275.001 Short title for chapter.

This chapter shall be known and may be cited as the "Kentucky Limited Liability Company Act."

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 93, effective July 15, 1994.

275.003 Construction of chapter.

(1) It shall be the policy of the General Assembly through this chapter to give maximum effect to the principles of freedom of contract and the enforceability of operating agreements. Unless displaced by particular provisions of this chapter, the principles of law and equity shall supplement this chapter. Although this chapter is in derogation of common law, the rules of construction that require strict construction of statutes which are in derogation of common law shall not apply to its provisions. This chapter shall not be construed to impair the obligations of any contract existing when this chapter, or any amendment of it, becomes effective, nor to affect any action or proceeding begun or right accrued before the chapter or amendment takes effect.

(2) A written operating agreement may provide that the limited liability company interest of any member who fails to make any contribution that the member is obligated to make or who otherwise violates an obligation undertaken in the operating agreement shall be subject to specified penalties for, or specified consequences, such failure. Such penalty or consequence may take the form of:

- (a) Reducing or eliminating the defaulting member's proportionate interest in the limited liability company;
- (b) Subordinating the member's interest to that of nondefaulting members;
- (c) A forced sale of that limited liability company interest;
- (d) Forfeiture of his or her limited liability company interest;
- (e) The lending by other members of the amount necessary to meet the defaulting member's commitment;
- (f) A fixing of the value of his or her limited liability company interest by appraisal or by formula and redemption or sale of the limited liability company interest at such; or
- (g) Other penalty or consequence.

(3) A written operating agreement may provide rights to any person, including a person who is not a member or not otherwise a party to the operating agreement, to the extent set forth therein.

(4) Except to the extent set forth in a written operating agreement, a limited liability company is bound by and a party to the operating agreement.

(5) Action validly taken pursuant to one (1) provision of this chapter shall not be deemed invalid solely because it is identical or similar in substance to an action that could have been taken pursuant to some other provision of this chapter but fails to satisfy one (1) or more requirements prescribed by such other provision.

(6) No member or other person shall have a vested property right resulting from any provision of the operating agreement which may not be modified by its amendment or as otherwise permitted by law.

(7) Each member and manager and any other party to an operating agreement shall discharge all duties and exercise all rights consistently with the obligation of good faith and fair dealing. The obligation of good faith and fair dealing may not be

eliminated in the operating agreement, but it may prescribe the standards by which the performance of the obligation is to be measured provided the standards are not manifestly unreasonable.

(8) To the extent the articles of organization and the operating agreement do not otherwise provide, the Kentucky Limited Liability Company Act shall govern relations among the limited liability company, the members, the managers, and the assignees.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 104, effective July 12, 2012. -- Amended 2010 Ky. Acts ch. 133, sec. 28, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 389, sec. 92, effective July 15, 1994.

275.005 Purpose of limited liability company.

A limited liability company may be organized under this chapter for any lawful purpose, including the provision of one (1) or more professional services conducted in or outside the Commonwealth. Except as otherwise provided in KRS 275.150, if the purpose for which a limited liability company is organized or its activities make it subject to one (1) or more special provisions of law, the limited liability company shall also comply with those provisions.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 1, effective July 15, 1994.

275.010 Powers of limited liability companies.

(1) Except as otherwise set forth in this chapter or unless the articles of organization or operating agreement provide otherwise, every limited liability company shall have the powers to do all things necessary or convenient to carry out its business and affairs.

(2) A limited liability company is a legal entity distinct from its members.

(3) Professional limited liability companies shall be governed by the laws, whether statutory or common law, applicable to other limited liability companies. Except for those provisions concerning the personal liability of members, managers, employees, and agents of a limited liability company, nothing in this chapter shall restrict, limit, or expand in any manner the authority and duty of any regulating board to:

(a) License individual persons providing professional services; and

(b) Regulate the practice of persons providing professional services which are within the jurisdiction of the regulating board, even though the persons are members, managers, employees, or agents of a professional limited liability company, or provide professional services through a professional limited liability company, including the establishment of regulations concerning:

1. The qualifications of members or managers of a professional limited liability company;

2. The transfer of limited liability company interests in a professional limited liability company; or

3. The provision of one (1) or more professional services through a professional limited liability company.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 92, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 92, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 2, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.015 Definitions for chapter.

