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**SENATE BILL 5030**

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**State of Washington                      64th Legislature                      2015 Regular Session**

**By** Senators Pedersen and O'Ban; by request of Washington State Bar Association

Prefiled 12/30/14. Read first time 01/12/15. Referred to Committee on Law & Justice.

1            AN ACT Relating to the limited liability company act; adding new  
2 sections to chapter 25.15 RCW; repealing RCW 25.15.005, 25.15.007,  
3 25.15.010, 25.15.015, 25.15.020, 25.15.025, 25.15.030, 25.15.035,  
4 25.15.040, 25.15.045, 25.15.050, 25.15.055, 25.15.060, 25.15.070,  
5 25.15.075, 25.15.085, 25.15.090, 25.15.095, 25.15.100, 25.15.105,  
6 25.15.115, 25.15.120, 25.15.125, 25.15.130, 25.15.135, 25.15.140,  
7 25.15.150, 25.15.155, 25.15.160, 25.15.165, 25.15.170, 25.15.175,  
8 25.15.180, 25.15.185, 25.15.190, 25.15.195, 25.15.200, 25.15.205,  
9 25.15.215, 25.15.220, 25.15.225, 25.15.230, 25.15.235, 25.15.245,  
10 25.15.250, 25.15.255, 25.15.260, 25.15.270, 25.15.273, 25.15.275,  
11 25.15.280, 25.15.285, 25.15.290, 25.15.293, 25.15.295, 25.15.298,  
12 25.15.300, 25.15.303, 25.15.310, 25.15.315, 25.15.320, 25.15.325,  
13 25.15.330, 25.15.335, 25.15.340, 25.15.345, 25.15.350, 25.15.355,  
14 25.15.360, 25.15.365, 25.15.366, 25.15.370, 25.15.375, 25.15.380,  
15 25.15.385, 25.15.390, 25.15.395, 25.15.400, 25.15.405, 25.15.410,  
16 25.15.415, 25.15.417, 25.15.419, 25.15.420, 25.15.422, 25.15.423,  
17 25.15.425, 25.15.430, 25.15.435, 25.15.440, 25.15.445, 25.15.450,  
18 25.15.455, 25.15.460, 25.15.465, 25.15.470, 25.15.475, 25.15.480,  
19 25.15.800, 25.15.805, 25.15.810, 25.15.900, 25.15.901, and 25.15.902;  
20 and providing an effective date.

21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:



1 (10) "Member" means a person who has been admitted to a limited  
2 liability company as a member as provided in section 25 of this act  
3 and who has not been dissociated from the limited liability company.

4 (11) "Member-managed" means, with respect to a limited liability  
5 company, that the limited liability company is not manager-managed.

6 (12) "Person" means an individual, corporation, business trust,  
7 estate, trust, partnership, limited partnership, limited liability  
8 company, association, joint venture, government, governmental  
9 subdivision, agency, or instrumentality or any other legal or  
10 commercial entity.

11 (13) "Principal office" means the office, in or out of this  
12 state, so designated in the annual report, where the principal  
13 executive offices of a domestic or foreign limited liability company  
14 are located.

15 (14) "Professional limited liability company" means a limited  
16 liability company that is formed in accordance with section 13 of  
17 this act for the purpose of rendering professional service.

18 (15) "Professional service" means the same as defined under RCW  
19 18.100.030.

20 (16) "Record" means information that is inscribed on a tangible  
21 medium or that is stored in an electronic or other medium and is  
22 retrievable in perceivable form.

23 (17) "State" means a state of the United States, the District of  
24 Columbia, Puerto Rico, the United States Virgin Islands, or any  
25 territory or insular possession subject to the jurisdiction of the  
26 United States.

27 (18) "Transfer" includes an assignment, conveyance, deed, bill of  
28 sale, lease, gift, and transfer by operation of law, except as  
29 otherwise provided in section 49(6) of this act.

30 (19) "Transferable interest" means a member's or transferee's  
31 right to receive distributions of the limited liability company's  
32 assets.

33 (20) "Transferee" means a person to which all or part of a  
34 transferable interest has been transferred, whether or not the  
35 transferor is a member.

36 NEW SECTION. **Sec. 2.** The secretary of state may adopt rules to  
37 facilitate electronic filing. The rules must detail the circumstances  
38 under which the electronic filing of records is permitted, how the  
39 records must be filed, and how the secretary of state returns filed

1 records. The rules may also impose additional requirements related to  
2 implementation of electronic filing processes, including but not  
3 limited to file formats, signature technologies, delivery, and the  
4 types of entities or records permitted.

5 NEW SECTION. **Sec. 3.** (1) The name of each limited liability  
6 company as set forth in its certificate of formation:

7 (a) Must contain the words "Limited Liability Company," the words  
8 "Limited Liability" and abbreviation "Co.," or the abbreviation  
9 "L.L.C." or "LLC";

10 (b) Must not contain language stating or implying that the  
11 limited liability company is formed for a purpose other than those  
12 permitted by section 8 of this act;

13 (c) Must not contain any of the words or phrases: "Cooperative,"  
14 "partnership," "corporation," "incorporated," or the abbreviations  
15 "corp.," "ltd.," or "inc.," or "LP," "L.P.," "LLP," "L.L.P.," "LLLP,"  
16 "L.L.L.P.," or any words or phrases prohibited by any statute of this  
17 state; and

18 (d) Unless authorized by subsection (2) of this section, must be  
19 distinguishable in the records of the secretary of state from (i) the  
20 name of each person incorporated, formed, or authorized to transact  
21 business in this state through a filing or registration with the  
22 secretary of state; and (ii) each name reserved under section 4 of  
23 this act or under other statutes of this state providing for the  
24 reservation of names with the secretary of state.

25 (2) A limited liability company may apply to the secretary of  
26 state for authorization to use any name which is not distinguishable  
27 upon the records of the secretary of state from one or more of the  
28 names described in subsection (1)(d) of this section. The secretary  
29 of state shall authorize use of the name applied for if the other  
30 person consents in writing to the use and files with the secretary of  
31 state records necessary to change its name or the name reserved to a  
32 name that is distinguishable upon the records of the secretary of  
33 state from the name of the applying limited liability company.

34 (3) A name shall not be considered distinguishable upon the  
35 records of the secretary of state by virtue of:

36 (a) A variation in any of the following designations for the same  
37 name: "Corporation," "incorporated," "company," "professional  
38 corporation," "professional service," "limited," "partnership,"  
39 "limited partnership," "limited liability limited partnership,"

1 "limited liability company," "professional limited liability  
2 company," or "limited liability partnership," or their permitted  
3 abbreviations;

4 (b) The addition or deletion of an article or conjunction such as  
5 "the" or "and" from the same name;

6 (c) Punctuation, capitalization, or special characters or symbols  
7 in the same name; or

8 (d) Use of abbreviation or the plural form of a word in the same  
9 name.

10 (4) This chapter does not control the use of assumed business  
11 names or "trade names."

12 (5) Violation of subsection (1)(c) of this section by a limited  
13 liability company whose certificate of formation or amendment thereto  
14 has been accepted for filing by the secretary of state shall not, in  
15 itself, invalidate the formation or existence of a limited liability  
16 company or render this chapter inapplicable to a limited liability  
17 company.

18 NEW SECTION. **Sec. 4.** (1) Reserved Name--Domestic Limited  
19 Liability Company.

20 (a) A person may reserve the exclusive use of a limited liability  
21 company name by delivering an application to the secretary of state  
22 for filing. The application must set forth the name and address of  
23 the applicant and the name proposed to be reserved. If the secretary  
24 of state finds that the limited liability company name applied for is  
25 available, the secretary of state shall reserve the name for the  
26 applicant's exclusive use for a nonrenewable one hundred eighty-day  
27 period.

28 (b) The owner of a reserved limited liability company name may  
29 transfer the reservation to another person by delivering to the  
30 secretary of state an executed notice of the transfer that states the  
31 name and address of the transferee.

32 (2) Reserved Name--Foreign Limited Liability Company.

33 (a) A foreign limited liability company may reserve its name if  
34 the name is distinguishable upon the records of the secretary of  
35 state from the names specified in section 3 of this act.

36 (b) A foreign limited liability company reserves its name by  
37 delivering to the secretary of state for filing an application that:

38 (i) Sets forth its name and the state or country and date of its  
39 formation; and

1 (ii) Is accompanied by a certificate of existence, or a record of  
2 similar import, from the state or country of formation.

3 (c) The name is reserved for the applicant's exclusive use upon  
4 the effective date of the application and until the close of the  
5 calendar year in which the application for name reservation is filed.

6 (d) A foreign limited liability company whose name reservation is  
7 effective may renew it for successive years by delivering to the  
8 secretary of state for filing a renewal application, which complies  
9 with the requirements of (b) of this subsection, between October 1st  
10 and December 31st of the preceding year. The renewal application when  
11 filed renews the name reservation for the following calendar year.

12 (e) A foreign limited liability company whose name reservation is  
13 effective may thereafter register as a foreign limited liability  
14 company under the reserved name, or consent in writing to the use of  
15 that name by a domestic limited liability company, domestic  
16 corporation, domestic limited partnership, or domestic limited  
17 liability partnership thereafter formed, or by another foreign  
18 limited liability company, foreign corporation, foreign limited  
19 partnership, or foreign limited liability partnership thereafter  
20 authorized to transact business in this state. The name reservation  
21 terminates when the domestic limited liability company is formed, the  
22 domestic corporation is incorporated, the domestic limited liability  
23 partnership is formed, or the domestic limited partnership is formed,  
24 or the foreign limited liability company registers or consents to the  
25 registration of another foreign limited liability company,  
26 corporation, limited partnership, or limited liability partnership  
27 under the reserved name.

28 NEW SECTION. **Sec. 5.** (1) Except as otherwise provided in  
29 subsections (2) and (3) of this section, the limited liability  
30 company agreement governs:

31 (a) Relations among the members as members and between the  
32 members and the limited liability company; and

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

35 (2) To the extent the limited liability company agreement does  
36 not otherwise provide for a matter described in subsection (1) of  
37 this section, this chapter governs the matter.

38 (3) A limited liability company agreement may not:

1 (a) Vary a limited liability company's power under section 8 of  
2 this act to sue, be sued, and defend in its own name;

3 (b) Vary the law applicable to a limited liability company under  
4 section 9 of this act;

5 (c) Eliminate or limit the duties of a member or manager in a  
6 manner prohibited by section 11(6) of this act;

7 (d) Eliminate or limit the liability of a member or manager in a  
8 manner prohibited by section 11(7) of this act;

9 (e) Indemnify a member or manager in a manner prohibited by  
10 section 12 of this act;

11 (f) Vary the requirements of section 21 of this act;

12 (g) Vary the records required under section 29(1) of this act or  
13 unreasonably restrict the right to records or information under  
14 section 29 of this act;

15 (h) Vary the power of a manager to resign under section 37 of  
16 this act;

17 (i) Vary the requirements of section 46 of this act;

18 (j) Eliminate or limit the liability of a member, manager, or  
19 transferee under section 47 of this act;

20 (k) Vary the power of a court to decree dissolution in the  
21 circumstances specified in section 53 of this act;

22 (l) Vary the requirement to wind up the limited liability  
23 company's business as specified in section 58 (1), (2), (4), and (5)  
24 of this act;

25 (m) Unreasonably restrict the right to maintain an action under  
26 Article X of this chapter;

27 (n) Restrict the right of a member that will have personal  
28 liability with respect to a surviving or converted organization to  
29 approve a merger or conversion under section 88 of this act; or

30 (o) Restrict the rights under this chapter of a person other than  
31 a member, a transferee, or a manager.

32 NEW SECTION. **Sec. 6.** (1) Each limited liability company shall  
33 continuously maintain in this state:

34 (a) A registered office, which may but need not be a place of its  
35 business in this state. The registered office shall be at a specific  
36 geographic location in this state, and be identified by number, if  
37 any, and street, or building address or rural route, or, if a  
38 commonly known street or rural route address does not exist, by legal  
39 description. A registered office may not be identified by post office

1 box number or other nongeographic address. For purposes of  
2 communicating by mail, the secretary of state may permit the use of a  
3 post office address in conjunction with the registered office address  
4 if the limited liability company also maintains on file the specific  
5 geographic address of the registered office where personal service of  
6 process may be made;

7 (b) A registered agent that may be:

8 (i) An individual residing in this state whose business office is  
9 identical with the limited liability company's registered office;

10 (ii) The limited liability company itself, whose business office  
11 is identical with such registered office;

12 (iii) A domestic corporation, partnership, limited partnership,  
13 or limited liability company whose business office is identical with  
14 such registered office; or

15 (iv) A government, governmental subdivision, agency, or  
16 instrumentality, or a foreign corporation, partnership, limited  
17 partnership, or limited liability company authorized to do business  
18 in this state having a business office identical with such registered  
19 office; and

20 (c) A registered agent who shall not be appointed without having  
21 given prior consent in a record to the appointment. The consent shall  
22 be filed with the secretary of state in such form and at such time as  
23 the secretary may prescribe.

24 (2) A limited liability company may change its registered office  
25 or registered agent by delivering to the secretary of state for  
26 filing a statement of change that sets forth:

27 (a) The name of the limited liability company;

28 (b) If the current registered office is to be changed, the street  
29 address of the new registered office in accordance with subsection  
30 (1) of this section;

31 (c) If the current registered agent is to be changed, the name of  
32 the new registered agent and the new agent's consent in a record,  
33 which shall be filed with the secretary of state in such form and at  
34 such time as the secretary of state may prescribe; and

35 (d) That after the change or changes are made, the street  
36 addresses of its registered office and the business office of its  
37 registered agent will be identical.

38 (3) If a registered agent changes the street address of the  
39 agent's business office, the registered agent may change the street  
40 address of the registered office of any limited liability company for



1 which the agent is the registered agent by notifying the limited  
2 liability company of the change either (a) in a written record, or  
3 (b) if the limited liability company has designated an address,  
4 location, or system to which the notices may be electronically  
5 transmitted and the registered agent electronically transmits the  
6 notice to the limited liability company at the designated address,  
7 location, or system in an electronically transmitted record and  
8 delivering to the secretary of state for filing a statement that  
9 complies with the requirements of subsection (2) of this section and  
10 recites that the limited liability company has been notified of the  
11 change.

12 (4) A registered agent may resign as agent by executing and  
13 delivering to the secretary of state for filing a statement of  
14 resignation. The statement may include a statement that the  
15 registered office is also discontinued. After filing the statement  
16 the secretary of state shall mail a copy of the statement to the  
17 limited liability company at its principal office. The agency  
18 appointment is terminated, and the registered office discontinued if  
19 so provided, on the thirty-first day after the date on which the  
20 statement was filed.

21 NEW SECTION. **Sec. 7.** (1) A limited liability company's  
22 registered agent is its agent for service of process, notice, or  
23 demand required or permitted by law to be served on the limited  
24 liability company.

25 (2) The secretary of state shall be an agent of a limited  
26 liability company upon whom any such process, notice, or demand may  
27 be served if:

28 (a) The limited liability company fails to appoint or maintain a  
29 registered agent in this state; or

30 (b) The registered agent cannot with reasonable diligence be  
31 found at the registered office.

32 (3) Service on the secretary of state of any such process,  
33 notice, or demand shall be made by delivering to and leaving with the  
34 secretary of state, or with any duly authorized clerk of the  
35 secretary of state's office, the process, notice, or demand. In the  
36 event any such process, notice, or demand is served on the secretary  
37 of state, the secretary of state shall immediately cause a copy  
38 thereof to be forwarded by certified mail, addressed to the limited  
39 liability company at its principal office as it appears on the

1 records of the secretary of state. Any service so had on the  
2 secretary of state shall be returnable in not less than thirty days.

3 (4) The secretary of state shall keep a record of all processes,  
4 notices, and demands served upon the secretary of state under this  
5 section, and shall record therein the time of such service and the  
6 secretary of state's action with reference thereto.

7 (5) This section does not limit or affect the right to serve any  
8 process, notice, or demand required or permitted by law to be served  
9 upon a limited liability company in any other manner now or hereafter  
10 permitted by law.

11 NEW SECTION. **Sec. 8.** (1) A limited liability company may be  
12 formed under this chapter for any lawful purpose, regardless of  
13 whether for profit.

14 (2) Unless this chapter, its certificate of formation, or its  
15 limited liability company agreement provides otherwise, a limited  
16 liability company has the same powers as an individual to do all  
17 things necessary or convenient to carry on its activities.

18 NEW SECTION. **Sec. 9.** The law of this state governs:

19 (1) The internal affairs of a limited liability company; and

20 (2) The liability of a member as member and a manager as manager  
21 for the debts, obligations, or other liabilities of a limited  
22 liability company.

23 NEW SECTION. **Sec. 10.** A member or manager may lend money to and  
24 transact other business with a limited liability company and, subject  
25 to other applicable law, has the same rights and obligations with  
26 respect to the loan or other transaction as a person who is not a  
27 member or manager.

28 NEW SECTION. **Sec. 11.** (1)(a) The only fiduciary duties that a  
29 member in a member-managed limited liability company or a manager has  
30 to the limited liability company and its members are the duties of  
31 loyalty and care under subsections (2) and (3) of this section.

32 (b) If a manager is a board, committee, or other group of  
33 persons, this section applies to each person included in such board,  
34 committee, or other group of persons as if such person were a  
35 manager.

36 (2) The duty of loyalty is limited to the following:

1 (a) To account to the limited liability company and hold as  
2 trustee for it any property, profit, or benefit derived by such  
3 manager or member in the conduct and winding up of the limited  
4 liability company's activities or derived from a use by such manager  
5 or member of limited liability company property, including the  
6 appropriation of a limited liability company opportunity;

7 (b) To refrain from dealing with the limited liability company as  
8 or on behalf of a party having an interest adverse to the limited  
9 liability company; and

10 (c) To refrain from competing with the limited liability company  
11 in the conduct or winding up of the limited liability company's  
12 activities.

13 (3)(a) The duty of care is limited to refraining from engaging in  
14 grossly negligent or reckless conduct, intentional misconduct, or a  
15 knowing violation of law in the conduct and winding up of the limited  
16 liability company's activities.

