, becoming a partner in
14 a partnership formed under Act No. 72 of the Public Acts of 1917,
15 being sections 449.1 to 449.43 of the Michigan Compiled Laws, if
16 the partnership performs the same professional services as the
17 professional limited liability company, or forming or becoming a
18 member or manager of another professional limited liability com-
19 pany organized under this act if both professional limited
20 liability companies perform the same professional services.

21 Sec. 908. (1) A membership interest in a professional
22 limited liability company shall not be sold or transferred except
23 to a person who is eligible to be a member of the company or to
24 the personal representative or estate of a deceased or legally
25 incompetent member. The personal representative or estate of the
26 member may continue to hold a membership interest for a

1 reasonable period but shall not be authorized to participate in
2 any decisions concerning the rendering of professional service.

3 (2) The articles of organization or an operating agreement
4 may provide specifically for additional restrictions on the
5 transfer of membership interests.

6 Sec. 909. (1) A professional limited liability company
7 shall file with the administrator an annual report, together with
8 a \$50.00 filing fee, listing the names and addresses of all mem-
9 bers and managers and certifying that all members and managers
10 are licensed or otherwise legally authorized to render within
11 this state the same professional services that the company was
12 formed to render.

13 (2) The report shall be filed not later than May 15 of each
14 year, and a penalty of \$50.00 shall be added to the fee if the
15 report is not filed or the fee is not paid by May 15.

16 Sec. 910. A professional limited liability company may
17 merge only with another limited liability company whose members
18 and managers are licensed persons permitted to be members or man-
19 agers under this article.

20

ARTICLE 10

21 Sec. 1001. Subject to the constitution of this state, the
22 laws of the jurisdiction under which a foreign limited liability
23 company is organized shall govern its organization and internal
24 affairs and the liability of its managers and members, and a for-
25 eign limited liability company shall not be denied a certificate
26 of authority to transact business in this state by reason of any
27 difference between those laws and the laws of this state.

1 Sec. 1002. Before transacting business in this state, a
2 foreign limited liability company shall obtain a certificate of
3 authority from the administrator. To obtain a certificate of
4 authority, a foreign limited liability company shall file with
5 the administrator an application, executed as provided in
6 section 103, setting forth all of the following:

7 (a) The name of the foreign limited liability company and,
8 if different, the name under which it proposes to transact busi-
9 ness in this state.

10 (b) The jurisdiction and date of its organization.

11 (c) The name and address of a resident agent in this state,
12 which agent shall be an individual resident of this state, a
13 domestic corporation, or a foreign corporation having a place of
14 business and authorized to do business in this state. The
15 address of the resident agent shall be the foreign limited
16 liability company's registered office in this state.

17 (d) A statement that includes both of the following:

18 (i) That the department is appointed the agent of the for-
19 eign limited liability company for service of process if no agent
20 has been appointed under subdivision (c), or, if appointed, the
21 agent's authority has been revoked, the agent has resigned, or
22 the agent cannot be found or served through the exercise of rea-
23 sonable diligence.

24 (ii) The name and address of a member or manager or other
25 person to whom the administrator is to send copies of any process
26 served on the administrator.

1 (e) The address of the office required to be maintained in
2 the jurisdiction of its organization by the laws of that state
3 or, if not so required, of the principal office of the foreign
4 limited liability company.

5 (f) Other additional information as may be necessary or
6 appropriate in order to enable the department to determine
7 whether the limited liability company is entitled to transact
8 business in this state.

9 Sec. 1003. (1) If the administrator finds that an applica-
10 tion for a certificate of authority substantially conforms to the
11 requirements of this act and all requisite fees have been paid,
12 the administrator shall file the application and issue to the
13 foreign limited liability company a certificate of authority to
14 transact business in this state, in accordance with section 104.

15 (2) Upon the issuance of a certificate of authority, the
16 foreign limited liability company may transact in this state any
17 business that a domestic limited liability company formed under
18 this act may lawfully transact, except as limited by statements
19 in its application for a certificate of authority or under the
20 law of its jurisdiction of organization. The authority continues
21 so long as the foreign limited liability company retains its
22 authority to transact such business in the jurisdiction of its
23 organization and its authority to transact business in this state
24 has not been surrendered, suspended, or revoked.