As used in this chapter, unless the context otherwise requires:

(1) "Articles of organization" means the articles filed in conformity with the provisions of KRS 275.020 and 275.025, and those articles as amended or restated;

(2) "Business entity" means a domestic or foreign limited liability company, corporation, partnership, limited partnership, business or statutory trust, and not-for-profit unincorporated association;

(3) "Corporation" means a profit or nonprofit corporation formed under the laws of any state or a foreign country;

(4) "Court" means every court having jurisdiction in the case;

(5) "Deliver" or "delivery" means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery, and electronic transmission;

(6) "Dissent" means a right to object to a proposed action or transaction and, in connection therewith, to demand a redemption of a limited liability company interest;

(7) "Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient;

(8) "Event of disassociation" means an event that causes a person to cease to be a member as provided in KRS 275.280;

(9) "Foreign limited liability company" means an organization that is:

(a) An unincorporated association;

(b) Organized under laws of a state other than the laws of this Commonwealth, or under the laws of any foreign country; and

(c) Organized under a statute pursuant to which an association may be formed that affords to each of its members limited liability with respect to the liabilities of the entity;

(10) "Foreign nonprofit corporation" means a corporation incorporated for a nonprofit purpose under the laws of a state other than the Commonwealth or under the laws of a foreign country;

(11) "Knowledge" means actual knowledge of a fact;

(12) "Limited liability company" or "domestic limited liability company" means a limited liability company formed under this chapter and, except with respect to a nonprofit limited liability company, having one (1) or more members;

(13) "Limited liability company interest" or "interest in the limited liability company" means the interest that may be issued in accordance with KRS 275.195;

(14) "Limited partnership" means a limited partnership formed under the laws of the Commonwealth or any other state or a foreign country;

(15) "Majority-in-interest of the members" means those members entitled to cast a majority of the votes to be cast by the members on any matter under the terms of the operating agreement described in KRS 275.175(3);

(16) "Manager" or "managers" means, with respect to a limited liability company that has set forth in its articles of organization that it is to be managed by managers, the person or persons designated in accordance with KRS 275.165;

(17) "Member" or "members" means a person or persons who have been admitted to membership in a limited liability company as provided in KRS 275.275 and who have not ceased to be members as provided in KRS 275.172 or 275.280;

(18) "Name of record with the Secretary of State" means any real, fictitious, reserved, registered, or assumed name of a business entity;

(19) "Nonprofit limited liability company" means a limited liability company formed for a nonprofit purpose having one (1) or more or no members that has elected in its articles of organization to be treated as a nonprofit limited liability company in accordance with KRS 275.025(6);

(20) "Nonprofit purpose" includes any purpose authorized under KRS 273.167;

(21) "Operating agreement" means any agreement, written or oral, among all of the members, as to the conduct of the business and affairs of a limited liability company. If a limited liability company has only one (1) member, an operating agreement shall be deemed to include:

(a) A writing executed by the member that relates to the affairs of the limited liability company and the conduct of its business regardless of whether the writing constitutes an agreement; or

(b) If the limited liability company is managed by a manager, any other agreement between the member and the limited liability company as it relates to the limited liability company and the conduct of its business, regardless of whether the agreement is in writing;

(22) "Person" means an individual, a partnership, a domestic or foreign limited liability company, a trust, an estate, an association, a corporation, or any other legal entity;

(23) "Principal office" means the office, in or out of the Commonwealth, so designated in writing with the Secretary of State where the principal executive offices of a domestic or foreign limited liability company are located;

(24) "Proceeding" means civil suit and criminal, administrative, and investigative action;

(25) "Professional limited liability company" means a limited liability company organized under this chapter or the laws of another state or foreign country for purposes that include, but are not limited to, the providing of one (1) or more professional services. Except as otherwise expressly provided in this chapter, all provisions of this chapter governing limited liability companies shall be applicable to professional limited liability companies;

(26) "Professional services" mean the personal services rendered by physicians, osteopaths, optometrists, podiatrists, chiropractors, dentists, nurses, pharmacists, psychologists, occupational therapists, veterinarians, engineers, architects, landscape architects, certified public accountants, public accountants, physical therapists, and attorneys;

(27) "Real name" shall have the meaning set forth in KRS 365.015;

(28) "Regulating board" means the governmental agency which is charged by law

with the licensing and regulation of the practice of the profession which the professional limited liability company is organized to provide; and

(29) "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 11, effective June 29, 2017. -- Amended 2015 Ky. Acts ch. 34, sec. 45, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 93, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 93, effective June 26, 2007. -- Amended 2006 Ky. Acts ch. 149, sec. 232, effective July 12, 2006. -- Amended 1998 Ky. Acts ch. 341, sec. 21, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 3, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (6/26/2007). 2007 Ky. Acts ch. 137, sec. 93, subsection (26) cited "Section 164 of this Act." It is apparent from context that the section referred to should have been Section 163 of the Act, KRS 365.015. The Reviser of Statutes has made this change under the authority of KRS 7.136.