17 (b) A member or manager is not in violation of the duty of care  
18 as set forth in (a) of this subsection if, in discharging such duty,  
19 the member or manager relies in good faith upon the records of the  
20 limited liability company and upon such opinions, reports, or  
21 statements presented to the limited liability company by any person,  
22 including any manager, member, officer, or employee of the limited  
23 liability company, as to matters which the member or manager  
24 reasonably believes are within such other person's professional or  
25 expert competence and who has been selected with reasonable care by  
26 or on behalf of the limited liability company, including opinions,  
27 reports, or statements as to the value and amount of the assets,  
28 liabilities, profits, or losses of the limited liability company or  
29 any other facts pertinent to the existence and amount of assets from  
30 which distributions to members might properly be paid.

31 (4) A manager or member does not violate a duty under this  
32 chapter or under the limited liability company agreement merely  
33 because the manager's or member's conduct furthers the manager's or  
34 member's own interest.

35 (5) A manager or member is not liable to the limited liability  
36 company or its members for the manager's or member's good faith  
37 reliance on the limited liability company agreement.

38 (6) To the extent that, at law or in equity, a member or manager  
39 has duties (including fiduciary duties) to a limited liability  
40 company or to another member, manager, or other person bound by a

1 limited liability company agreement, the member's or manager's duties  
2 may be modified, expanded, restricted, or eliminated by the  
3 provisions of a limited liability company agreement; provided that  
4 such provisions are not inconsistent with law and do not eliminate or  
5 limit:

6 (a) The duty of a member or manager to avoid intentional  
7 misconduct and knowing violations of law, or violations of section 46  
8 of this act; or

9 (b) The implied contractual duty of good faith and fair dealing.

10 (7) A limited liability company agreement may contain provisions  
11 not inconsistent with law that eliminate or limit the personal  
12 liability of a member or manager to the limited liability company or  
13 its members or other persons bound by a limited liability company  
14 agreement for conduct as a member or manager, provided that such  
15 provisions do not eliminate or limit the liability of a member or  
16 manager for acts or omissions that involve intentional misconduct or  
17 a knowing violation of law by a member or manager, for conduct of the  
18 member or manager violating section 46 of this act, or for any act or  
19 omission that constitutes a violation of the implied contractual duty  
20 of good faith and fair dealing.

21 NEW SECTION. **Sec. 12.** (1) A limited liability company may  
22 indemnify any member or manager from and against any judgments,  
23 settlements, penalties, fines, or expenses incurred in a proceeding  
24 or obligate itself to advance or reimburse expenses incurred in a  
25 proceeding to which a person is a party because such person is, or  
26 was, a member or a manager, provided that no such indemnity shall  
27 indemnify a member or a manager from or on account of acts or  
28 omissions of the member or manager finally adjudged to be intentional  
29 misconduct or a knowing violation of law by the member or manager, or  
30 conduct of the member or manager adjudged to be in violation of  
31 section 46 of this act.

32 (2) A limited liability company may indemnify and advance  
33 expenses under subsection (1) of this section to an officer,  
34 employee, or agent of the limited liability company who is not a  
35 member or manager to the same extent as to a member or manager.

36 (3) For purposes of this section:

37 (a) "Expenses" include counsel fees.

38 (b) "Party" includes a person who was, is, or is threatened to be  
39 made a named defendant or respondent in a proceeding.

1 (c) "Proceeding" means any threatened, pending, or completed  
2 action, suit, or proceeding, whether civil, criminal, administrative,  
3 or investigative and whether formal or informal.

4 NEW SECTION. **Sec. 13.** (1) A person or group of persons duly  
5 licensed or otherwise legally authorized to render the same  
6 professional services within this state may form and become a member  
7 or members of a professional limited liability company under the  
8 provisions of this chapter for the purposes of rendering professional  
9 service.

10 (2) A professional limited liability company is subject to all  
11 the provisions of chapter 18.100 RCW that apply to a professional  
12 corporation. A professional limited liability company's managers,  
13 members, agents, and employees are subject to all the provisions of  
14 chapter 18.100 RCW that apply to the directors, officers,  
15 shareholders, agents, or employees of a professional corporation,  
16 except as provided otherwise in this section and section 14 of this  
17 act.

18 (3) If the limited liability company's members are required to be  
19 licensed to practice such profession, and the limited liability  
20 company fails to maintain for itself and for its members practicing  
21 in this state a policy of professional liability insurance, bond, or  
22 other evidence of financial responsibility of a kind designated by  
23 rule by the state insurance commissioner and in the amount of at  
24 least one million dollars or a greater amount as the state insurance  
25 commissioner may establish by rule for a licensed profession or for  
26 any specialty within a profession, taking into account the nature and  
27 size of the business, then the limited liability company's members  
28 are personally liable to the extent that, had the insurance, bond, or  
29 other evidence of responsibility been maintained, it would have  
30 covered the liability in question.

31 (4) For purposes of applying chapter 18.100 RCW to a professional  
32 limited liability company, the terms "director" or "officer" means  
33 manager, "shareholder" means member, "corporation" means professional  
34 limited liability company, "articles of incorporation" means  
35 certificate of formation, "shares" or "capital stock" means a limited  
36 liability company interest, "incorporator" means the person who  
37 executes the certificate of formation, and "bylaws" means the limited  
38 liability company agreement.

1 (5) The name of a professional limited liability company must  
2 contain either the words "Professional Limited Liability Company," or  
3 the words "Professional Limited Liability" and the abbreviation  
4 "Co.," or the abbreviation "P.L.L.C." or "PLLC" provided that the  
5 name of a professional limited liability company formed to render  
6 dental services must contain the full names or surnames of all  
7 members and no other word than "chartered" or the words "professional  
8 services" or the abbreviation "P.L.L.C." or "PLLC."

9 (6) Subject to Article VII of this chapter, the following may be  
10 a member of a professional limited liability company and may be the  
11 transferee of the interest of an ineligible person or deceased member  
12 of the professional limited liability company:

13 (a) A professional corporation, if its shareholders, directors,  
14 and its officers, other than the secretary and the treasurer, are  
15 licensed or otherwise legally authorized to render the same specific  
16 professional services as the professional limited liability company;  
17 and

18 (b) Another professional limited liability company, if the  
19 managers and members of both professional limited liability companies  
20 are licensed or otherwise legally authorized to render the same  
21 specific professional services.

22 (7) Formation of a limited liability company under this section  
23 does not restrict the application of the uniform disciplinary act  
24 under chapter 18.130 RCW, or any applicable health care professional  
25 statutes under Title 18 RCW, including but not limited to  
26 restrictions on persons practicing a health profession without being  
27 appropriately credentialed and persons practicing beyond the scope of  
28 their credential.

29 NEW SECTION. **Sec. 14.** (1) No limited liability company formed  
30 under this chapter may render professional services except through a  
31 person or persons who are duly licensed or otherwise legally  
32 authorized to render such professional services within this state.  
33 However, this chapter does not:

34 (a) Prohibit a person duly licensed or otherwise legally  
35 authorized to render professional services in any jurisdiction other  
36 than this state from becoming a member of a professional limited  
37 liability company formed in this state for the purpose of rendering  
38 the same professional services; or

1 (b) Prohibit a professional limited liability company from  
2 rendering services outside this state through individuals who are not  
3 duly licensed or otherwise legally authorized to render professional  
4 services within this state.

5 (2) Persons engaged in a profession and otherwise meeting the  
6 requirements of this chapter may operate under this chapter as a  
7 professional limited liability company so long as each member  
8 personally engaged in the practice of the profession in this state is  
9 duly licensed or otherwise legally authorized to practice the  
10 profession in this state and:

11 (a) At least one manager of the limited liability company is duly  
12 licensed or otherwise legally authorized to practice the profession  
13 in this state; or

14 (b) A member is in charge of each office of the limited liability  
15 company in this state and that member is duly licensed or otherwise  
16 legally authorized to practice the profession in this state.

17 NEW SECTION. **Sec. 15.** A foreign professional limited liability  
18 company may render professional services in this state so long as it  
19 complies with Article IX of this chapter and each individual  
20 rendering professional services in this state is duly licensed or  
21 otherwise legally authorized to render such professional services  
22 within this state.

23 NEW SECTION. **Sec. 16.** This chapter does not require a limited  
24 liability company to restrict membership to persons residing in or  
25 engaging in business in this state.

26 NEW SECTION. **Sec. 17.** Members of a limited liability company  
27 are personally liable for any act, debt, obligation, or liability of  
28 the limited liability company to the extent that shareholders of a  
29 Washington business corporation would be liable in analogous  
30 circumstances. In this regard, the court may consider the factors and  
31 policies set forth in established case law with regard to piercing  
32 the corporate veil, except that the failure to hold meetings of  
33 members or managers or the failure to observe formalities pertaining  
34 to the calling or conduct of meetings is not a factor tending to  
35 establish that the members have personal liability for any act, debt,  
36 obligation, or liability of the limited liability company if the

1 certificate of formation and limited liability company agreement do  
2 not expressly require the holding of meetings of members or managers.

3 **ARTICLE II. FORMATION: CERTIFICATE OF FORMATION,**  
4 **AMENDMENT, FILING, AND EXECUTION**

5 NEW SECTION. **Sec. 18.** (1) In order to form a limited liability  
6 company, one or more persons must execute a certificate of formation.  
7 The certificate of formation must be filed in the office of the  
8 secretary of state and set forth:

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

10 (b) The address of the registered office and the name of the  
11 registered agent for service of process required to be maintained by  
12 section 6 of this act;

13 (c) The address of the principal office of the limited liability  
14 company;

15 (d) If the limited liability company is to have a specific date  
16 of dissolution, the latest date on which the limited liability  
17 company is to dissolve;

18 (e) Any other matters the members decide to include; and

19 (f) The name and address of each person executing the certificate  
20 of formation.

21 (2)(a) Unless a delayed effective date is specified, a limited  
22 liability company is formed when its certificate of formation is  
23 filed by the secretary of state. A delayed effective date for a  
24 certificate of formation may be no later than the ninetieth day after  
25 the date it is filed.

26 (b) The secretary of state's filing of the certificate of  
27 formation is conclusive proof that the persons executing the  
28 certificate satisfied all conditions precedent to the formation.

29 (3) A limited liability company formed under this chapter is a  
30 separate legal entity and has a perpetual existence.

31 (4) Any person may apply to the secretary of state to furnish a  
32 certificate of existence for a domestic limited liability company or  
33 a certificate of authorization for a foreign limited liability  
34 company.

35 (5) A certificate of existence or authorization means that as of  
36 the date of its issuance:



1 (a) The domestic limited liability company is duly formed under  
2 the laws of this state or that the foreign limited liability company  
3 is authorized to transact business in this state;

4 (b) All fees and penalties owed to this state under this title  
5 have been paid, if (i) payment is reflected in the records of the  
6 secretary of state, and (ii) nonpayment affects the existence or  
7 authorization of the domestic or foreign limited liability company;

8 (c) The limited liability company's initial report or its most  
9 recent annual report required by section 24 of this act has been  
10 delivered to the secretary of state;

11 (d) In the case of a domestic limited liability company, a  
12 certificate of dissolution has not been filed with the secretary of  
13 state, or a filed certificate of dissolution has been revoked in  
14 accordance with section 57 of this act;

15 (e) In the case of a foreign limited liability company, a  
16 certificate of cancellation has not been filed with the secretary of  
17 state; and

18 (f) The limited liability company has not been administratively  
19 dissolved under section 55 of this act or, if administratively  
20 dissolved, has been reinstated under section 56 of this act.

21 (6) A person may apply to the secretary of state to issue a  
22 certificate covering any fact of record.

23 (7) Subject to any qualification stated in the certificate, a  
24 certificate of existence or authorization issued by the secretary of  
25 state may be relied upon as conclusive evidence that the domestic or  
26 foreign limited liability company is in existence or is authorized to  
27 transact business in the limited liability company form in this  
28 state.

29 NEW SECTION. **Sec. 19.** (1) A certificate of formation is amended  
30 by filing a certificate of amendment thereto with the secretary of  
31 state. The certificate of amendment shall set forth:

32 (a) The name of the limited liability company; and

33 (b) The amendment to the certificate of formation.

34 (2) A manager or, if there is no manager, then any member who  
35 becomes aware that any statement in a certificate of formation was  
36 false when made, or that any matter described has changed making the  
37 certificate of formation false in any material respect, must promptly  
38 amend the certificate of formation.

1 (3) A certificate of formation may be amended at any time for any  
2 other proper purpose.

3 (4) Unless otherwise provided in this chapter or unless a later  
4 effective date, which is a date not later than the ninetieth day  
5 after the date it is filed, is provided for in the certificate of  
6 amendment, a certificate of amendment is effective when filed by the  
7 secretary of state.

8 NEW SECTION. **Sec. 20.** (1) A limited liability company may,  
9 whenever desired, integrate into a single instrument all of the  
10 provisions of its certificate of formation which are then in effect  
11 and operative as a result of there having been filed with the  
12 secretary of state one or more certificates or other instruments  
13 pursuant to any of the sections referred to in this chapter and it  
14 may at the same time also further amend its certificate of formation  
15 by filing a restated certificate of formation.

16 (2) A restated certificate of formation must state, either in its  
17 heading or in an introductory paragraph, the limited liability  
18 company's name and, if it is not to be effective upon filing, the  
19 future effective date or time, which is a date not later than the  
20 ninetieth day after the date it is filed. If a restated certificate  
21 only restates and integrates and does not further amend a limited  
22 liability company's certificate of formation as amended or  
23 supplemented, it must state that fact as well.

24 (3) Upon the filing of a restated certificate of formation with  
25 the secretary of state, or upon the future effective date or time of  
26 a restated certificate of formation as provided for, the initial  
27 certificate of formation, as amended or supplemented, is superseded;  
28 and the restated certificate of formation, including any further  
29 amendment or changes made thereby, is thereafter the certificate of  
30 formation of the limited liability company, but the original  
31 effective date of formation remains unchanged.

32 (4) Any amendment or change effected in connection with the  
33 restatement of the certificate of formation is subject to any other  
34 provision of this chapter, not inconsistent with this section, which  
35 would apply if a separate certificate of amendment were filed to  
36 effect such amendment or change.

37 NEW SECTION. **Sec. 21.** (1) Each record required by this chapter  
38 to be filed in the office of the secretary of state must be executed

1 in the following manner, or in compliance with the rules established  
2 to facilitate electronic filing under section 2 of this act:

3 (a) Each original certificate of formation must be executed by  
4 the person or persons forming the limited liability company;

5 (b) A reservation of name may be executed by any person;

6 (c) A transfer of reservation of name must be executed by, or on  
7 behalf of, the applicant for the reserved name;

8 (d) A registration of name must be executed by any member or  
9 manager of the foreign limited liability company;

10 (e) A certificate of amendment or restatement must be executed by  
11 at least one manager, or by a member if management of the limited  
12 liability company is reserved to the members;

13 (f) A certificate of dissolution must be executed by the person  
14 or persons authorized to wind up the limited liability company's  
15 affairs pursuant to section 58(3) of this act;

16 (g) If a surviving domestic limited liability company is filing  
17 articles of merger, the articles of merger must be executed by at  
18 least one manager, or by a member if management of the limited  
19 liability company is reserved to the members, or if the articles of  
20 merger are being filed by a surviving foreign limited liability  
21 company, limited partnership, corporation, or other person, the  
22 articles of merger must be executed by a person authorized by such  
23 foreign limited liability company, limited partnership, corporation,  
24 or other person;

25 (h) A foreign limited liability company's application for  
26 registration as a foreign limited liability company doing business  
27 within the state must be executed by any member or manager of the  
28 foreign limited liability company; and

29 (i) If a converting limited liability company is filing articles  
30 of conversion, the articles of conversion must be executed by at  
31 least one manager, or by a member if management of the limited  
32 liability company is reserved to the members.

33 (2) Any person may execute a certificate, articles of merger,  
34 articles of conversion, limited liability company agreement, or other  
35 record by an attorney-in-fact or other person acting in a valid  
36 representative capacity, so long as each record executed in such  
37 manner identifies the capacity in which the person is executing the  
38 record.

39 (3) The person executing the record must indicate, adjacent to or  
40 underneath the signature or, if the record is electronically

1 transmitted, identifying information of the person executing the  
2 record, as applicable, the capacity in which the person executes the  
3 record. The record must meet such legibility or other standards as  
4 may be prescribed by the secretary of state.

5 (4) The execution of a certificate, articles of merger, or  
6 articles of conversion by any person constitutes an affirmation under  
7 the penalties of perjury that the facts stated are true.

8 NEW SECTION. **Sec. 22.** (1) If a person required to execute a  
9 certificate required by this chapter fails or refuses to do so, any  
10 other person who is adversely affected by the failure or refusal may  
11 petition the superior courts to direct the execution of the  
12 certificate. If the court finds that the execution of the certificate  
13 is proper and that any person so designated has failed or refused to  
14 execute the certificate, it must order the secretary of state to  
15 record an appropriate certificate.

16 (2) If a person required to execute a limited liability company  
17 agreement or amendment thereof fails or refuses to do so, any other  
18 person who is adversely affected by the failure or refusal may  
19 petition the superior courts to direct the execution of the limited  
20 liability company agreement or amendment thereof. If the court finds  
21 that the limited liability company agreement or amendment thereof  
22 should be executed and that any person required to execute the  
23 limited liability company agreement or amendment thereof has failed  
24 or refused to do so, it shall enter an order granting appropriate  
25 relief.

26 NEW SECTION. **Sec. 23.** (1) The executed certificate of formation  
27 or any other record required to be filed pursuant to this chapter  
28 must be delivered to the secretary of state. If the secretary of  
29 state determines that the records conform to the filing provisions of  
30 this chapter, he or she shall, when all required filing fees have  
31 been paid:

32 (a) Endorse on each executed record the word "filed" and the date  
33 of its acceptance for filing;

34 (b) Retain the executed record in the secretary of state's files;  
35 and

36 (c) Return a copy to the person who filed it or the person's  
37 representative.

