

Nuts and Bolts of LLCs and Partnerships

Elements of an LLC Company Agreement

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Introduction and Overview.

- Agreements for LLCs may not be so simple to draft.
 - Models are not forms to copy and fill in the blanks.
 - Use care and consideration.
- Model Agreements.
 - Manager-Managed, Multi-Member LLC.
 - Member-Managed, Multi-Member LLC.
 - Single Member LLC.

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Introductory Paragraph.

- Shelf LLCs.
 - Reasonable period until members are added. TBOC § 101.101(b).
 - Admission of members after the formation requires member approval. TBOC § 101.052, 101.103(c).
- Single Member LLC.
 - Agreement of one allowed. TBOC § 101.001(l).
- Manager-Managed LLC.
 - Manager(s) a party to the company agreement?

Article 1: Formation.

- Duration:
 - Until winding up and termination.
- Purpose:
 - Not “any lawful purpose.”

Article 2: Members and Membership Interests

- Initial members.
 - Admitted as of the date of formation.
 - What about “initial members” who sign later?
 - Definitions of “Percentages” – must equal 100%.
- Additional members.
 - Admitted with approval of all members.
 - Approval to admit will include adjustment of percentages and terms of capital contributions.

Article 2: Members and Membership Interests (cont'd).

- Withdrawal or Expulsion.
 - Model agreement for manager-managed company follows TBOC:
 - ✦ Member may not withdraw or be expelled. TBOC § 101.107
 - Model Agreement for member-managed company overrides the default rules of the TBOC:
 - ✦ Member may withdraw and become an assignee.
 - ✦ Member may be expelled by unanimous vote of other members for cause.

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