25 (3) A foreign limited liability company holding a valid cer-
26 tificate of authority in this state has no greater rights or
27 privileges than a domestic limited liability company. The

1 certificate of authority does not authorize the foreign limited
2 liability company to exercise any of its powers or purposes that
3 a domestic limited liability company is forbidden by law to exer-
4 cise in this state.

5 Sec. 1004. A certificate of authority shall not be issued
6 to a foreign limited liability company unless the name of the
7 company satisfies the requirements of section 204. If the name
8 of a foreign limited liability company does not satisfy the
9 requirements of section 204, the company may take the action
10 authorized by section 204(3).

11 Sec. 1005. (1) If any statement in the application for cer-
12 tificate of authority of a foreign limited liability company was
13 false when made or any arrangements or other facts described have
14 changed, making the application inaccurate in any respect, the
15 foreign limited liability company shall promptly file with the
16 administrator a certificate, executed as provided in section 103,
17 correcting the statement, except that a change in the resident
18 agent or registered office may be made pursuant to section 209.

19 (2) If a foreign limited liability company authorized to
20 transact business in this state is the survivor of a merger per-
21 mitted by the laws of the jurisdiction of its organization, the
22 foreign limited liability company shall file, not later than 30
23 days after the merger becomes effective, a certificate issued by
24 the proper officer of the jurisdiction of its organization
25 attesting to the occurrence of the merger. If the merger has
26 changed the name of the foreign limited liability company or has

1 otherwise affected the information set forth in the application,
2 the foreign company shall also comply with subsection (1).

3 (3) A foreign limited liability company authorized to trans-
4 act business in this state shall file an annual statement as
5 required by section 207(4).

6 Sec. 1006. (1) A foreign limited liability company autho-
7 rized to transact business in this state may withdraw from this
8 state upon receiving from the administrator a certificate of
9 withdrawal. In order to obtain the certificate, the foreign
10 limited liability company shall file an application for with-
11 drawal setting forth all of the following:

12 (a) The name of the foreign limited liability company and
13 the jurisdiction under the laws of which it is organized.

14 (b) That the foreign limited liability company is not trans-
15 acting business in this state.

16 (c) That the foreign limited liability company surrenders
17 its authority to transact business in this state.

18 (d) That the foreign limited liability company revokes the
19 authority of its resident agent to receive service of process in
20 this state and consents that service of process in any action,
21 suit, or proceeding based upon any cause of action arising in
22 this state during the time the foreign limited liability company
23 was authorized to transact business in this state may thereafter
24 be made on the company by service upon the administrator.

25 (e) An address to which the administrator is to mail a copy
26 of any process against the foreign limited liability company.

1 (f) Other additional information as is necessary or
2 appropriate in order to enable the administrator to determine and
3 assess any unpaid fees payable by the foreign limited liability
4 company.

5 (2) The application for withdrawal shall be in the form and
6 manner designated by the administrator and shall be executed for
7 the foreign limited liability company as provided in section 103,
8 or, if the foreign limited liability company is in the hands of a
9 receiver or trustee, by the receiver or trustee on behalf of the
10 company.

11 Sec. 1007. (1) A foreign limited liability company trans-
12 acting business in this state without a certificate of authority
13 shall not maintain an action, suit, or proceeding in a court of
14 this state until it has obtained a certificate of authority.
15 This prohibition applies to both of the following in addition to
16 the foreign limited liability company:

17 (a) A successor in interest of the foreign limited liability
18 company, except a receiver, trustee in bankruptcy, or other rep-
19 resentative of creditors of the foreign company.

20 (b) An assignee of the foreign limited liability company,
21 except an assignee for value who accepts an assignment without
22 knowledge that the foreign company should have but has not
23 obtained a certificate of authority in this state.

24 (2) An action commenced by a foreign limited liability com-
25 pany having no certificate of authority shall not be dismissed if
26 a certificate of authority is obtained before the order of
27 dismissal. Any order of dismissal shall be without prejudice to

1 the recommencement of the action, suit, or proceeding by the
2 foreign limited liability company after it obtains a certificate
3 of authority.

4 (3) The failure of a foreign limited liability company to
5 obtain a certificate of authority to transact business in this
6 state does not impair the validity of any contract or act of the
7 foreign limited liability company or prevent the foreign limited
8 liability company from defending any action, suit, or proceeding
9 in a court of this state.