1 (2) If the secretary of state is unable to make the determination  
2 required for filing by subsection (1) of this section at the time any  
3 records are delivered for filing, the records are deemed to have been  
4 filed at the time of delivery if the secretary of state subsequently  
5 determines that the records as delivered conform to the filing  
6 provisions of this chapter.

7 (3) If the filing and determination requirements of this chapter  
8 are not satisfied completely, the records must not be filed.

9 (4) Upon the filing of a certificate of amendment, judicial  
10 decree of amendment, or restated certificate in the office of the  
11 secretary of state, or upon the future effective date or time of a  
12 certificate of amendment, judicial decree thereof, or restated  
13 certificate, as provided for therein, the certificate of formation is  
14 amended or restated as set forth therein.

15 NEW SECTION. **Sec. 24.** (1) Each domestic limited liability  
16 company must deliver to the secretary of state for filing both  
17 initial and annual reports, and each foreign limited liability  
18 company authorized to transact business in this state must deliver to  
19 the secretary of state for filing annual reports, that set forth:

20 (a) The name of the limited liability company and the state,  
21 country, or other jurisdiction under whose law it is formed;

22 (b) The street address of its registered office and the name of  
23 its registered agent at that office in this state;

24 (c) The address of its principal office;

25 (d) The names and addresses of the limited liability company's  
26 members, or if the management of the limited liability company is  
27 vested in a manager or managers, then the name and address of its  
28 manager or managers; and

29 (e) A brief description of the nature of its business.

30 (2) Information in an initial report or an annual report must be  
31 current as of the date the report is executed on behalf of the  
32 limited liability company.

33 (3) A limited liability company's initial report must be  
34 delivered to the secretary of state within one hundred twenty days of  
35 the date on which a limited liability company's certificate of  
36 formation was filed. Subsequent annual reports must be delivered to  
37 the secretary of state on a date determined by the secretary of  
38 state, and at such additional times as the limited liability company  
39 elects.

1 (4) The secretary of state may allow a limited liability company  
2 to file an initial or annual report through electronic means. If  
3 allowed, the secretary of state shall adopt rules detailing the  
4 circumstances under which the electronic filing of such reports is  
5 permitted and how such reports may be filed.

6 (5) Each domestic limited liability company and foreign limited  
7 liability company authorized to transact business in this state must  
8 pay its annual license fee and any applicable penalty fees to the  
9 secretary of state at the time such limited liability company is  
10 required to file its initial or annual report with the secretary of  
11 state.

12 **ARTICLE III. MEMBERS**

13 NEW SECTION. **Sec. 25.** (1) In connection with the admission of  
14 the initial member or members of a limited liability company, a  
15 person acquiring a limited liability company interest is admitted as  
16 a member of the limited liability company upon the later to occur of:

17 (a) The formation of the limited liability company; or

18 (b) The time provided in the limited liability company agreement  
19 or, if the limited liability company agreement does not so provide or  
20 does not exist, when the person's admission is reflected in the  
21 records of the limited liability company.

22 (2) After the admission of the initial member or members of a  
23 limited liability company, a person acquiring a limited liability  
24 company interest is admitted as a member of the limited liability  
25 company:

26 (a) In the case of a person acquiring a limited liability company  
27 interest directly from the limited liability company, at the time  
28 provided in the limited liability company agreement or, if the  
29 limited liability company agreement does not so provide or does not  
30 exist, upon the consent of all members and when the person's  
31 admission is reflected in the records of the limited liability  
32 company;

33 (b) In the case of a transferee of a limited liability company  
34 interest, upon compliance with any procedure for admission provided  
35 in the limited liability company agreement or, if the limited  
36 liability company agreement does not so provide or does not exist,  
37 upon the consent of all members and when the person's admission is

1 reflected in the records of the limited liability company agreement;  
2 or

3 (c) In the case of a person being admitted as a member of a  
4 surviving or resulting limited liability company pursuant to a merger  
5 or conversion approved in accordance with this chapter, as provided  
6 in the limited liability company agreement of the surviving or  
7 resulting limited liability company or in the agreement of merger or  
8 plan of merger or conversion, and in the event of any inconsistency,  
9 the terms of the agreement of merger or plan of merger or conversion  
10 control; and in the case of a person being admitted as a member of a  
11 limited liability company pursuant to a merger or conversion in which  
12 such limited liability company is not the surviving or resulting  
13 limited liability company in the merger or conversion, as provided in  
14 the limited liability company agreement of such limited liability  
15 company.

16 NEW SECTION. **Sec. 26.** (1) Except as otherwise provided by this  
17 chapter, the affirmative vote, approval, or consent of a majority of  
18 the members is necessary for actions requiring member approval.

19 (2) The affirmative vote, approval, or consent of all members is  
20 required to:

21 (a) Amend the certificate of formation, except as provided in  
22 section 19(2) of this act;

23 (b) Amend the limited liability company agreement;

24 (c) Authorize a manager, member, or other person to do any act on  
25 behalf of the limited liability company that contravenes the limited  
26 liability company agreement, including any provision that expressly  
27 limits the purpose, business, or affairs of the limited liability  
28 company or the conduct thereof;

29 (d) Admit as a member of the limited liability company a person  
30 acquiring a limited liability company interest directly from the  
31 limited liability company as provided in section 25(2)(a) of this  
32 act;

33 (e) Admit as a member of the limited liability company a  
34 transferee of a limited liability company interest as provided in  
35 section 25(2)(b) of this act;

36 (f) Authorize a member's removal as a member of the limited  
37 liability company as provided in section 28(1)(e) of this act;

1 (g) Waive a member's dissociation as a member of the limited  
2 liability company as provided in section 28(1) (f), (g), or (h) of  
3 this act;

4 (h) Authorize the withdrawal of a member from the limited  
5 liability company as provided in section 28(2) of this act;

6 (i) Compromise any member's obligation to make a contribution or  
7 return cash or other property paid or distributed to the member in  
8 violation of this chapter as provided in section 40(2) of this act;

9 (j) Amend the certificate of formation and extend the date of  
10 dissolution, if a dissolution date is specified in the certificate of  
11 formation, as provided in section 51(1) of this act;

12 (k) Dissolve the limited liability company as provided in section  
13 51(3) of this act;

14 (l) Sell, lease, exchange, or otherwise dispose of all, or  
15 substantially all, of the limited liability company's property, other  
16 than in the ordinary course of the limited liability company's  
17 activities or activities of the kind carried on by the limited  
18 liability company; or

19 (m) Undertake any other act outside the ordinary course of the  
20 limited liability company's activities.

21 (3) A limited liability company agreement may provide for classes  
22 or groups of members having such relative rights, powers, and duties  
23 as the limited liability company agreement may provide, and may make  
24 provision for the future creation in the manner provided in the  
25 limited liability company agreement of additional classes or groups  
26 of members having such relative rights, powers, and duties as may  
27 from time to time be established, including rights, powers, and  
28 duties senior to existing classes and groups of members. A limited  
29 liability company agreement may provide for the taking of an action,  
30 including the amendment of the limited liability company agreement,  
31 without the vote or approval of any member or class or group of  
32 members, including an action to create under the provisions of the  
33 limited liability company agreement a class or group of limited  
34 liability company interests that was not previously outstanding. A  
35 limited liability company agreement may provide that any member or  
36 class or group of members do not have voting rights.

37 (4) A limited liability company agreement may grant to all or  
38 certain identified members or a specified class or group of the  
39 members the right to vote separately or with all or any class or  
40 group of the members or managers, on any matter. If the limited



1 liability company agreement so provides, voting by members may be on  
2 a per capita, profit share, class, group, or any other basis.

3 (5) A limited liability company agreement may set forth  
4 provisions relating to notice of the time, place, or purpose of any  
5 meeting at which any matter is to be voted on by any members, waiver  
6 of any such notice, action by consent without a meeting, the  
7 establishment of a record date, quorum requirements, voting in person  
8 or by proxy, or any other matter with respect to the exercise of any  
9 such right to vote.

10 NEW SECTION. **Sec. 27.** (1) Except as otherwise provided by this  
11 chapter, the debts, obligations, and liabilities of a limited  
12 liability company, whether arising in contract, tort or otherwise,  
13 are solely the debts, obligations, and liabilities of the limited  
14 liability company; and no member or manager of a limited liability  
15 company is obligated personally for any such debt, obligation, or  
16 liability of the limited liability company solely by reason of being  
17 or acting as a member or manager respectively of the limited  
18 liability company.

19 (2) Notwithstanding subsection (1) of this section, under a  
20 limited liability company agreement or under another agreement, a  
21 member or manager may agree to be obligated personally for any or all  
22 of the debts, obligations, and liabilities of the limited liability  
23 company.

24 (3) A member or manager of a limited liability company is  
25 personally liable for such person's own torts.

26 NEW SECTION. **Sec. 28.** (1) A person is dissociated as a member  
27 of a limited liability company upon the occurrence of one or more of  
28 the following events:

29 (a) The member dies or withdraws by voluntary act from the  
30 limited liability company as provided in subsection (2) of this  
31 section;

32 (b) The transfer of all of the member's transferable interest in  
33 the limited liability company;

34 (c) The member is removed as a member in accordance with the  
35 limited liability company agreement;

36 (d) The occurrence of an event upon which the member ceases to be  
37 a member under the limited liability company agreement;

1 (e) The person is a corporation, limited liability company,  
2 general partnership, or limited partnership, and the person is  
3 removed as a member by the unanimous consent of the other members,  
4 which may be done under this subsection (1)(e) only if:

5 (i) The person has filed articles of dissolution, a certificate  
6 of dissolution or the equivalent, or the person has been  
7 administratively or judicially dissolved, or its right to conduct  
8 business has been suspended or revoked by the jurisdiction of its  
9 incorporation, or the person has otherwise been dissolved; and

10 (ii) The dissolution has not been revoked or the person or its  
11 right to conduct business has not been reinstated within ninety days  
12 after the limited liability company notifies the person that it will  
13 be removed as a member for any reason identified in (e)(i) of this  
14 subsection;

15 (f) Unless all other members otherwise agree at the time, the  
16 member (i) makes a general assignment for the benefit of creditors;

17 (ii) files a voluntary petition in bankruptcy; (iii) becomes the  
18 subject of an order for relief in bankruptcy proceedings; (iv) files  
19 a petition or answer seeking for the member any reorganization,  
20 arrangement, composition, readjustment, liquidation, dissolution, or  
21 similar relief under any statute, law, or regulation; (v) files an  
22 answer or other pleading admitting or failing to contest the material  
23 allegations of a petition filed against the member in any proceeding  
24 of the nature described in (f)(i) through (iv) of this subsection; or  
25 (vi) seeks, consents to, or acquiesces in the appointment of a  
26 trustee, receiver, or liquidator of the member or of all or any  
27 substantial part of the member's properties;

28 (g) Unless all other members otherwise agree at the time, if  
29 within one hundred twenty days after the commencement of any  
30 proceeding against the member seeking reorganization, arrangement,  
31 composition, readjustment, liquidation, dissolution, or similar  
32 relief under any statute, law, or regulation, the proceeding has not  
33 been dismissed, or if within ninety days after the appointment  
34 without his or her consent or acquiescence of a trustee, receiver, or  
35 liquidator of the member or of all or any substantial part of the  
36 member's properties, the appointment is not vacated or stayed, or  
37 within ninety days after the expiration of any stay, the appointment  
38 is not vacated; or

39 (h) Unless all other members otherwise agree at the time, in the  
40 case of a member who is an individual, the entry of an order by a

1 court of competent jurisdiction adjudicating the member  
2 incapacitated, as used and defined under chapter 11.88 RCW, as to his  
3 or her estate.

4 (2) A member may withdraw from a limited liability company at the  
5 time or upon the happening of events specified in and in accordance  
6 with the limited liability company agreement. If the limited  
7 liability company agreement does not specify the time or the events  
8 upon the happening of which a member may withdraw, a member may not  
9 withdraw from the limited liability company without the written  
10 consent of all other members.

11 (3) When a person is dissociated as a member of a limited  
12 liability company:

13 (a) The person's right to participate as a member in the  
14 management and conduct of the limited liability company's activities  
15 terminates;

16 (b) If the limited liability company is member-managed, the  
17 person's fiduciary duties as a member end with regard to matters  
18 arising and events occurring after the person's dissociation; and

19 (c) Subject to subsection (5) of this section, any transferable  
20 interest owned by the person immediately before dissociation in the  
21 person's capacity as a member is owned by the person solely as a  
22 transferee.

23 (4) A person's dissociation as a member of a limited liability  
24 company does not of itself discharge the person from any debt,  
25 obligation, or other liability to the limited liability company or  
26 the other members which the person incurred while a member.

27 (5) If a member dies, the deceased member's personal  
28 representative or other legal representative may exercise the rights  
29 of a transferee provided in section 49 of this act and, for the  
30 purposes of settling the estate, the rights of a current member under  
31 section 29 of this act.

32 NEW SECTION. **Sec. 29.** (1) A limited liability company must keep  
33 at its principal office the following:

34 (a) A copy of its certificate of formation and all amendments  
35 thereto;

36 (b) A copy of any limited liability company agreement made in a  
37 record and any amendments made in a record to a limited liability  
38 company agreement;

1 (c) Unless contained in its certificate of formation, a statement  
2 in a record of:

3 (i) The amount of cash and a description and statement of the  
4 agreed value of the other benefits contributed and agreed to be  
5 contributed by each member;

6 (ii) The times at which or events on the happening of which any  
7 additional contributions agreed to be made by each member are to be  
8 made;

9 (iii) Any right of any member to receive distributions which  
10 include a return of all or any part of the member's contribution; and

11 (iv) Any events upon the happening of which the limited liability  
12 company is to be dissolved and its activities wound up;

13 (d) A copy of the limited liability company's federal, state, and  
14 local tax returns and reports, if any, for the three most recent  
15 years;

16 (e) A copy of any financial statements of the limited liability  
17 company for the three most recent years;

18 (f) A copy of any record made by the limited liability company  
19 during the past three years of any consent given by or vote taken of  
20 any member pursuant to this chapter or the limited liability company  
21 agreement;

22 (g) A copy of the three most recent annual reports delivered by  
23 the limited liability company to the secretary of state pursuant to  
24 section 24 of this act;

25 (h) A copy of any filed articles of conversion or merger; and

26 (i) A copy of any certificate of dissolution or certificate of  
27 revocation of dissolution.

28 (2) On ten days' demand, made in a record received by the limited  
29 liability company, a member may inspect and copy, during regular  
30 business hours at the limited liability company's principal office,  
31 the records required by subsection (1) of this section to be kept by  
32 a limited liability company. The member need not have any particular  
33 purpose for seeking the records. However, if the records contain  
34 information specified in subsection (3)(a) of this section, the  
35 limited liability company may substitute copies of the records that  
36 are redacted to protect information specified in subsection (3)(a) of  
37 this section, unless the member meets the requirements of subsection  
38 (4) of this section.

39 (3) During regular business hours and at a reasonable location  
40 specified by the limited liability company, a member may inspect and

1 copy the following records of the limited liability company if the  
2 member meets the requirements of subsection (4) of this section:

3 (a) A current and a past list, setting forth the full name and  
4 last known mailing address of each member and manager, if any;

5 (b) Excerpts from any meeting of the managers or members, and  
6 records of limited liability company action approved by the members  
7 or manager without a meeting; and

8 (c) Accounting records of the limited liability company.

9 (4) A member may inspect and copy the records described in  
10 subsection (3) of this section if:

11 (a) The member seeks the records for a purpose reasonably related  
12 to the member's interest in the limited liability company;

13 (b) The member makes a demand in a record received by the limited  
14 liability company, describing with reasonable particularity the  
15 records sought and the purpose for seeking the records; and

16 (c) The records sought are directly connected to the member's  
17 purpose.

18 (5) Within ten days after receiving a demand pursuant to  
19 subsection (4) of this section, the limited liability company in a  
20 record must inform the member that made the demand:

21 (a) What records the limited liability company will provide in  
22 response to the demand;

23 (b) When and where the limited liability company will provide the  
24 records; and

25 (c) If the limited liability company declines to provide any  
26 demanded records, the limited liability company's reasons for  
27 declining.

28 (6) A person dissociated as a member may inspect and copy the  
29 records required by subsection (1) of this section during regular  
30 business hours in the limited liability company's principal office  
31 if:

32 (a) The records pertain to the period during which the person was  
33 a member or transferee;

34 (b) The person seeks the records in good faith; and

35 (c) The person meets the requirements of subsection (4) of this  
36 section.

37 (7) The limited liability company must respond to a demand made  
38 pursuant to subsection (6) of this section in the same manner as  
39 provided in subsection (5) of this section.

1 (8) The limited liability company may impose reasonable  
2 restrictions on the use of records and information obtained under  
3 this section.

4 (9) A limited liability company may charge a person that makes a  
5 demand under this section reasonable costs of copying, limited to the  
6 costs of labor and material.

7 (10) A member, or a person dissociated as a member, may exercise  
8 the rights under this section through an attorney or other agent. Any  
9 restriction imposed under subsection (8) of this section or by the  
10 limited liability company agreement applies both to the attorney or  
11 other agent and to the member or person dissociated as a member.

12 (11) The rights stated in this section do not extend to a person  
13 as transferee, but the rights under subsections (2) and (3) of this  
14 section may be exercised by a deceased member's personal  
15 representative for purposes of settling the estate, or by the legal  
16 representative of an individual under legal disability who is  
17 dissociated as a member pursuant to section 28(1)(f) of this act.

18 (12) Each manager, or each member of the manager if the manager  
19 is a board, committee, or other group of persons, without having any  
20 particular purpose for seeking the information, may inspect and copy  
21 during regular business hours:

22 (a) At the limited liability company's principal office, the  
23 records required by subsection (1) of this section; and

24 (b) At a reasonable location specified by the limited liability  
25 company, any other records maintained by the limited liability  
26 company regarding the limited liability company's activities and  
27 financial condition, or that otherwise relate to the management of  
28 the limited liability company.