10 (4) A foreign limited liability company, by transacting
11 business in this state without a certificate of authority,
12 appoints the administrator as its agent for service of process
13 with respect to a cause of action arising out of the transaction
14 of business in this state.

15 (5) A foreign limited liability company that transacts busi-
16 ness in this state without a certificate of authority is liable
17 to the state for the years or parts of years during which it
18 transacted business in this state without a certificate in an
19 amount equal to all fees that would have been imposed under this
20 act upon the foreign limited liability company had it obtained
21 the certificate, filed all documents required by this act, and
22 paid all penalties imposed by this act. The attorney general may
23 bring proceedings to recover all amounts due the state under this
24 section.

25 (6) A foreign limited liability company that transacts busi-
26 ness in this state without a certificate of authority is subject
27 to a civil penalty, payable to the state, of not less than

1 \$100.00 nor more than \$1,000.00 for each calendar month, not more
2 than 5 years prior to the imposition of the penalty, in which it
3 has transacted business without the certificate. The penalty
4 shall not exceed \$10,000.00. Each manager, member, or authorized
5 person who authorizes, directs, or participates in the transac-
6 tion of business in this state on behalf of a foreign limited
7 liability company that does not have a certificate is subject to
8 a civil penalty, payable to the state, not to exceed \$10,000.00.

9 (7) The civil penalties set forth in subsection (6) may be
10 recovered in an action brought by the attorney general. Upon a
11 finding by the court that a foreign limited liability company or
12 any of its members, managers, or authorized persons have trans-
13 acted business in this state in violation of this act, the court
14 shall issue, in addition to the imposition of a civil penalty, an
15 injunction restraining the further transaction of business by the
16 foreign limited liability company and the further exercise of any
17 rights and privileges in this state. The foreign limited liabil-
18 ity company shall be enjoined from transacting business in this
19 state until all civil penalties plus any interest and court costs
20 that the court may assess have been paid and until the foreign
21 limited liability company has obtained a certificate of authority
22 to transact business.

23 (8) A member of a foreign limited liability company is not
24 liable for the debts and obligations of the limited liability
25 company solely by reason of the company's having transacted busi-
26 ness in this state without a valid certificate of authority.

1 Sec. 1008. (1) Without excluding other activities that may
2 not constitute transacting business in this state, a foreign
3 limited liability company is not considered to be transacting
4 business in this state, for the purposes of this act, because it
5 is carrying on in this state any 1 or more of the following
6 activities:

7 (a) Maintaining, defending, or settling any proceeding.

8 (b) Holding meetings of its members or carrying on any other
9 activities concerning its internal affairs.

10 (c) Maintaining bank accounts.

11 (d) Maintaining offices or agencies for the transfer,
12 exchange, and registration of the foreign limited liability
13 company's own securities or maintaining trustees or depositaries
14 with respect to those securities.

15 (e) Selling through independent contractors.

16 (f) Soliciting or obtaining orders, whether by mail or
17 through employees or agents or otherwise, if the orders require
18 acceptance outside this state before they become contracts.

19 (g) Creating or acquiring indebtedness, mortgages, and
20 security interests in real or personal property.

21 (h) Securing or collecting debts or enforcing mortgages and
22 security interests in property securing the debts.

23 (i) Owning, without more, real or personal property.

24 (j) Conducting an isolated transaction that is completed
25 within 30 days and that is not 1 in the course of repeated trans-
26 actions of a like nature.

1 (k) Transacting business in interstate commerce.

2 (2) This section does not apply in determining the contacts
3 or activities that may subject a foreign limited liability com-
4 pany to service of process or taxation in this state or to regu-
5 lation under any other law of this state.

6 Sec. 1009. (1) A foreign limited liability company may
7 acquire or, through another person entitled to transact business
8 in this state, may make loans, or participations or interests in
9 loans, insured or guaranteed in whole or in part by the federal
10 housing administration or the veterans' administration or a suc-
11 cessor or similar agency of the federal government, which are
12 secured in whole or in part by mortgages of real property located
13 in this state, and a foreign limited liability company may pur-
14 chase a loan, or participation or interest in a loan, secured in
15 whole or in part by a mortgage of real property located in this
16 state, without maintaining authority to transact business in this
17 state under this act or any other law of this state relating to
18 the qualification or authority and without paying fees as
19 required by law.