29 (13) Any action to enforce any right arising under this section  
30 must be brought in the superior courts.

31 NEW SECTION. **Sec. 30.** A limited liability company agreement may  
32 provide that (1) a member who fails to perform in accordance with, or  
33 to comply with the terms and conditions of, the limited liability  
34 company agreement is subject to specified remedies or specified  
35 consequences, and (2) at the time or upon the happening of events  
36 specified in the limited liability company agreement, a member is  
37 subject to specified remedies or specified consequences. Such  
38 specified remedies or specified consequences may include and take the

1 form of any remedy or consequence set forth in section 40(3) of this  
2 act.

3 **ARTICLE IV. MANAGEMENT AND MANAGERS**

4 NEW SECTION. **Sec. 31.** (1) If the limited liability company is  
5 member-managed:

6 (a) Management of the activities of the limited liability company  
7 is vested in the members; and

8 (b) A difference arising as to a matter in the ordinary course of  
9 the activities of the limited liability company may be decided by the  
10 vote, approval, or consent of a majority of the members, except as  
11 otherwise provided in section 26 of this act or otherwise in this  
12 chapter.

13 (2) If the limited liability company is member-managed, each  
14 member is an agent of the limited liability company and has the  
15 authority to bind the limited liability company with regard to  
16 matters in the ordinary course of its activities.

17 NEW SECTION. **Sec. 32.** (1) If the limited liability company is  
18 manager-managed:

19 (a) Management of the activities of the limited liability company  
20 is vested in one or more managers; and

21 (b) Each manager of the limited liability company:

22 (i) Is designated, appointed, elected, removed, or replaced by a  
23 vote, approval, or consent of a majority of the members;

24 (ii) Need not be a member of the limited liability company or a  
25 natural person; and

26 (iii) Unless the manager has been earlier removed or has earlier  
27 resigned, holds office until a successor has been elected.

28 (2) If the limited liability company is manager-managed:

29 (a) Each manager is an agent of the limited liability company and  
30 has the authority to bind the limited liability company with regard  
31 to matters in the ordinary course of its activities; and

32 (b) No member, acting solely in its capacity as a member, is an  
33 agent of the limited liability company.

34 (3) If the manager is a board, committee, or other group of  
35 persons:

36 (a) Subsection (1)(b) of this section applies to each person  
37 included in such board, committee, or other group of persons; and

1 (b) No person acting solely in such person's capacity as a  
2 participant in such board, committee, or other group of persons is an  
3 agent of the limited liability company.

4 NEW SECTION. **Sec. 33.** A member or manager of a limited  
5 liability company has the power and authority to delegate to one or  
6 more other persons the member's or manager's rights and powers to  
7 manage and control the business and affairs of the limited liability  
8 company, including to delegate to agents, officers, and employees of  
9 a member or manager or the limited liability company, and to delegate  
10 by a management agreement or another agreement with, or otherwise to,  
11 other persons. Such delegation by a member or manager of a limited  
12 liability company does not cause the member or manager to cease to be  
13 a member or manager of the limited liability company or cause the  
14 person to whom any such rights and powers have been delegated to be a  
15 member or manager of the limited liability company.

16 NEW SECTION. **Sec. 34.** A person who is both a manager and a  
17 member has the rights and powers, and is subject to the restrictions  
18 and liabilities, of a manager and also has the rights and powers, and  
19 is subject to the restrictions and liabilities, of a member to the  
20 extent of such person's participation in the limited liability  
21 company as a member.

22 NEW SECTION. **Sec. 35.** (1) In a manager-managed limited  
23 liability company:

24 (a) A difference arising as to a matter in the ordinary course of  
25 the activities of the limited liability company may be decided by the  
26 vote, approval, or consent of a majority of the managers; and

27 (b) No manager consent, approval, or recommendation is required  
28 for any act approved by the members as provided in section 26(2) of  
29 this act, for a conversion approved as provided in section 85 of this  
30 act, or for a merger approved as provided in section 81 of this act.

31 (2) A limited liability company agreement may provide for classes  
32 or groups of managers having such relative rights, powers, and duties  
33 as the limited liability company agreement may provide, and may make  
34 provision for the future creation in the manner provided in the  
35 limited liability company agreement of additional classes or groups  
36 of managers having such relative rights, powers, and duties as may  
37 from time to time be established, including rights, powers, and



1 duties senior to existing classes and groups of managers. A limited  
2 liability company agreement may provide for the taking of an action,  
3 including the amendment of the limited liability company agreement,  
4 without the vote or approval of any manager or class or group of  
5 managers, including an action to create under the provisions of the  
6 limited liability company agreement a class or group of limited  
7 liability company interests that was not previously outstanding.

8 (3) A limited liability company agreement may grant to all or  
9 certain identified managers or a specified class or group of the  
10 managers the right to vote, separately or with all or any class or  
11 group of managers or members, on any matter. If the limited liability  
12 company agreement so provides, voting by managers may be on a  
13 financial interest, class, group, or any other basis.

14 (4) A limited liability company agreement which contains  
15 provisions related to voting rights of managers may set forth  
16 provisions relating to notice of the time, place, or purpose of any  
17 meeting at which any matter is to be voted on by any manager or class  
18 or group of managers, waiver of any such notice, action by consent  
19 without a meeting, the establishment of a record date, quorum  
20 requirements, voting in person or by proxy, or any other matter with  
21 respect to the exercise of any such right to vote.

22 NEW SECTION. **Sec. 36.** A limited liability company agreement may  
23 provide that (1) a manager who fails to perform in accordance with,  
24 or to comply with the terms and conditions of, the limited liability  
25 company agreement is subject to specified penalties or specified  
26 consequences, and (2) at the time or upon the happening of events  
27 specified in the limited liability company agreement, a manager is  
28 subject to specified penalties or specified consequences.

29 NEW SECTION. **Sec. 37.** A manager may resign as a manager of a  
30 limited liability company at the time or upon the happening of events  
31 specified in a limited liability company agreement and in accordance  
32 with the limited liability company agreement. A limited liability  
33 company agreement may provide that a manager does not have the right  
34 to resign as a manager of a limited liability company.  
35 Notwithstanding that a limited liability company agreement provides  
36 that a manager does not have the right to resign as a manager of a  
37 limited liability company, a manager may resign as a manager of a  
38 limited liability company at any time by giving written notice to the

1 members and other managers. If the resignation of a manager violates  
2 a limited liability company agreement, in addition to any remedies  
3 otherwise available under applicable law, a limited liability company  
4 may recover from the resigning manager damages for breach of the  
5 limited liability company agreement and offset the damages against  
6 any amount otherwise due to the resigning manager pursuant to the  
7 limited liability company agreement.

8 NEW SECTION. **Sec. 38.** In the event of the death, resignation,  
9 or removal of the sole remaining manager, or if one of the events  
10 described in section 28(1) (e) through (h) of this act occurs with  
11 regard to the sole remaining manager, the limited liability company  
12 shall become member-managed unless one or more managers are appointed  
13 by a majority of the members within ninety days after the occurrence  
14 of such an event.

15 **ARTICLE V. CONTRIBUTIONS**

16 NEW SECTION. **Sec. 39.** The contribution of a member to a limited  
17 liability company may consist of tangible or intangible property or  
18 other benefits to the limited liability company, including money,  
19 services performed, promissory notes, other agreements to contribute  
20 cash or property, or contracts for services to be performed.

21 NEW SECTION. **Sec. 40.** (1) A member is obligated to a limited  
22 liability company to perform any promise to contribute cash or  
23 property or to perform services, even if the member is unable to  
24 perform because of death, disability, or any other reason. If a  
25 member does not make the required contribution of property or  
26 services, the member is obligated at the option of the limited  
27 liability company to contribute cash equal to that portion of the  
28 agreed value of the contribution that has not been made. This option  
29 is in addition to, and not in lieu of, any other rights, including  
30 the right to specific performance, that the limited liability company  
31 may have against such member under the limited liability company  
32 agreement or applicable law.

33 (2) The obligation of a member to make a contribution or return  
34 money or other property paid or distributed in violation of this  
35 chapter may be compromised only by consent of all the members.  
36 Notwithstanding the compromise, a creditor of a limited liability

1 company who extends credit, after either the certificate of  
2 formation, limited liability company agreement or an amendment  
3 thereto, or records of the limited liability company reflect the  
4 obligation, and before the amendment of any thereof to reflect the  
5 compromise, may enforce the original obligation to the extent that,  
6 in extending credit, the creditor reasonably relied on the obligation  
7 of a member to make a contribution or return money or other property  
8 to the limited liability company. A conditional obligation of a  
9 member to make a contribution or return money or other property to a  
10 limited liability company may not be enforced unless the conditions  
11 of the obligation have been satisfied or waived as to or by such  
12 member. Conditional obligations include contributions payable upon a  
13 discretionary call of a limited liability company prior to the time  
14 the call occurs.

15 (3) A limited liability company agreement may provide that the  
16 interest of any member who fails to make any contribution that the  
17 member is obligated to make is subject to specified penalties for, or  
18 specified consequences of, such failure. Such penalty or consequence  
19 may take the form of reducing or eliminating the defaulting member's  
20 proportionate interest in a limited liability company, subordinating  
21 the member's limited liability company interest to that of  
22 nondefaulting members, a forced sale of the member's limited  
23 liability company interest, forfeiture of the member's limited  
24 liability company interest, the lending by other members of the  
25 amount necessary to meet the member's commitment, a fixing of the  
26 value of the member's limited liability company interest by appraisal  
27 or by formula and redemption or sale of the member's limited  
28 liability company interest at such value, or other penalty or  
29 consequence.

30 **ARTICLE VI. DISTRIBUTIONS**

31 NEW SECTION. **Sec. 41.** Distributions of a limited liability  
32 company are made to the members, and to classes or groups of members,  
33 in the manner provided in a limited liability company agreement. If  
34 the limited liability company agreement does not so provide,  
35 distributions are made in proportion to the agreed value of the  
36 contributions made and any contributions required to be made, but not  
37 yet made, by each member.

1        NEW SECTION.    **Sec. 42.**    A member does not have a right to any  
2 distributions before the dissolution and winding up of the limited  
3 liability company unless the limited liability company decides to  
4 make an interim distribution.

5        NEW SECTION.    **Sec. 43.**    A member does not have a right to receive  
6 a distribution on account of dissociation.

7        NEW SECTION.    **Sec. 44.**    A member, regardless of the nature of the  
8 member's contribution, has no right to receive any distribution from  
9 a limited liability company in any form other than money. A limited  
10 liability company may distribute an asset in kind to the extent that  
11 each member receives a percentage of the asset equal to the member's  
12 percentage share of distributions.

13       NEW SECTION.    **Sec. 45.**    Subject to sections 46 and 60 of this  
14 act, at the time a member becomes entitled to receive a distribution,  
15 that member has the status of, and is entitled to all remedies  
16 available to, a creditor of a limited liability company with respect  
17 to the distribution. A limited liability company agreement may  
18 provide for the establishment of a record date with respect to  
19 allocations and distributions by a limited liability company. The  
20 limited liability company's obligation to make a distribution is  
21 subject to offset for any amount due and payable to the limited  
22 liability company by the person on whose account the distribution is  
23 made.

24       NEW SECTION.    **Sec. 46.**    (1) A limited liability company must not  
25 make a distribution in violation of the limited liability company  
26 agreement.

27       (2) A limited liability company must not make a distribution to  
28 the extent that at the time of the distribution, after giving effect  
29 to the distribution (a) the limited liability company would not be  
30 able to pay its debts as they became due in the usual course of its  
31 activities, or (b) all liabilities of the limited liability company,  
32 other than liabilities to members on account of their limited  
33 liability company interests and liabilities for which the recourse of  
34 creditors is limited to specified property of the limited liability  
35 company, exceed the fair value of the assets of the limited liability  
36 company, except that the fair value of property that is subject to a

1 liability for which the recourse of creditors is limited is included  
2 in the assets of the limited liability company only to the extent  
3 that the fair value of that property exceeds that liability.

4 (3) A limited liability company may base a determination that a  
5 distribution is not prohibited under subsection (2) of this section  
6 on financial statements prepared on the basis of accounting practices  
7 and principles that are reasonable in the circumstances or on a fair  
8 valuation or other method that is reasonable in the circumstances.

9 (4) Except as otherwise provided in subsection (7) of this  
10 section, the effect of a distribution under subsection (2) of this  
11 section is measured:

12 (a) In the case of distribution by purchase, redemption, or other  
13 acquisition of a transferable interest in the limited liability  
14 company, as of the date money or other property is transferred or  
15 debt incurred by the limited liability company; and

16 (b) In all other cases, as of the date:

17 (i) The distribution is authorized, if the payment occurs within  
18 one hundred twenty days after that date; or

19 (ii) The payment is made, if payment occurs more than one hundred  
20 twenty days after the distribution is authorized.

21 (5) A limited liability company's indebtedness to a member  
22 incurred by reason of a distribution made in accordance with this  
23 section is at parity with the limited liability company's  
24 indebtedness to its general, unsecured creditors.

25 (6) A limited liability company's indebtedness, including  
26 indebtedness issued in connection with or as part of a distribution,  
27 is not considered a liability for purposes of subsection (2) of this  
28 section if the terms of the indebtedness provide that payment of  
29 principal and interest are made only to the extent that a  
30 distribution could then be made to members under this section.

31 (7) The effect of a distribution of indebtedness under subsection  
32 (2) of this section is measured:

33 (a) In the case of a distribution of indebtedness described in  
34 subsection (6) of this section, each payment of principal or interest  
35 is treated as a distribution, the effect of which is measured on the  
36 date the payment is actually made; and

37 (b) In the case of a distribution of any other indebtedness, the  
38 effect of the distribution is measured as of the date the  
39 indebtedness is distributed.

1           **ARTICLE VII. ASSIGNMENT OF LIMITED LIABILITY COMPANY INTERESTS**

2           NEW SECTION.     **Sec. 47.**     (1) Except as otherwise provided in  
3 subsection (2) of this section, a member of a member-managed limited  
4 liability company or manager of a manager-managed limited liability  
5 company that consents to a distribution made in violation of section  
6 46 of this act is personally liable to the limited liability company  
7 for the amount of the distribution that exceeds the amount that could  
8 have been distributed without the violation of section 46 of this act  
9 if it is established that in consenting to the distribution the  
10 members or managers failed to comply with the duty of care.

11           (2) To the extent the limited liability company agreement of a  
12 member-managed limited liability company expressly relieves a member  
13 of the authority and responsibility to consent to distributions and  
14 imposes that authority and responsibility on one or more other  
15 members, the liability provided in subsection (1) of this section  
16 applies to the other members and not the member that the limited  
17 liability company agreement relieves of authority and responsibility.

18           (3) A member or transferee that received a distribution knowing  
19 that the distribution to that member or transferee was made in  
20 violation of section 46 of this act is personally liable to the  
21 limited liability company but only to the extent that the  
22 distribution received by the member or transferee exceeded the amount  
23 that could have been properly paid under section 46 of this act.

24           (4) A member or manager against which an action is commenced  
25 under subsection (1) of this section may:

26           (a) Implead in the action any other person that is liable under  
27 subsection (1) of this section and compel contribution from the  
28 person; and

29           (b) Implead in the action any person that received a distribution  
30 in violation of subsection (3) of this section and compel  
31 contribution from the person in the amount the person received in  
32 violation of subsection (3) of this section.

33           (5) An action under this section is barred if it is not commenced  
34 within two years after the distribution.

35           NEW SECTION.     **Sec. 48.**     (1) The only interest of a member that is  
36 transferable is the member's transferable interest. A transferable  
37 interest is personal property. A member has no interest in specific  
38 limited liability company property.

1 (2) A limited liability company agreement may provide that a  
2 transferable interest may be evidenced by a certificate of limited  
3 liability company interest issued by the limited liability company  
4 and may also provide for the transfer of any transferable interest  
5 represented by such a certificate and make other provisions with  
6 respect to such certificate.

7 NEW SECTION. **Sec. 49.** (1) A transfer, in whole or in part, of a  
8 transferable interest:

9 (a) Is permissible; and

10 (b) Does not, as against the members or the limited liability  
11 company, entitle the transferee to participate in the management of  
12 the limited liability company's activities, to require access to  
13 information concerning the limited liability company's transactions  
14 except as provided in subsection (5) of this section or in section  
15 29(11) of this act, or to obtain access to information to which a  
16 member is otherwise entitled pursuant to section 29 of this act or  
17 the limited liability company's other records.

18 (2) A transfer of a transferable interest entitles the transferee  
19 to receive distributions to which the transferor would otherwise be  
20 entitled, to the extent transferred.

21 (3) Upon transfer of less than the transferor's entire  
22 transferable interest in the limited liability company, the  
23 transferor retains the rights, duties, and obligations of the  
24 transferor immediately prior to the transfer other than the  
25 transferable interest transferred.

26 (4) Except as otherwise provided in (b) of this subsection, a  
27 transferee that becomes a member with respect to a transferable  
28 interest is liable for the transferor's obligations with respect to  
29 the transferable interest. Except to the extent such liabilities are  
30 assumed by agreement:

31 (a) Until a transferee of a transferable interest becomes a  
32 member with respect to the transferable interest, the transferee has  
33 no liability as a member solely as a result of the transfer; and

34 (b) A transferee is not obligated for liabilities associated with  
35 a transferable interest that are unknown to the transferee at the  
36 time the transferee becomes a member.

37 (5) In a dissolution and winding up, a transferee is entitled to  
38 an account of the limited liability company's transactions only from  
39 the date of dissolution.

1 (6) For the purposes of this chapter:

2 (a) The pledge of, or granting of a security interest, lien, or  
3 other encumbrance in or against, any or all of a transferable  
4 interest is not a transfer of the transferable interest, but a  
5 foreclosure or execution sale or exercise of similar rights with  
6 respect to any or all of transferable interest is a transfer of the  
7 transferable interest to the transferee pursuant to such foreclosure  
8 or execution sale or exercise of similar rights.

9 (b) Where a transferable interest is held in a trust or estate,  
10 or is held by a trustee, personal representative, or other fiduciary,  
11 the transfer of the transferable interest, whether to a beneficiary  
12 of the trust or estate or otherwise, is a transfer of such  
13 transferable interest, but the mere substitution or replacement of  
14 the trustee, personal representative, or other fiduciary does not  
15 constitute a transfer of such transferable interest.

16 NEW SECTION. **Sec. 50.** (1) On application to a court of  
17 competent jurisdiction by any judgment creditor of a member or  
18 transferee, the court may charge the transferable interest of the  
19 judgment debtor with payment of the unsatisfied amount of the  
20 judgment with interest. To the extent so charged, the judgment  
21 creditor has only the rights of a transferee. The court may appoint a  
22 receiver of the share of the distributions due or to become due to  
23 the judgment creditor in respect of the limited liability company and  
24 make all other orders, directions, accounts, and inquiries the  
25 judgment debtor might have made or that the circumstances of the case  
26 may require to give effect to the charging order.

27 (2) A charging order constitutes a lien on the judgment debtor's  
28 transferable interest. The court may order a foreclosure upon the  
29 transferable interest subject to the charging order at any time. The  
30 purchaser at the foreclosure sale has the rights of a transferee.

31 (3) At any time before foreclosure, a transferable interest  
32 charged may be redeemed:

33 (a) By the judgment debtor;

34 (b) With property other than limited liability company property,  
35 by one or more of the other members; or

36 (c) With limited liability company property, by the limited  
37 liability company with the consent of all members whose interests are  
38 not so charged.



1 (4) This chapter does not deprive any member or transferee of the  
2 benefit of any exemption laws applicable to the member's or  
3 transferee's transferable interest.

4 (5) This section provides the exclusive remedy by which a  
5 judgment creditor of a member or transferee may satisfy a judgment  
6 out of the judgment debtor's transferable interest.

7 **ARTICLE VIII. DISSOLUTION**

8 NEW SECTION. **Sec. 51.** A limited liability company is dissolved  
9 and its affairs must be wound up upon the first to occur of the  
10 following:

11 (1) The dissolution date, if any, specified in the certificate of  
12 formation. If a dissolution date is specified in the certificate of  
13 formation, the certificate of formation may be amended and the date  
14 of dissolution of the limited liability company may be extended by  
15 vote of all the members;

16 (2) The happening of events specified in a limited liability  
17 company agreement;

18 (3) The written consent of all members;

19 (4) Ninety days following an event of dissociation of the last  
20 remaining member, unless those having the rights of transferees in  
21 the limited liability company under section 28(1) of this act have,  
22 by the ninetieth day, voted to admit one or more members, voting as  
23 though they were members, and in the manner set forth in section  
24 26(1) of this act;

25 (5) The entry of a decree of judicial dissolution under section  
26 53 of this act; or

27 (6) The administrative dissolution of the limited liability  
28 company by the secretary of state under section 55(2) of this act,  
29 unless the limited liability company is reinstated by the secretary  
30 of state under section 56 of this act.

31 NEW SECTION. **Sec. 52.** (1) After dissolution occurs under  
32 section 51 of this act, the limited liability company may deliver to  
33 the secretary of state for filing a certificate of dissolution.

34 (2) A certificate of dissolution filed under subsection (1) of  
35 this section must set forth:

36 (a) The name of the limited liability company; and

1 (b) A statement that the limited liability company is dissolved  
2 under section 51 of this act.

3 NEW SECTION. **Sec. 53.** On application by a member or manager the  
4 superior courts may order dissolution of a limited liability company  
5 whenever: (1) It is not reasonably practicable to carry on the  
6 limited liability company's activities in conformity with the  
7 certificate of formation and the limited liability company agreement;  
8 or (2) other circumstances render dissolution equitable.

9 NEW SECTION. **Sec. 54.** The secretary of state may commence a  
10 proceeding under section 55 of this act to administratively dissolve  
11 a limited liability company if:

12 (1) The limited liability company does not pay any license fees  
13 or penalties imposed by this chapter when they become due;

14 (2) The limited liability company does not deliver its completed  
15 initial report or annual report to the secretary of state when it is  
16 due; or

17 (3) The limited liability company is without a registered agent  
18 or registered office in this state for sixty days or more.

19 NEW SECTION. **Sec. 55.** (1) If the secretary of state determines  
20 that one or more grounds exist under section 54 of this act for  
21 dissolving a limited liability company, the secretary of state must  
22 give the limited liability company written notice of the  
23 determination by first-class mail, reciting the grounds therefor.  
24 Notice must be sent to the registered agent at the address of the  
25 registered office of the limited liability company as it appears in  
26 the records of the secretary of state.

27 (2) If the limited liability company does not correct each ground  
28 for dissolution or demonstrate to the reasonable satisfaction of the  
29 secretary of state that each ground determined by the secretary of  
30 state does not exist within sixty days after notice is sent, the  
31 limited liability company is then dissolved. The secretary of state  
32 must give the limited liability company written notice of the  
33 dissolution that recites the ground or grounds therefor and its  
34 effective date.

35 (3) A limited liability company administratively dissolved  
36 continues its existence but may not carry on any business except as  
37 necessary to wind up and liquidate its business and affairs.

1 (4) The administrative dissolution of a limited liability company  
2 does not terminate the authority of its registered agent.

3 NEW SECTION. **Sec. 56.** (1) A limited liability company that has  
4 been administratively dissolved under section 55 of this act may  
5 apply to the secretary of state for reinstatement within five years  
6 after the effective date of dissolution. The application must be  
7 delivered to the secretary of state for filing and state:

8 (a) The name of the limited liability company and the effective  
9 date of its administrative dissolution;

10 (b) That the ground or grounds for dissolution either did not  
11 exist or have been eliminated; and

12 (c) That the limited liability company's name satisfies the  
13 requirements of section 3 of this act.

14 (2) A limited liability company seeking reinstatement must pay  
15 the full amount of all license fees that would have been due for the  
16 years of the period of administrative dissolution had the limited  
17 liability company not been dissolved, plus all penalties established  
18 by law or by the secretary of state by rule, and the license fee for  
19 the year of reinstatement.

20 (3) If the secretary of state determines that an application  
21 contains the information required by subsection (1) of this section  
22 and that the name is available, and that all fees and penalties  
23 required by subsection (2) of this section have been paid, the  
24 secretary of state shall reinstate the limited liability company and  
25 give the limited liability company written notice, as provided in  
26 section 55(1) of this act, of the reinstatement that recites the  
27 effective date of reinstatement. If the name is not available, the  
28 limited liability company must file with its application for  
29 reinstatement an amendment to its certificate of formation reflecting  
30 a change of name.

31 (4) When reinstatement and revocation of any certificate of  
32 dissolution become effective, they relate back to and take effect as  
33 of the effective date of the administrative dissolution and the  
34 limited liability company may resume carrying on its activities as if  
35 the administrative dissolution had never occurred.

36 NEW SECTION. **Sec. 57.** (1) A limited liability company dissolved  
37 under section 51 (2) or (3) of this act may revoke its dissolution in  
38 accordance with this section at any time, except that a limited

1 liability company that has filed a certificate of dissolution may not  
2 revoke its dissolution under this section more than one hundred  
3 twenty days after the filing of its certificate of dissolution.

4 (2)(a) Except as provided in (b) of this subsection, revocation  
5 of dissolution must be approved in the same manner as the dissolution  
6 was approved unless that approval permitted revocation in some other  
7 manner, in which event the dissolution may be revoked in the manner  
8 permitted.

9 (b) If dissolution occurred upon the happening of events  
10 specified in the limited liability company agreement, revocation of  
11 dissolution must be approved in the manner necessary to amend the  
12 provisions of the limited liability company agreement specifying the  
13 events of dissolution.

14 (3) A limited liability company that has filed a certificate of  
15 dissolution may, at any time after revocation of its dissolution has  
16 been approved but not more than one hundred twenty days after the  
17 filing of its certificate of dissolution, revoke the dissolution by  
18 delivering to the secretary of state for filing a certificate of  
19 revocation of dissolution that sets forth:

20 (a) The name of the limited liability company and a statement  
21 that the name satisfies the requirements of section 3 of this act; if  
22 the name is not available, the limited liability company must file a  
23 certificate of amendment changing its name with the certificate of  
24 revocation of dissolution;

25 (b) The effective date of the dissolution that was revoked;

26 (c) The date that the revocation of dissolution was approved; and

27 (d) A statement that the revocation was approved in the manner  
28 required by subsection (2) of this section.

29 (4) If a limited liability company has not filed a certificate of  
30 dissolution, revocation of dissolution becomes effective upon  
31 approval of the revocation as provided in subsection (2) of this  
32 section. If a limited liability company has filed a certificate of  
33 dissolution, revocation of dissolution becomes effective upon the  
34 filing of a certificate of revocation of dissolution. The filing of a  
35 certificate of revocation of dissolution automatically revokes any  
36 certificate of dissolution previously filed with respect to the  
37 limited liability company.

38 (5) Revocation of dissolution relates back to and takes effect as  
39 of the effective date of the dissolution and the limited liability

1 company may resume carrying on its activities as if the dissolution  
2 had never occurred.

3 NEW SECTION. **Sec. 58.** (1) A limited liability company continues  
4 after dissolution only for the purpose of winding up its activities.

5 (2) In winding up its activities, the limited liability company:

6 (a) May file a certificate of dissolution with the secretary of  
7 state to provide notice that the limited liability company is  
8 dissolved; preserve the limited liability company's business or  
9 property as a going concern for a reasonable time; prosecute and  
10 defend actions and proceedings, whether civil, criminal, or  
11 administrative, transfer the limited liability company's property;  
12 settle disputes; and perform other necessary acts; and

13 (b) Shall discharge the limited liability company's liabilities,  
14 settle and close the limited liability company's activities, and  
15 marshal and distribute the assets of the limited liability company.

16 (3) The persons responsible for managing the business and affairs  
17 of a limited liability company under section 31 or 32 of this act are  
18 responsible for winding up the activities of a dissolved limited  
19 liability company. If a dissolved limited liability company does not  
20 have any managers or members, the legal representative of the last  
21 person to have been a member may wind up the activities of the  
22 dissolved limited liability company, in which event the legal  
23 representative is a manager for the purposes of section 11 of this  
24 act.

25 (4) If the persons responsible for winding up the activities of a  
26 dissolved limited liability company under subsection (3) of this  
27 section decline or fail to wind up the limited liability company's  
28 activities, a person to wind up the dissolved limited liability  
29 company's activities may be appointed by the consent of a majority of  
30 the transferees. A person appointed under this subsection:

31 (a) Is a manager for the purposes of section 11 of this act; and

32 (b) Shall promptly amend the certificate of formation to state:

33 (i) The name of the person who has been appointed to wind up the  
34 limited liability company; and

35 (ii) The street and mailing address of the person.

36 (5) The superior court may order judicial supervision of the  
37 winding up, including the appointment of a person to wind up the  
38 dissolved limited liability company's activities, if:

1 (a) On application of a member, the applicant establishes good  
2 cause; or

3 (b) On application of a transferee, a limited liability company  
4 does not have any managers or members and within a reasonable time  
5 following the dissolution no person has been appointed pursuant to  
6 subsection (3) or (4) of this section.

7 NEW SECTION. **Sec. 59.** (1) A dissolved limited liability company  
8 that has filed a certificate of dissolution with the secretary of  
9 state may dispose of the known claims against it by following the  
10 procedure described in subsection (2) of this section.

11 (2) A dissolved limited liability company may notify its known  
12 claimants of the dissolution in a record. The notice must:

13 (a) Specify the information required to be included in a known  
14 claim;

15 (b) Provide a mailing address to which the known claim must be  
16 sent;

17 (c) State the deadline for receipt of the known claim, which may  
18 not be fewer than one hundred twenty days after the date the notice  
19 is received by the claimant; and

20 (d) State that the known claim will be barred if not received by  
21 the deadline.

22 (3) A known claim against a dissolved limited liability company  
23 is barred if the requirements of subsection (2) of this section are  
24 met and:

25 (a) The known claim is not received by the specified deadline; or

26 (b) In the case of a known claim that is timely received but  
27 rejected by the dissolved limited liability company, the claimant  
28 does not commence an action to enforce the known claim against the  
29 limited liability company within ninety days after the receipt of the  
30 notice of rejection.

31 (4) For purposes of this section, "known claim" means any claim  
32 or liability that either:

33 (a)(i) Has matured sufficiently, before or after the effective  
34 date of the dissolution, to be legally capable of assertion against  
35 the dissolved limited liability company, whether or not the amount of  
36 the claim or liability is known or determinable; or (ii) is  
37 unmatured, conditional, or otherwise contingent but may subsequently  
38 arise under any executory contract to which the dissolved limited  
39 liability company is a party, other than under an implied or

1 statutory warranty as to any product manufactured, sold, distributed,  
2 or handled by the dissolved limited liability company; and

3 (b) As to which the dissolved limited liability company has  
4 knowledge of the identity and the mailing address of the holder of  
5 the claim or liability and, in the case of a matured and legally  
6 assertable claim or liability, actual knowledge of existing facts  
7 that either (i) could be asserted to give rise to, or (ii) indicate  
8 an intention by the holder to assert, such a matured claim or  
9 liability.

10 NEW SECTION. **Sec. 60.** (1) Upon the winding up of a limited  
11 liability company, the assets are distributed as follows:

12 (a) To creditors, including members and managers who are  
13 creditors, to the extent otherwise permitted by law, in satisfaction  
14 of liabilities of the limited liability company, whether by payment  
15 or the making of reasonable provision for payment thereof, other than  
16 liabilities for which reasonable provision for payment has been made  
17 and liabilities for distributions to members under section 42 or 45  
18 of this act;

19 (b) To members and former members in satisfaction of liabilities  
20 for distributions under section 42 or 45 of this act; and

21 (c) To members first for the return of their contributions and  
22 second respecting their limited liability company interests, in the  
23 proportions in which the members share in distributions.

24 (2) A limited liability company that has dissolved must pay or  
25 make reasonable provision to pay all claims and obligations,  
26 including all contingent, conditional, or unmatured claims and  
27 obligations, known to the limited liability company and all claims  
28 and obligations which are known to the limited liability company but  
29 for which the identity of the claimant is unknown. A limited  
30 liability company shall not be required to make provision to pay  
31 claims that are or later become barred under section 59 or 61 of this  
32 act or other applicable law. If there are sufficient assets, such  
33 claims and obligations must be paid in full and any such provision  
34 for payment made must be made in full. If there are insufficient  
35 assets, such claims and obligations must be paid or provided for  
36 according to their priority and, among claims and obligations of  
37 equal priority, ratably to the extent of assets available therefor.  
38 Any remaining assets must be distributed as provided in this chapter.  
39 Any person winding up a limited liability company's affairs who has

1 complied with this section is not personally liable to the claimants  
2 of the dissolved limited liability company by reason of such person's  
3 actions in winding up the limited liability company.

4 NEW SECTION. **Sec. 61.** (1) A claim against a dissolved limited  
5 liability company is barred if the limited liability company has  
6 filed a certificate of dissolution under section 52 of this act that  
7 has not been revoked under section 57 of this act, and an action or  
8 other proceeding thereon is not commenced within three years after  
9 the filing of the certificate of dissolution.

10 (2) The dissolution of a limited liability company does not take  
11 away or impair any remedy available to or, except as provided in  
12 subsection (1) of this section or section 59 of this act, against  
13 that limited liability company, its managers, or its members for any  
14 right or claim existing, or any liability incurred at any time,  
15 whether prior to or after dissolution. Such an action or proceeding  
16 by or against the limited liability company may be prosecuted or  
17 defended by the limited liability company in its own name.

18 **ARTICLE IX. FOREIGN LIMITED LIABILITY COMPANIES**

19 NEW SECTION. **Sec. 62.** (1) Subject to the Constitution of the  
20 state of Washington:

21 (a) The laws of the state, territory, possession, or other  
22 jurisdiction or country under which a foreign limited liability  
23 company is organized govern its organization and internal affairs and  
24 the liability of its members and managers; and

25 (b) A foreign limited liability company may not be denied  
26 registration by reason of any difference between those laws and the  
27 laws of this state.

28 (2) A foreign limited liability company and its members and  
29 managers doing business in this state submit to personal jurisdiction  
30 of the courts of this state.

31 NEW SECTION. **Sec. 63.** Before doing business in this state, a  
32 foreign limited liability company must register with the secretary of  
33 state. In order to register, a foreign limited liability company must  
34 submit to the secretary of state an application for registration as a  
35 foreign limited liability company executed by any member or manager  
36 of the foreign limited liability company, setting forth:



1 (1) The name of the foreign limited liability company and, if  
2 different, the name under which it proposes to register and do  
3 business in this state;

4 (2) The state, territory, possession, or other jurisdiction or  
5 country where formed, the date of its formation, and a duly  
6 authenticated statement from the secretary of state or other official  
7 having custody of limited liability company records in the  
8 jurisdiction under whose law it was formed, that as of the date of  
9 filing the foreign limited liability company validly exists as a  
10 limited liability company under the laws of the jurisdiction of its  
11 formation;

12 (3) The nature of the business or purposes to be conducted or  
13 promoted in this state;

14 (4) The address of the registered office and the name and address  
15 of the registered agent for service of process required to be  
16 maintained by section 65(2) of this act;

17 (5) The address of the principal office of the foreign limited  
18 liability company;

19 (6) The names and addresses of the foreign limited liability  
20 company's members, or if the management of the foreign limited  
21 liability company is vested in a manager or managers, then the name  
22 and address of its manager or managers;

23 (7) A statement that the secretary of state is appointed the  
24 agent of the foreign limited liability company for service of process  
25 under the circumstances set forth in section 71(2) of this act; and

26 (8) The date on which the foreign limited liability company first  
27 did, or intends to do, business in this state.

28 NEW SECTION. **Sec. 64.** (1) If the secretary of state finds that  
29 an application for registration conforms to law and all requisite  
30 fees have been paid, the secretary must:

31 (a) Certify that the application has been filed in his or her  
32 office by endorsing upon the original application the word "Filed,"  
33 and the date of the filing. This endorsement is conclusive of the  
34 date of its filing in the absence of actual fraud; and

35 (b) File the endorsed application.