20 (2) Neither the failure of a foreign limited liability com-
21 pany to qualify or maintain authority to transact business in
22 this state under this act or any other law of this state nor its
23 failure to pay fees as required by law affects or impairs its
24 ownership of the loans or participation or interests in the
25 loans, whether made or acquired, or its right to collect and
26 service the loans through another person entitled to transact
27 business in this state, or its right to enforce the loans or to

1 acquire, hold, protect, convey, lease, and otherwise contract and
2 deal with respect to the property mortgaged as security.

3 Sec. 1010. The attorney general may maintain an action to
4 restrain a foreign limited liability company transacting business
5 in this state, with or without a certificate of authority, from
6 any violation of this act.

7 ARTICLE 11

8 Sec. 1101. (1) The fees to be paid to the administrator
9 when the documents described in this subsection are delivered to
10 him or her for filing are as follows:

11 (a) Certificate of correction, \$25.00.

12 (b) Articles of organization, \$50.00.

13 (c) Amendment to the articles of organization, \$25.00.

14 (d) Restated articles of organization, \$50.00.

15 (e) Application for reservation of name, \$25.00.

16 (f) Certificate of assumed name or a certificate of termina-
17 tion of assumed name, \$25.00.

18 (g) Annual statement of resident agent and registered
19 office, \$5.00.

20 (h) Notice of resignation of resident agent, or statement of
21 change of registered office or resident agent, \$5.00.

22 (i) Certificate of merger as provided in article 7,
23 \$100.00.

24 (j) Certificate of abandonment, \$10.00.

25 (k) Certificate of dissolution, \$10.00.

1 (l) Application of a foreign limited liability company for
2 an issuance of a certificate of authority to transact business in
3 this state, \$50.00.

4 (m) Certificate correcting statement contained in an appli-
5 cation for a certificate of authority to transact business in
6 this state, \$25.00.

7 (n) Certificate attesting to the occurrence of a merger of a
8 foreign limited liability company, as provided in section 1005,
9 \$10.00.

10 (o) Application for withdrawal and issuance of a certificate
11 of withdrawal of a foreign limited liability company, \$10.00.

12 (p) In addition to the fee required to file a document, the
13 administrator may charge a fee of \$50.00 if the document is filed
14 by facsimile transmission or the administrator is requested to
15 transmit a document by a facsimile machine.

16 (2) The fees prescribed in subsection (1), no part of which
17 shall be refunded, when collected shall be paid into the treasury
18 of the state and credited to the administrator to be used solely
19 by the corporation and securities bureau in carrying out those
20 duties required by law.

21 (3) A minimum charge of \$1.00 for each certificate and 50
22 cents per folio shall be paid to the administrator for certifying
23 a part of a file or record pertaining to a domestic or foreign
24 limited liability company for which provision for payment is not
25 set forth in subsection (1). The administrator may furnish
26 copies of documents, reports, and papers required or permitted by
27 law to be filed with the administrator, and shall charge for

1 those copies pursuant to a schedule of fees which the
2 administrator shall adopt with the approval of the state adminis-
3 trative board. The administrator shall retain the revenue col-
4 lected under this subsection to be used by the corporation and
5 securities bureau to defray the costs of its copying and certify-
6 ing services.

7 (4) If a domestic or foreign limited liability company pays
8 fees or penalties by check and the check is dishonored, the fee
9 shall be considered unpaid and the filing of all related docu-
10 ments will be rescinded.

11 (5) The administrator may accept a credit card, instead of
12 cash or check, as payment of a fee under this act. The adminis-
13 trator shall determine which credit cards may be accepted for
14 payment.

15 Sec. 1102. A limited liability company to which this act
16 applies shall pay taxes that are imposed by the laws of this
17 state or any political subdivision on partnerships on an identi-
18 cal basis, and the members of the limited liability company shall
19 be taxed as partners in a partnership.

20 Sec. 1103. This act may be supplemented, altered, amended,
21 or repealed by the legislature, and every limited liability com-
22 pany subject to this act is bound by the changes.