36 (2) A conformed copy of the application must be returned to the  
37 person who filed the application or that person's representative.

1        NEW SECTION.    **Sec. 65.**    (1) A foreign limited liability company  
2 may register with the secretary of state under any name that includes  
3 the words "Limited Liability Company," the words "Limited Liability"  
4 and the abbreviation "Co.," or the abbreviation "L.L.C." or "LLC" and  
5 that could be registered by a domestic limited liability company. A  
6 foreign limited liability company may apply to the secretary of state  
7 for authorization to use a name which is not distinguishable upon the  
8 records of the office of the secretary of state from the names  
9 described in RCW 23B.04.010 and 25.10.061, and the names of any  
10 domestic or foreign limited liability company reserved, registered,  
11 or formed under the laws of this state. The secretary of state must  
12 authorize use of the name applied for if the other corporation,  
13 limited liability company, limited liability partnership, or limited  
14 partnership consents in writing to the use and files with the  
15 secretary of state documents necessary to change its name, or the  
16 name reserved or registered to a name that is distinguishable upon  
17 the records of the secretary of state from the name of the applying  
18 foreign limited liability company.

19        (2) Each foreign limited liability company must continuously  
20 maintain in this state:

21        (a) A registered office, which may but need not be a place of its  
22 business in this state. The registered office must be at a specific  
23 geographic location in this state, and be identified by number, if  
24 any, and street, or building address or rural route, or, if a  
25 commonly known street or rural route address does not exist, by legal  
26 description. A registered office may not be identified by post office  
27 box number or other nongeographic address. For purposes of  
28 communicating by mail, the secretary of state may permit the use of a  
29 post office address in conjunction with the registered office address  
30 if the foreign limited liability company also maintains on file the  
31 specific geographic address of the registered office where personal  
32 service of process may be made;

33        (b) A registered agent for service of process on the foreign  
34 limited liability company, which agent may be either an individual  
35 resident of this state whose business office is identical with the  
36 foreign limited liability company's registered office, or a domestic  
37 corporation, a limited partnership, or limited liability company, or  
38 a foreign corporation authorized to do business in this state having  
39 a business office identical with such registered office; and

1 (c) A registered agent who must not be appointed without having  
2 given prior written consent to the appointment. The written consent  
3 shall be filed with the secretary of state in such form as the  
4 secretary may prescribe. The written consent must be filed with or as  
5 a part of the document first appointing a registered agent. In the  
6 event any individual, limited liability company, limited partnership,  
7 or corporation has been appointed agent without consent, that person  
8 or corporation may file a notarized statement attesting to that fact,  
9 and the name must be removed from the records of the secretary of  
10 state.

11 (3) A foreign limited liability company may change its registered  
12 office or registered agent by delivering to the secretary of state  
13 for filing a statement of change that sets forth:

14 (a) The name of the foreign limited liability company;

15 (b) If the current registered office is to be changed, the street  
16 address of the new registered office in accordance with subsection  
17 (2)(a) of this section;

18 (c) If the current registered agent is to be changed, the name of  
19 the new registered agent and the new agent's written consent, either  
20 on the statement or attached to it, to the appointment; and

21 (d) That after the change or changes are made, the street  
22 addresses of its registered office and the business office of its  
23 registered agent will be identical.

24 (4) If a registered agent changes the street address of the  
25 agent's business office, the registered agent may change the street  
26 address of the registered office of any foreign limited liability  
27 company for which the agent is the registered agent by notifying the  
28 foreign limited liability company in writing of the change and  
29 executing, either manually or in facsimile, and delivering to the  
30 secretary of state for filing a statement that complies with the  
31 requirements of subsection (3) of this section and recites that the  
32 foreign limited liability company has been notified of the change.

33 (5) A registered agent of any foreign limited liability company  
34 may resign as agent by executing and delivering to the secretary of  
35 state for filing a statement that the registered office is also  
36 discontinued. After filing the statement the secretary of state must  
37 mail a copy of the statement to the foreign limited liability company  
38 at its principal office shown in its application for certificate of  
39 registration if no annual report has been filed. The agency  
40 appointment is terminated, and the registered office discontinued if

1 so provided, on the thirty-first day after the date on which the  
2 statement was filed.

3 NEW SECTION. **Sec. 66.** If any statement in the application for  
4 registration of a foreign limited liability company was false when  
5 made or any arrangements or other facts described have changed,  
6 making the application false in any respect, the foreign limited  
7 liability company must promptly file in the office of the secretary  
8 of state a certificate, executed by any member or manager, correcting  
9 such statement.

10 NEW SECTION. **Sec. 67.** (1) A foreign limited liability company  
11 may cancel its registration by filing with the secretary of state a  
12 certificate of cancellation, executed by any member or manager. A  
13 cancellation does not terminate the authority of the secretary of  
14 state to accept service of process on the foreign limited liability  
15 company with respect to causes of action arising out of the doing of  
16 business in this state.

17 (2) The certificate of cancellation must set forth:  
18 (a) The name of the foreign limited liability company;  
19 (b) The date of filing of its certificate of registration;  
20 (c) The reason for filing the certificate of cancellation;  
21 (d) The future effective date, not later than the ninetieth day  
22 after the date it is filed, of cancellation if it is not to be  
23 effective upon filing of the certificate;  
24 (e) The address to which service of process may be forwarded; and  
25 (f) Any other information the person filing the certificate of  
26 cancellation desires.

27 NEW SECTION. **Sec. 68.** (1) A foreign limited liability company  
28 doing business in this state may not maintain any action, suit, or  
29 proceeding in this state until it has registered in this state and  
30 has paid to this state all fees and penalties for the years or parts  
31 thereof, during which it did business in this state without having  
32 registered.

33 (2) Neither the failure of a foreign limited liability company to  
34 register in this state nor the issuance of a certificate of  
35 cancellation with respect to a foreign limited liability company's  
36 registration in this state impairs:

1 (a) The validity of any contract or act of the foreign limited  
2 liability company;

3 (b) The right of any other party to the contract to maintain any  
4 action, suit, or proceeding on the contract; or

5 (c) The foreign limited liability company from defending any  
6 action, suit, or proceeding in any court of this state.

7 (3) A member or a manager of a foreign limited liability company  
8 is not liable for the obligations of the foreign limited liability  
9 company solely by reason of the limited liability company's having  
10 done business in this state without registration.

11 NEW SECTION. **Sec. 69.** The superior courts have jurisdiction to  
12 enjoin any foreign limited liability company, or any agent thereof,  
13 from doing any business in this state if such foreign limited  
14 liability company has failed to register under this article or if  
15 such foreign limited liability company has secured a certificate of  
16 registration from the secretary of state under section 64 of this act  
17 on the basis of false or misleading representations. The secretary of  
18 state must, upon the secretary's own motion or upon the relation of  
19 proper parties, proceed for this purpose by complaint in any county  
20 in which such foreign limited liability company is doing or has done  
21 business.

22 NEW SECTION. **Sec. 70.** (1) The following activities, among  
23 others, do not constitute transacting business within the meaning of  
24 this article:

25 (a) Maintaining or defending any action or suit or any  
26 administrative or arbitration proceeding, or effecting the settlement  
27 thereof or the settlement of claims or disputes;

28 (b) Holding meetings of the members, or managers if any, or  
29 carrying on other activities concerning internal limited liability  
30 company affairs;

31 (c) Maintaining bank accounts, share accounts in savings and loan  
32 associations, custodian or agency arrangements with a bank or trust  
33 company, or stock or bond brokerage accounts;

34 (d) Maintaining offices or agencies for the transfer, exchange,  
35 and registration of the foreign limited liability company's own  
36 securities or interests or maintaining trustees or depositaries with  
37 respect to those securities or interests;

38 (e) Selling through independent contractors;

1 (f) Soliciting or procuring orders, whether by mail or through  
2 employees or agents or otherwise, where the orders require acceptance  
3 outside this state before becoming binding contracts and where the  
4 contracts do not involve any local performance other than delivery  
5 and installation;

6 (g) Making loans or creating or acquiring evidences of debt,  
7 mortgages, or liens on real or personal property, or recording same;

8 (h) Securing or collecting debts or enforcing mortgages and  
9 security interests in property securing the debts;

10 (i) Owning, without more, real or personal property;

11 (j) Conducting an isolated transaction that is completed within  
12 thirty days and that is not one in the course of repeated  
13 transactions of a like nature;

14 (k) Transacting business in interstate commerce;

15 (l) Owning a controlling interest in a corporation or a foreign  
16 corporation that transacts business within this state;

17 (m) Participating as a limited partner of a domestic or foreign  
18 limited partnership that transacts business within this state; or

19 (n) Participating as a member or a manager of a domestic or  
20 foreign limited liability company that transacts business within this  
21 state.

22 (2) The list of activities in subsection (1) of this section is  
23 not exhaustive.

24 NEW SECTION. **Sec. 71.** (1) A foreign limited liability company's  
25 registered agent is its agent for service of process, notice, or  
26 demand required or permitted by law to be served on the foreign  
27 limited liability company.

28 (2) The secretary of state is an agent of a foreign limited  
29 liability company upon whom any such process, notice, or demand may  
30 be served if:

31 (a) The foreign limited liability company fails to appoint or  
32 maintain a registered agent in this state; or

33 (b) The registered agent cannot with reasonable diligence be  
34 found at the registered office.

35 (3) Service on the secretary of state of any such process,  
36 notice, or demand is made by delivering to and leaving with the  
37 secretary of state, or with any duly authorized clerk of the  
38 secretary of state's office, the process, notice, or demand. In the  
39 event any such process, notice, or demand is served on the secretary

1 of state, the secretary of state must immediately cause a copy  
2 thereof to be forwarded by certified mail, addressed to the foreign  
3 limited liability company at the address of its principal office as  
4 it appears on the records of the secretary of state. Any service so  
5 had on the secretary of state is returnable in not less than thirty  
6 days.

7 (4) The secretary of state must keep a record of all processes,  
8 notices, and demands served upon the secretary of state under this  
9 section, and must record the time of such service and the secretary  
10 of state's action with reference thereto.

11 (5) This section does not limit or affect the right to serve any  
12 process, notice, or demand required or permitted by law to be served  
13 upon a foreign limited liability company in any other manner now or  
14 hereafter permitted by law.

15 NEW SECTION. **Sec. 72.** (1) Any foreign limited liability company  
16 which does business in this state without having registered under  
17 section 63 of this act has thereby appointed and constituted the  
18 secretary of state its agent for the acceptance of legal process in  
19 any civil action, suit, or proceeding against it in any state or  
20 federal court in this state arising or growing out of any business  
21 done by it within this state. The doing of business in this state by  
22 such foreign limited liability company is a signification of the  
23 agreement of such foreign limited liability company that any such  
24 process when so served is of the same legal force and validity as if  
25 served upon a registered agent personally within this state.

26 (2) In the event of service upon the secretary of state in  
27 accordance with subsection (1) of this section, the secretary of  
28 state must notify the foreign limited liability company thereof by  
29 letter, certified mail, return receipt requested, directed to the  
30 foreign limited liability company at the address furnished to the  
31 secretary of state by the plaintiff in such action, suit, or  
32 proceeding. Such letter must enclose a copy of the process and any  
33 other papers served upon the secretary of state. It is the duty of  
34 the plaintiff in the event of such service to serve process and any  
35 other papers in duplicate and to notify the secretary of state that  
36 service is being made pursuant to this subsection.

37 NEW SECTION. **Sec. 73.** The secretary of state may commence a  
38 proceeding under section 74 of this act to revoke registration of a

1 foreign limited liability company authorized to transact business in  
2 this state if:

3 (1) The foreign limited liability company does not pay any  
4 license fees or penalties imposed by this chapter when they become  
5 due;

6 (2) The foreign limited liability company does not deliver its  
7 completed annual report to the secretary of state when it is due;

8 (3) The foreign limited liability company is without a registered  
9 agent or registered office in this state for sixty days or more; or

10 (4) The secretary of state receives a duly authenticated  
11 certificate from the secretary of state or other official having  
12 custody of limited liability company records in the jurisdiction  
13 under which the foreign limited liability company was organized  
14 stating that the foreign limited liability company has been dissolved  
15 or its certificate or articles of formation canceled.

16 NEW SECTION. **Sec. 74.** (1) If the secretary of state determines  
17 that one or more grounds exist under section 73 of this act for  
18 revocation of a foreign limited liability company's registration, the  
19 secretary of state must give the foreign limited liability company  
20 written notice of the determination by first-class mail, postage  
21 prepaid, stating in the notice the ground or grounds for and  
22 effective date of the secretary of state's determination, which date  
23 must not be earlier than the date on which the notice is mailed.

24 (2) If the foreign limited liability company does not correct  
25 each ground for revocation or demonstrate to the reasonable  
26 satisfaction of the secretary of state that each ground determined by  
27 the secretary of state does not exist within sixty days after notice  
28 is effective, the secretary of state must revoke the foreign limited  
29 liability company's registration by executing a certificate of  
30 revocation that recites the ground or grounds for revocation and its  
31 effective date. The secretary of state must file the original of the  
32 certificate and mail a copy to the foreign limited liability company.

33 (3) Documents to be mailed by the secretary of state to a foreign  
34 limited liability company for which provision is made in this section  
35 must be sent to the foreign limited liability company at the address  
36 of the agent for service of process contained in the application or  
37 certificate of this limited liability company which is most recently  
38 filed with the secretary of state.



1 (4) The authority of a foreign limited liability company to  
2 transact business in this state ceases on the date shown on the  
3 certificate revoking its registration.

4 (5) The secretary of state's revocation of a foreign limited  
5 liability company's registration appoints the secretary of state the  
6 foreign limited liability company's agent for service of process in  
7 any proceeding based on a cause of action which arose during the time  
8 the foreign limited liability company was authorized to transact  
9 business in this state.

10 (6) Revocation of a foreign limited liability company's  
11 registration does not terminate the authority of the registered agent  
12 of the foreign limited liability company.

13 **ARTICLE X. DERIVATIVE ACTIONS**

14 NEW SECTION. **Sec. 75.** A member may bring a derivative action to  
15 enforce a right of a limited liability company if:

16 (1) The member first makes a demand on the members in a member-  
17 managed limited liability company, or on the managers of a manager-  
18 managed limited liability company, requesting that they cause the  
19 limited liability company to bring an action to enforce the right,  
20 and the managers or other members do not bring the action within a  
21 reasonable time; or

22 (2) A demand would be futile.

23 NEW SECTION. **Sec. 76.** In a derivative action, the plaintiff  
24 must be a member at the time of bringing the action and:

25 (1) At the time of the transaction of which the plaintiff  
26 complains; or

27 (2) The plaintiff's status as a member had devolved upon the  
28 person by operation of law or pursuant to the terms of a limited  
29 liability company agreement from a person who was a member at the  
30 time of the transaction.

31 NEW SECTION. **Sec. 77.** In a derivative action, the complaint  
32 must set forth with particularity:

33 (1) The date and content of plaintiff's demand and the members'  
34 or managers' response to the demand; or

35 (2) Why a demand should be excused as futile.



1 shareholders which are authorized by its governing statute, or  
2 comparable records as provided in its governing statute; and

3 (f) For any other organization, the basic records that create the  
4 organization and determine its internal governance and the relations  
5 among the persons that own it, have an interest in it, or are members  
6 of it.

7 (9) "Personal liability" means personal liability for a debt,  
8 liability, or other obligation of an organization which is imposed on  
9 a person that co-owns, has an interest in, or is a member of the  
10 organization:

11 (a) By the organization's governing statute solely by reason of  
12 the person co-owning, having an interest in, or being a member of the  
13 organization; or

14 (b) By the organization's organizational documents under a  
15 provision of the organization's governing statute authorizing those  
16 documents to make one or more specified persons liable for all or  
17 specified debts, liabilities, and other obligations of the  
18 organization solely by reason of the person or persons co-owning,  
19 having an interest in, or being a member of the organization.

20 (10) "Surviving organization" means an organization into which  
21 one or more other organizations are merged.

22 NEW SECTION. **Sec. 80.** (1) A limited liability company may merge  
23 with one or more other constituent organizations pursuant to this  
24 section and sections 81 through 83 of this act and a plan of merger,  
25 if:

26 (a) The governing statute of each of the other organizations  
27 authorizes the merger;

28 (b) The merger is not prohibited by the law of a jurisdiction  
29 that enacted any of those governing statutes; and

30 (c) Each of the other organizations complies with its governing  
31 statute in effecting the merger.

32 (2) The plan of merger must be in a record and must set forth:

33 (a) The name and form of each constituent organization;

34 (b) The name and form of the surviving organization;

35 (c) The terms and conditions of the merger, including the manner  
36 and basis of converting the interests in each constituent  
37 organization into any combination of the interests, shares,  
38 obligations, or other securities of the surviving organization or any

1 other organization or into cash or other property in whole or part;  
2 and

3 (d) Any amendments to be made by the merger to the surviving  
4 organization's organizational documents.

5 (3) The plan of merger may set forth other provisions relating to  
6 the merger.

7 NEW SECTION. **Sec. 81.** (1) A plan of merger of a constituent  
8 limited liability company must be approved, and such approval shall  
9 occur when:

10 (a) The plan is approved by a majority of the members; and

11 (b) Any written consents required by section 88 of this act have  
12 been obtained.

13 (2) Subject to section 88 of this act and any contractual rights,  
14 after a merger is approved, and at any time before a filing is made  
15 under section 82 of this act, a constituent limited liability company  
16 may amend the plan or abandon the planned merger:

17 (a) As provided in the plan; and

18 (b) Except as prohibited by the plan, with the same approval as  
19 was required to approve the plan.

20 (3) If a domestic limited partnership is a party to the merger,  
21 the plan of merger must be adopted and approved as provided in  
22 RCW 25.10.781.

23 (4) If a domestic corporation is a party to the merger, the plan  
24 of merger must be adopted and approved as provided in chapter 23B.11  
25 RCW.

26 (5) If a domestic partnership is a party to the merger, the plan  
27 of merger must be approved as provided in RCW 25.05.375.

28 NEW SECTION. **Sec. 82.** (1) After each constituent organization  
29 has approved a merger, articles of merger must be executed on behalf  
30 of each constituent organization by an authorized representative.

31 (2) The articles of merger must include:

32 (a) The name and form of each constituent organization and the  
33 jurisdiction of its governing statute;

34 (b) The name and form of the surviving organization and the  
35 jurisdiction of its governing statute;

36 (c) The date the merger is effective under the governing statute  
37 of the surviving organization;

1 (d) Any amendments provided for in the plan of merger for the  
2 organizational document that created the surviving organization;

3 (e) A statement as to each constituent organization that the  
4 merger was approved as required by the organization's governing  
5 statute;

6 (f) If the surviving organization is a foreign organization not  
7 authorized to transact business in this state, the street and mailing  
8 address of an office that the secretary of state may use for the  
9 purposes of section 83(3) of this act; and

10 (g) Any additional information required by the governing statute  
11 of any constituent organization.

12 (3) The surviving organization must deliver the articles of  
13 merger for filing in the office of the secretary of state.

14 (4) The effective time of a merger is:

15 (a) If the surviving organization is a limited liability company,  
16 upon the later of:

17 (i) Filing of the articles of merger in the office of the  
18 secretary of state; or

19 (ii) Subject to subsection (5) of this section, as specified in  
20 the articles of merger; or

21 (b) If the surviving organization is not a limited liability  
22 company, as provided by the governing statute of the surviving  
23 organization.

24 (5) If the articles of merger do not specify a delayed effective  
25 date, the articles of merger become effective upon filing. If the  
26 articles of merger specify a delayed effective time and date, the  
27 articles of merger become effective at the time and date specified.  
28 If the articles of merger specify a delayed effective date but no  
29 time is specified, the articles of merger are effective at the close  
30 of business on that date. A delayed effective date for articles of  
31 merger may not be later than the ninetieth day after the date they  
32 are filed.

33 NEW SECTION. **Sec. 83.** (1) When a merger becomes effective:

34 (a) The surviving organization continues;

35 (b) Each constituent organization that merges into the surviving  
36 organization ceases to exist as a separate entity;

37 (c) The title to all real estate and other property owned by each  
38 constituent organization is vested in the surviving organization  
39 without reversion or impairment;

1 (d) The surviving organization has all liabilities of each  
2 constituent organization;

3 (e) A proceeding pending by or against any constituent  
4 organization may be continued as if the merger did not occur or the  
5 surviving organization may be substituted in the proceeding for the  
6 constituent organization whose existence ceased;

7 (f) Except as prohibited by other law, all of the rights,  
8 privileges, immunities, powers, and purposes of each constituent  
9 organization that ceases to exist vest in the surviving organization;

10 (g) Except as otherwise provided in the plan of merger, the terms  
11 and conditions of the plan of merger take effect;

12 (h) The organizational documents of the surviving organization  
13 are amended to the extent provided in the articles of merger; and

14 (i) The former holders of interests of every constituent limited  
15 liability company are entitled only to the rights provided in the  
16 plan of merger and to their rights under article XII of this chapter.

17 (2) A merger of a limited liability company, including a limited  
18 liability company which is not the surviving organization in the  
19 merger, does not require the limited liability company to wind up its  
20 affairs under section 58 of this act or pay its liabilities and  
21 distribute its assets under section 60 of this act.

22 (3) A surviving organization that is a foreign organization  
23 consents to the jurisdiction of the courts of this state to enforce  
24 any obligation owed by a constituent organization, if before the  
25 merger the constituent organization was subject to suit in this state  
26 on the obligation. A surviving organization that is a foreign  
27 organization and not authorized to transact business in this state  
28 appoints the secretary of state as its agent for service of process  
29 for the purposes of enforcing an obligation under this subsection.  
30 Service on the secretary of state under this subsection is made in  
31 the same manner and with the same consequences as in section 7(3) of  
32 this act.

33 NEW SECTION. **Sec. 84.** (1) An organization other than a limited  
34 liability company may convert into a limited liability company, and a  
35 limited liability company may convert into an organization pursuant  
36 to this section and sections 85 through 87 of this act and a plan of  
37 conversion, if:

38 (a) The other organization's governing statute authorizes the  
39 conversion;

1 (b) The conversion is not prohibited by the law of the  
2 jurisdiction that enacted the other organization's governing statute;  
3 and

4 (c) The other organization complies with its governing statute in  
5 effecting the conversion.

6 (2) A plan of conversion must be in a record and must include:

7 (a) The name and form of the organization before conversion;

8 (b) The name and form of the organization after conversion;

9 (c) The terms and conditions of the conversion, including the  
10 manner and basis for converting interests in the converting  
11 organization into any combination of the interests, shares,  
12 obligations, or other securities of the converted organization or any  
13 other organization or into cash or other property in whole or part;  
14 and

15 (d) The organizational documents of the converted organization.

16 NEW SECTION. **Sec. 85.** (1) Subject to section 88 of this act, a  
17 plan of conversion must be consented to by all the members of a  
18 converting limited liability company.

19 (2) Subject to section 88 of this act and any contractual rights,  
20 after a conversion is approved, and at any time before a filing is  
21 made under section 86 of this act, a converting limited liability  
22 company may amend the plan or abandon the planned conversion:

23 (a) As provided in the plan; and

24 (b) Except as prohibited by the plan, by the same approval as was  
25 required to approve the plan.

26 NEW SECTION. **Sec. 86.** (1) After a plan of conversion is  
27 approved, the converting organization must make one of the following  
28 filings to complete the conversion:

29 (a) A converting limited liability company must deliver to the  
30 secretary of state for filing articles of conversion, which must  
31 include:

32 (i) A statement that the limited liability company has been  
33 converted into another organization;

34 (ii) The name and form of the converted organization and the  
35 jurisdiction of its governing statute;

36 (iii) The date the conversion is effective under the governing  
37 statute of the converted organization;

1 (iv) A statement that the conversion was approved as required by  
2 this chapter;

3 (v) A statement that the conversion was approved as required by  
4 the governing statute of the converted organization; and

5 (vi) If the converted organization is a foreign organization not  
6 authorized to transact business in this state, the street and mailing  
7 address of an office that the secretary of state may use for the  
8 purposes of section 87(3) of this act; or

9 (b) A converting organization that is not a limited liability  
10 company must deliver to the secretary of state for filing a  
11 certificate of formation, together with articles of conversion, which  
12 must include:

13 (i) A statement that the limited liability company was converted  
14 from another organization;

15 (ii) The name and form of the converting organization and the  
16 jurisdiction of its governing statute; and

17 (iii) A statement that the conversion was approved in a manner  
18 that complied with the converting organization's governing statute.

19 (2) The effective time of a conversion is either:

20 (a) If the converted organization is a limited liability company,  
21 when the certificate of formation takes effect; or

22 (b) If the converted organization is not a limited liability  
23 company, as provided by the governing statute of the converted  
24 organization.

25 (3) If the certificate of formation filed pursuant to this  
26 section does not specify a delayed effective date, it becomes  
27 effective upon filing. If the certificate of formation specifies a  
28 delayed effective time and date, the certificate of formation becomes  
29 effective at the time and date specified. If the certificate of  
30 formation specifies a delayed effective date but no time is  
31 specified, the certificate of formation is effective at the close of  
32 business on that date. A delayed effective date for a certificate of  
33 formation may not be later than the ninetieth day after the date it  
34 is filed.

35 NEW SECTION. **Sec. 87.** (1) An organization that has been  
36 converted pursuant to this article is for all purposes the same  
37 entity that existed before the conversion.

38 (2) When a conversion takes effect:



1 (a) The title to all real estate and other property owned by the  
2 converting organization remains vested in the converted organization  
3 without reversion or impairment;

4 (b) All debts, liabilities, and other obligations of the  
5 converting organization continue as obligations of the converted  
6 organization;

7 (c) An action or proceeding pending by or against the converting  
8 organization may be continued as if the conversion had not occurred;

9 (d) Except as prohibited by other law, all of the rights,  
10 privileges, immunities, powers, and purposes of the converting  
11 organization remain vested in the converted organization;

12 (e) Except as otherwise provided in the plan of conversion, the  
13 terms and conditions of the plan of conversion take effect; and

14 (f) Except as otherwise agreed, the conversion does not dissolve  
15 a converting limited liability company for the purposes of article  
16 VIII of this chapter.

17 (3) A converted organization that is a foreign organization  
18 consents to the jurisdiction of the courts of this state to enforce  
19 any obligation owed by the converting limited liability company, if  
20 before the conversion the converting limited liability company was  
21 subject to suit in this state on the obligation. A converted  
22 organization that is a foreign organization and not authorized to  
23 transact business in this state appoints the secretary of state as  
24 its agent for service of process for purposes of enforcing an  
25 obligation under this subsection. Service on the secretary of state  
26 under this subsection is made in the same manner and with the same  
27 consequences as in section 7(3) of this act.

28 NEW SECTION. **Sec. 88.** If a member of a converting limited  
29 liability company or constituent limited liability company will have  
30 personal liability with respect to a converted organization or  
31 surviving organization, then, in addition to the applicable approval  
32 requirements in section 85(1) or 81(1)(a) of this act, approval of a  
33 plan of conversion or plan of merger must also require the execution,  
34 by each such member, of a separate written consent to become subject  
35 to such personal liability.

36 **ARTICLE XII. DISSENTERS' RIGHTS**

37 NEW SECTION. **Sec. 89.** In this article:

1 (1) "Dissenter" means a member who is entitled to dissent from a  
2 plan of merger and who exercises that right when and in the manner  
3 required by this article.

4 (2) "Fair value," with respect to a dissenter's limited liability  
5 company interest, means the value of the member's limited liability  
6 company interest immediately before the effectuation of the merger to  
7 which the dissenter objects, excluding any appreciation or  
8 depreciation in anticipation of the merger unless exclusion would be  
9 inequitable.

10 (3) "Interest" means interest from the effective date of the  
11 merger until the date of payment, at the average rate currently paid  
12 by the limited liability company on its principal bank loans or, if  
13 none, at a rate that is fair and equitable under all the  
14 circumstances.

15 (4) "Limited liability company" means the limited liability  
16 company in which the dissenter holds or held a membership interest,  
17 or the surviving organization by merger, whether foreign or domestic,  
18 of that limited liability company.

19 NEW SECTION. **Sec. 90.** (1) Except as provided in section 92 or  
20 94(2) of this act, or in a written limited liability company  
21 agreement, a member of a limited liability company is entitled to  
22 dissent from, and obtain payment of, the fair value of the member's  
23 interest in a limited liability company in the event of consummation  
24 of a plan of merger to which the limited liability company is a party  
25 as permitted by section 80 of this act.

26 (2) A member entitled to dissent and obtain payment for the  
27 member's interest in a limited liability company under this article  
28 may not challenge the merger creating the member's entitlement unless  
29 the merger fails to comply with the procedural requirements imposed  
30 by this chapter, Title 23B RCW, chapter 25.05 RCW, chapter 25.10 RCW,  
31 or the limited liability company agreement, or is fraudulent with  
32 respect to the member or the limited liability company.

33 (3) The right of a dissenting member in a limited liability  
34 company to obtain payment of the fair value of the member's interest  
35 in the limited liability company terminates upon the occurrence of  
36 any one of the following events:

37 (a) The proposed merger is abandoned or rescinded;

38 (b) A court having jurisdiction permanently enjoins or sets aside  
39 the merger; or

1 (c) The member's demand for payment is withdrawn with the written  
2 consent of the limited liability company.

3 NEW SECTION. **Sec. 91.** (1) Not less than ten days prior to the  
4 approval of a plan of merger, the limited liability company must send  
5 a written notice to all members who are entitled to vote on or  
6 approve the plan of merger that they may be entitled to assert  
7 dissenters' rights under this article. Such notice shall be  
8 accompanied by a copy of this article.

9 (2) The limited liability company must notify in writing all  
10 members not entitled to vote on or approve the plan of merger that  
11 the plan of merger was approved, and send them the dissenters' notice  
12 as required by section 93 of this act.

13 NEW SECTION. **Sec. 92.** A member of a limited liability company  
14 who is entitled to vote on or approve the plan of merger and who  
15 wishes to assert dissenters' rights must not vote in favor of or  
16 approve the plan of merger. A member who does not satisfy the  
17 requirements of this section is not entitled to payment for the  
18 member's interest in the limited liability company under this  
19 article.

20 NEW SECTION. **Sec. 93.** (1) If the plan of merger is approved,  
21 the limited liability company shall deliver a written dissenters'  
22 notice to all members who satisfied the requirements of section 92 of  
23 this act.

24 (2) The dissenters' notice required by section 91(2) of this act  
25 or by subsection (1) of this section must be sent within ten days  
26 after the approval of the plan of merger, and must:

27 (a) State where the payment demand must be sent;

28 (b) Inform members as to the extent transfer of the member's  
29 interest in the limited liability company will be restricted as  
30 permitted by section 95 of this act after the payment demand is  
31 received;

32 (c) Supply a form for demanding payment;

33 (d) Set a date by which the limited liability company must  
34 receive the payment demand, which date may not be fewer than thirty  
35 nor more than sixty days after the date the notice under this section  
36 is delivered; and

37 (e) Be accompanied by a copy of this article.

1        NEW SECTION.    **Sec. 94.**    (1) A member of a limited liability  
2 company who demands payment retains all other rights of a member of  
3 such limited liability company until the proposed merger becomes  
4 effective.

5        (2) A member of a limited liability company sent a dissenters'  
6 notice who does not demand payment by the date set in the dissenters'  
7 notice is not entitled to payment for the member's interest in the  
8 limited liability company under this article.

9        NEW SECTION.    **Sec. 95.**    The limited liability company may  
10 restrict the transfer of members' interests in the limited liability  
11 company from the date the demand for their payment is received until  
12 the proposed merger becomes effective or the restriction is released  
13 under this article.

14        NEW SECTION.    **Sec. 96.**    (1) Within thirty days of the later of  
15 the date the proposed merger becomes effective, or the payment demand  
16 is received, the limited liability company must pay each dissenter  
17 who complied with section 94 of this act the amount the limited  
18 liability company estimates to be the fair value of the dissenting  
19 member's interest in the limited liability company, plus accrued  
20 interest.

21        (2) The payment must be accompanied by:

22        (a) Copies of the financial statements for the limited liability  
23 company for its most recent fiscal year maintained as required by  
24 section 29 of this act;

25        (b) An explanation of how the limited liability company estimated  
26 the fair value of the member's interest in the limited liability  
27 company;

28        (c) An explanation of how the accrued interest was calculated;

29        (d) A statement of the dissenter's right to demand payment; and

30        (e) A copy of this article.

31        NEW SECTION.    **Sec. 97.**    (1) If the proposed merger does not  
32 become effective within sixty days after the date set for demanding  
33 payment, the limited liability company must release any transfer  
34 restrictions imposed as permitted by section 95 of this act.

35        (2) If, after releasing transfer restrictions, the proposed  
36 merger becomes effective, the limited liability company must send a

1 new dissenters' notice as provided in sections 91(2) and 93 of this  
2 act and repeat the payment demand procedure.

3 NEW SECTION. **Sec. 98.** (1) A dissenter may notify the limited  
4 liability company in writing of the dissenter's own estimate of the  
5 fair value of the dissenter's interest in the limited liability  
6 company, and amount of interest due, and demand payment of the  
7 dissenter's estimate, less any payment under section 96 of this act,  
8 if:

9 (a) The dissenter believes that the amount paid is less than the  
10 fair value of the dissenter's interest in the limited liability  
11 company, or that the interest due is incorrectly calculated;

12 (b) The limited liability company fails to make payment within  
13 sixty days after the date set for demanding payment; or

14 (c) The limited liability company, having failed to effectuate  
15 the proposed merger, does not release the transfer restrictions  
16 imposed on members' interests as permitted by section 95 of this act  
17 within sixty days after the date set for demanding payment.

18 (2) A dissenter waives the right to demand payment under this  
19 section unless the dissenter notifies the limited liability company  
20 of the dissenter's demand in writing under subsection (1) of this  
21 section within thirty days after the limited liability company made  
22 payment for the dissenter's interest in the limited liability  
23 company.

24 NEW SECTION. **Sec. 99.** (1) If a demand for payment under section  
25 94 of this act remains unsettled, the limited liability company must  
26 commence a proceeding within sixty days after receiving the payment  
27 demand and petition the court to determine the fair value of the  
28 dissenting member's interest in the limited liability company, and  
29 accrued interest. If the limited liability company does not commence  
30 the proceeding within the sixty-day period, it must pay each  
31 dissenter whose demand remains unsettled the amount demanded.

32 (2) The limited liability company must commence the proceeding in  
33 the superior court of the county where the limited liability  
34 company's principal office or, if none in this state, its registered  
35 office is located.

36 (3) The limited liability company must make all dissenters,  
37 whether or not residents of this state, whose demands remain  
38 unsettled parties to the proceeding as in an action against their

1 membership interests in the limited liability company and all parties  
2 must be served with a copy of the petition. Nonresidents may be  
3 served by registered or certified mail or by publication as provided  
4 by law.

5 (4) The limited liability company may join as a party to the  
6 proceeding any member who claims to be a dissenter but who has not,  
7 in the opinion of the limited liability company, complied with the  
8 provisions of this article. If the court determines that such member  
9 has not complied with the provisions of this article, the member must  
10 be dismissed as a party.

11 (5) The jurisdiction of the court in which the proceeding is  
12 commenced is plenary and exclusive. The court may appoint one or more  
13 persons as appraisers to receive evidence and recommend decisions on  
14 the question of fair value. The appraisers have the powers described  
15 in the order appointing them or in any amendment to it. The  
16 dissenters are entitled to the same discovery rights as parties in  
17 other civil proceedings.

18 (6) Each dissenter made a party to the proceeding is entitled to  
19 judgment for the amount, if any, by which the court finds the fair  
20 value of the dissenter's membership interest in the limited liability  
21 company, plus interest, exceeds the amount paid by the limited  
22 liability company.

23 NEW SECTION. **Sec. 100.** (1) The court in a proceeding commenced  
24 under section 99 of this act must determine all costs of the  
25 proceeding, including the reasonable compensation and expenses of  
26 appraisers appointed by the court. The court must assess the costs  
27 against the limited liability company, except that the court may  
28 assess the costs against all or some of the dissenters, in amounts  
29 the court finds equitable, to the extent the court finds the  
30 dissenters acted arbitrarily, vexatiously, or not in good faith in  
31 demanding payment.

32 (2) The court may also assess the fees and expenses of counsel  
33 and experts for the respective parties, in amounts the court finds  
34 equitable:

35 (a) Against the limited liability company and in favor of any or  
36 all dissenters if the court finds the limited liability company did  
37 not substantially comply with the requirements of this article; or

38 (b) Against either the limited liability company or a dissenter,  
39 in favor of any other party, if the court finds that the party

1 against whom the fees and expenses are assessed acted arbitrarily,  
2 vexatiously, or not in good faith with respect to the rights provided  
3 by this article.

4 (3) If the court finds that the services of counsel for any  
5 dissenter were of substantial benefit to other dissenters similarly  
6 situated, and that the fees for those services should not be assessed  
7 against the limited liability company, the court may award to these  
8 counsel reasonable fees to be paid out of the amounts awarded to the  
9 dissenters who were benefited.

10

#### ARTICLE XIII. MISCELLANEOUS

11 NEW SECTION. **Sec. 101.** (1) The rule that statutes in derogation  
12 of the common law are to be strictly construed has no application to  
13 this chapter.

14 (2) It is the policy of this chapter to give the maximum effect  
15 to the principle of freedom of contract and to the enforceability of  
16 limited liability company agreements.

17 (3) Unless the context otherwise requires, as used in this  
18 chapter, the singular includes the plural and the plural may refer to  
19 only the singular.

20 NEW SECTION. **Sec. 102.** (1) The secretary of state must adopt  
21 rules establishing fees which are charged and collected for:

22 (a) Filing of a certificate of formation, certificate of  
23 amendment, or restated certificate of formation for a domestic  
24 limited liability company;

25 (b) Filing of an application for registration, or a certificate  
26 correcting any statement in an application for registration, of a  
27 foreign limited liability company;

28 (c) Filing of articles of merger or articles of conversion for a  
29 domestic limited liability company;

30 (d) Filing of a certificate of dissolution for a domestic limited  
31 liability company;

32 (e) Filing of a certificate of revocation of dissolution for a  
33 domestic limited liability company;

34 (f) Filing of an application for reinstatement of a domestic  
35 limited liability company;

36 (g) Filing of a certificate of cancellation for a foreign limited  
37 liability company;

1 (h) Filing of an application to reserve, register, or transfer a  
2 foreign or domestic limited liability company name;

3 (i) Filing of any other certificate, statement, or report  
4 authorized or permitted to be filed;

5 (j) Copies, certified copies, certificates, service of process  
6 filings, and expedited filings or other special services; and

7 (k) The initial and annual report for a limited liability  
8 company, or the annual report for a foreign limited liability  
9 company, and any related penalties.

10 (2) In the establishment of a fee schedule, the secretary of  
11 state must, insofar as is possible and reasonable, be guided by the  
12 fee schedule provided for corporations governed by Title 23B RCW.  
13 Fees for copies, certified copies, certificates of record, and  
14 service of process filings must be as provided for in RCW 23B.01.220.

15 (3) All fees collected by the secretary of state must be  
16 deposited with the state treasurer pursuant to law.

17 NEW SECTION. **Sec. 103.** The secretary of state has the power and  
18 authority reasonably necessary for the efficient and effective  
19 administration of this chapter, including the adoption of rules under  
20 chapter 34.05 RCW.

21 NEW SECTION. **Sec. 104.** This act takes effect January 1, 2016.

22 NEW SECTION. **Sec. 105.** This chapter may be known and cited as  
23 the "Washington Limited Liability Company Act."

24 NEW SECTION. **Sec. 106.** This chapter does not affect an action  
25 commended, proceeding brought, or right accrued before January 1,  
26 2016.

27 NEW SECTION. **Sec. 107.** Sections 1 through 106 of this act are  
28 each added to chapter 25.15 RCW.

29 NEW SECTION. **Sec. 108.** The following acts or parts of acts are  
30 each repealed:

31 (1) RCW 25.15.005 (Definitions) and 2010 c 196 s 1, 2008 c 198 s  
32 4, 2002 c 296 s 3, 2000 c 169 s 1, 1995 c 337 s 13, & 1994 c 211 s  
33 101;



1 (2) RCW 25.15.007 (Standards for electronic filing—Rules) and  
2 2002 c 74 s 15;

3 (3) RCW 25.15.010 (Name set forth in certificate of formation)  
4 and 2009 c 188 s 1410, 1998 c 102 s 9, 1996 c 231 s 5, & 1994 c 211 s  
5 102;

6 (4) RCW 25.15.015 (Reserved name—Registered name) and 1998 c 102  
7 s 11 & 1994 c 211 s 103;

8 (5) RCW 25.15.020 (Registered office—Registered agent) and 2009 c  
9 202 s 5, 2002 c 74 s 16, 1996 c 231 s 6, & 1994 c 211 s 104;

10 (6) RCW 25.15.025 (Service of process on domestic limited  
11 liability companies) and 1994 c 211 s 105;

12 (7) RCW 25.15.030 (Nature of business permitted—Powers) and 2006  
13 c 48 s 1 & 1994 c 211 s 106;

14 (8) RCW 25.15.035 (Business transactions of member or manager  
15 with the limited liability company) and 1994 c 211 s 107;

16 (9) RCW 25.15.040 (Limitation of liability and indemnification)  
17 and 1994 c 211 s 108;

18 (10) RCW 25.15.045 (Professional limited liability companies) and  
19 2001 c 251 s 32, 1999 c 128 s 2, 1998 c 293 s 5, & 1997 c 390 s 4;

20 (11) RCW 25.15.050 (Member agreements) and 1994 c 211 s 110;

21 (12) RCW 25.15.055 (Membership residency) and 1994 c 211 s 111;

22 (13) RCW 25.15.060 (Piercing the veil) and 1995 c 337 s 15 & 1994  
23 c 211 s 112;

24 (14) RCW 25.15.070 (Certificate of formation) and 2010 c 196 s 2  
25 & 1994 c 211 s 201;

26 (15) RCW 25.15.075 (Amendment to certificate of formation) and  
27 1994 c 211 s 202;

28 (16) RCW 25.15.085 (Execution) and 2014 c 83 s 7, 2010 c 196 s 3,  
29 2002 c 74 s 17, 2001 c 307 s 3, 1995 c 337 s 16, & 1994 c 211 s 204;

30 (17) RCW 25.15.090 (Execution, amendment, or cancellation by  
31 judicial order) and 1994 c 211 s 205;

32 (18) RCW 25.15.095 (Filing) and 2010 c 196 s 4, 2002 c 74 s 18,  
33 2001 c 307 s 4, & 1994 c 211 s 206;

34 (19) RCW 25.15.100 (Restated certificate) and 1994 c 211 s 207;

35 (20) RCW 25.15.105 (Initial and annual reports) and 2010 1st  
36 sp.s. c 29 s 8, 2001 c 307 s 2, & 1994 c 211 s 208;

37 (21) RCW 25.15.115 (Admission of members) and 1994 c 211 s 301;

38 (22) RCW 25.15.120 (Voting and classes of membership) and 1994 c  
39 211 s 302;

1 (23) RCW 25.15.125 (Liability of members and managers to third  
2 parties) and 1994 c 211 s 303;  
3 (24) RCW 25.15.130 (Events of dissociation) and 2000 c 169 s 2,  
4 1995 c 337 s 17, & 1994 c 211 s 304;  
5 (25) RCW 25.15.135 (Records and information) and 1994 c 211 s  
6 305;  
7 (26) RCW 25.15.140 (Remedies for breach of limited liability  
8 company agreement by member) and 1994 c 211 s 306;  
9 (27) RCW 25.15.150 (Management) and 1996 c 231 s 8 & 1994 c 211 s  
10 401;  
11 (28) RCW 25.15.155 (Liability of managers and members) and 1994 c  
12 211 s 402;  
13 (29) RCW 25.15.160 (Manager—Members' rights and duties) and 1994  
14 c 211 s 403;  
15 (30) RCW 25.15.165 (Voting and classes of managers) and 1994 c  
16 211 s 404;  
17 (31) RCW 25.15.170 (Remedies for breach of limited liability  
18 company agreement by manager) and 1994 c 211 s 405;  
19 (32) RCW 25.15.175 (Reliance on reports and information by member  
20 or manager) and 1994 c 211 s 406;  
21 (33) RCW 25.15.180 (Resignation of manager) and 1994 c 211 s 407;  
22 (34) RCW 25.15.185 (Loss of sole remaining manager) and 2000 c  
23 169 s 3;  
24 (35) RCW 25.15.190 (Form of contribution) and 1994 c 211 s 501;  
25 (36) RCW 25.15.195 (Liability for contribution) and 1994 c 211 s  
26 502;  
27 (37) RCW 25.15.200 (Allocation of profits and losses) and 1994 c  
28 211 s 503;  
29 (38) RCW 25.15.205 (Allocation of distributions) and 1994 c 211 s  
30 504;  
31 (39) RCW 25.15.215 (Interim distributions) and 1994 c 211 s 601;  
32 (40) RCW 25.15.220 (Distribution on event of dissociation) and  
33 1995 c 337 s 18 & 1994 c 211 s 602;  
34 (41) RCW 25.15.225 (Distribution in-kind) and 1994 c 211 s 603;  
35 (42) RCW 25.15.230 (Right to distribution) and 1994 c 211 s 604;  
36 (43) RCW 25.15.235 (Limitations on distribution) and 1994 c 211 s  
37 605;  
38 (44) RCW 25.15.245 (Nature of limited liability company interest—  
39 Certificate of interest) and 1994 c 211 s 701;

1 (45) RCW 25.15.250 (Assignment of limited liability company  
2 interest) and 1995 c 337 s 19 & 1994 c 211 s 702;  
3 (46) RCW 25.15.255 (Rights of judgment creditor) and 1994 c 211 s  
4 703;  
5 (47) RCW 25.15.260 (Right of assignee to become member) and 1994  
6 c 211 s 704;  
7 (48) RCW 25.15.270 (Dissolution) and 2010 c 196 s 5, 2009 c 437 s  
8 1, 2006 c 48 s 4, 2000 c 169 s 4, 1997 c 21 s 1, 1996 c 231 s 9, &  
9 1994 c 211 s 801;  
10 (49) RCW 25.15.273 (After dissolution under RCW 25.15.270) and  
11 2010 c 196 s 6;  
12 (50) RCW 25.15.275 (Judicial dissolution) and 1994 c 211 s 802;  
13 (51) RCW 25.15.280 (Administrative dissolution—Commencement of  
14 proceeding) and 1995 c 337 s 20 & 1994 c 211 s 803;  
15 (52) RCW 25.15.285 (Administrative dissolution—Notice—  
16 Opportunity to correct deficiencies) and 1994 c 211 s 804;  
17 (53) RCW 25.15.290 (Administrative dissolution—Reinstatement—  
18 Application—When effective) and 2010 c 196 s 7, 2009 c 437 s 2, &  
19 1994 c 211 s 805;  
20 (54) RCW 25.15.293 (Dissolution under RCW 25.15.270—Revocation—  
21 Approval required—When effective) and 2010 c 196 s 8 & 2009 c 437 s  
22 3;  
23 (55) RCW 25.15.295 (Winding up) and 2010 c 196 s 9 & 1994 c 211 s  
24 806;  
25 (56) RCW 25.15.298 (Disposing of known claims—Definition) and  
26 2010 c 196 s 10;  
27 (57) RCW 25.15.300 (Distribution of assets) and 1994 c 211 s 807;  
28 (58) RCW 25.15.303 (Remedies available after dissolution) and  
29 2010 c 196 s 11 & 2006 c 325 s 1;  
30 (59) RCW 25.15.310 (Law governing) and 1995 c 337 s 21 & 1994 c  
31 211 s 901;  
32 (60) RCW 25.15.315 (Registration required—Application) and 1994 c  
33 211 s 902;  
34 (61) RCW 25.15.320 (Issuance of registration) and 1994 c 211 s  
35 903;  
36 (62) RCW 25.15.325 (Name—Registered office—Registered agent) and  
37 2009 c 188 s 1411, 2002 c 74 s 19, 1998 c 102 s 10, 1996 c 231 s 10,  
38 & 1994 c 211 s 904;

1 (63) RCW 25.15.330 (Amendments to application) and 1994 c 211 s  
2 905;

3 (64) RCW 25.15.335 (Cancellation of registration) and 1994 c 211  
4 s 906;

5 (65) RCW 25.15.340 (Doing business without registration) and 2010  
6 c 196 s 12 & 1994 c 211 s 907;

7 (66) RCW 25.15.345 (Foreign limited liability companies doing  
8 business without having qualified—Injunctions) and 1994 c 211 s 908;

9 (67) RCW 25.15.350 (Transactions not constituting transacting  
10 business) and 1994 c 211 s 909;

11 (68) RCW 25.15.355 (Service of process on registered foreign  
12 limited liability companies) and 1994 c 211 s 910;

13 (69) RCW 25.15.360 (Service of process on unregistered foreign  
14 limited liability companies) and 1994 c 211 s 911;

15 (70) RCW 25.15.365 (Revocation of registration—Requirements for  
16 commencement) and 1996 c 231 s 11;

17 (71) RCW 25.15.366 (Revocation of registration—Procedure—Notice  
18 —Correction of grounds—Certificate of revocation—Authority of  
19 agent) and 1996 c 231 s 12;

20 (72) RCW 25.15.370 (Right to bring action) and 1994 c 211 s 1001;

21 (73) RCW 25.15.375 (Proper plaintiff) and 1994 c 211 s 1002;

22 (74) RCW 25.15.380 (Complaint) and 1994 c 211 s 1003;

23 (75) RCW 25.15.385 (Expenses) and 1994 c 211 s 1004;

24 (76) RCW 25.15.390 (Definitions) and 2014 c 83 s 1;

25 (77) RCW 25.15.395 (Merger—Plan—Effective date) and 1998 c 103 s  
26 1319 & 1994 c 211 s 1101;

27 (78) RCW 25.15.400 (Merger—Plan—Approval) and 2009 c 188 s 1412,  
28 1998 c 103 s 1320, & 1994 c 211 s 1102;

29 (79) RCW 25.15.405 (Articles of merger—Filing) and 2009 c 188 s  
30 1413, 1998 c 103 s 1321, & 1994 c 211 s 1103;

31 (80) RCW 25.15.410 (Effect of merger) and 2009 c 188 s 1414, 1998  
32 c 103 s 1322, & 1994 c 211 s 1104;

33 (81) RCW 25.15.415 (Merger—Foreign and domestic) and 2009 c 188 s  
34 1415, 1998 c 103 s 1323, & 1994 c 211 s 1105;

35 (82) RCW 25.15.417 (Conversion) and 2014 c 83 s 2;

36 (83) RCW 25.15.419 (Action on plan of conversion by converting  
37 limited liability company) and 2014 c 83 s 3;

38 (84) RCW 25.15.420 (Filings required for conversion—Effective  
39 date) and 2014 c 83 s 4;

1 (85) RCW 25.15.422 (Effect of conversion) and 2014 c 83 s 5;  
2 (86) RCW 25.15.423 (Restrictions on approval of conversions) and  
3 2014 c 83 s 6;  
4 (87) RCW 25.15.425 (Definitions) and 1994 c 211 s 1201;  
5 (88) RCW 25.15.430 (Member—Dissent—Payment of fair value) and  
6 2009 c 188 s 1416 & 1994 c 211 s 1202;  
7 (89) RCW 25.15.435 (Dissenters' rights—Notice—Timing) and 1994 c  
8 211 s 1203;  
9 (90) RCW 25.15.440 (Member—Dissent—Voting restriction) and 1994  
10 c 211 s 1204;  
11 (91) RCW 25.15.445 (Members—Dissenters' notice—Requirements) and  
12 1994 c 211 s 1205;  
13 (92) RCW 25.15.450 (Member—Payment demand—Entitlement) and 1994  
14 c 211 s 1206;  
15 (93) RCW 25.15.455 (Member's interests—Transfer restriction) and  
16 1994 c 211 s 1207;  
17 (94) RCW 25.15.460 (Payment of fair value—Requirements for  
18 compliance) and 1994 c 211 s 1208;  
19 (95) RCW 25.15.465 (Merger—Not effective within sixty days—  
20 Transfer restrictions) and 1994 c 211 s 1209;  
21 (96) RCW 25.15.470 (Dissenter's estimate of fair value—Notice)  
22 and 1994 c 211 s 1210;  
23 (97) RCW 25.15.475 (Unsettled demand for payment—Proceeding—  
24 Parties—Appraisers) and 1994 c 211 s 1211;  
25 (98) RCW 25.15.480 (Unsettled demand for payment—Costs—Fees and  
26 expenses of counsel) and 1994 c 211 s 1212;  
27 (99) RCW 25.15.800 (Construction and application of chapter and  
28 limited liability company agreement) and 1994 c 211 s 1301;  
29 (100) RCW 25.15.805 (Establishment of filing fees and  
30 miscellaneous charges) and 2010 c 196 s 13 & 1994 c 211 s 1302;  
31 (101) RCW 25.15.810 (Authority to adopt rules) and 1994 c 211 s  
32 1303;  
33 (102) RCW 25.15.900 (Effective date—1994 c 211) and 1994 c 211 s  
34 1312;  
35 (103) RCW 25.15.901 (Short title) and 1994 c 211 s 1313; and  
36 (104) RCW 25.15.902 (Severability—1994 c 211) and 1994 c 211 s  
37 1314.

1        NEW SECTION.    **Sec. 109.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

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