275.020 Procedure for forming limited liability company.

(1) One (1) or more persons may serve as the organizer and form a limited liability company by delivering articles of organization to the Secretary of State for filing. It shall not be necessary that the person or persons be members of the limited liability company.

(2) Unless a delayed effective date is specified, the existence of the limited liability company shall begin when the articles of organization are filed by the Secretary of State. If a delayed effective date is specified, the existence of the limited liability company shall begin when the articles of organization are effective as specified in KRS 14A.2-070.

(3) The Secretary of State's filing of the articles of organization shall be conclusive proof that the organizer or organizers satisfied all conditions precedent to organization, except in a proceeding by the state to cancel or revoke the organization or involuntarily dissolve the limited liability company.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 94, effective July 15, 2010; and amended ch. 151, sec. 141, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 94, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 22, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 4, effective July 15, 1994.

Legislative Research Commission Note (1/1/2011). This section was amended by 2010 Ky. Acts ch. 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.025 Contents of articles of organization.

(1) The articles of organization shall set forth:

(a) A name for the limited liability company that satisfies the requirements of KRS 14A.3-010;

(b) The registered office and initial registered agent that satisfy the requirements of KRS 14A.4-010;

(c) The mailing address of the initial principal office of the limited liability company; and

(d) A statement that the limited liability company is to be managed by a manager or managers or that the limited liability company is to be managed by its members.

(2) The term of a limited liability company shall be perpetual unless a period of duration other than perpetual is set forth in the articles of organization.

(3) The articles of organization of a professional limited liability company shall designate the professional services to be practiced through the professional limited liability company.

(4) The articles of organization may set forth any other matter that under this chapter is permitted to be set forth in an operating agreement not inconsistent with law.

(5) A member of a limited liability company shall not have a vested property right resulting from any provision of the articles of organization.

(6) If the limited liability company is a nonprofit limited liability company, then the articles of organization shall state that fact and its nonprofit purpose. This provision of the articles of organization shall not be removed from the articles of organization without written notice to the Attorney General of Kentucky given not less than ten (10) business days prior to the filing of the amendment.

(7) The fact that the articles of organization are on file with the Secretary of State is notice:

(a) That the limited liability company formed by the filing of the articles of organization is a limited liability company formed under the laws of the Commonwealth of Kentucky; and

(b) Of all other facts set forth in the articles of organization which are required to be set forth by subsections (1), (3), and (6) of this section.

Effective: June 8, 2011

History: Amended 2011 Ky. Acts ch. 29, sec. 13, effective June 8, 2011. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 95, effective July 15, 2010; and amended ch. 151, sec. 71, effective January 1, 2011.-- Amended 2007 Ky. Acts ch. 137, sec. 95, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 23, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 5, effective July 15, 1994.

Legislative Research Commission Note (6/8/2011). 2011 Ky. Acts ch. 29, sec. 24, provides that the amendments to this section in 2011 Ky. Acts ch. 29, sec. 13, are retroactive to January 1, 2011.

Legislative Research Commission Note (1/1/2011). This section was amended by 2010 Ky. Acts ch. 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to

Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.030 Amendment of articles of organization.

(1) A limited liability company shall amend its articles of organization to add or change a provision that is required by this chapter to be included in the articles of organization. A limited liability company may amend its articles of organization to add, change, or delete a provision that is permitted to be or that is not required to be in the articles of organization. The articles of organization shall be amended if:

(a) There is a change in the name of the limited liability company;

(b) There is a change in the latest date upon which the limited liability company is to dissolve;

(c) There is a change in whether the management of the limited liability company is vested in managers or members; or

(d) There is a change in any other matter required to be set forth in the articles of organization under KRS 275.025.

Amendment of the articles of organization to change the mailing address of the principal office of the limited liability company shall be done as provided in KRS 275.040, and a change to the registered office or the registered agent shall be done as provided in KRS 14A.4-020.

(2) Except as provided in subsection (3) of this section, or unless the articles of organization or the operating agreement provide otherwise, an amendment to the articles of organization of a limited liability company shall be approved by the members in accordance with KRS 275.175.

(3) Unless the articles of organization or the written operating agreement provide otherwise, a manager or, if there is no manager, any member may amend the articles of organization of the limited liability company without action by the members to delete:

(a) The name and address of the initial registered agent or initial registered office if a statement of change pursuant to KRS 14A.4-020 or predecessor law is on file with the Secretary of State; or

(b) The mailing address of the initial principal office, if a statement of change pursuant to KRS 14A.5-010 or predecessor law is on file with the Secretary of State.

(4) To amend its articles of organization, a limited liability company shall file with the Secretary of State articles of amendment that satisfy KRS 14A.2-010 to 14A.2-150 setting forth:

(a) The name of the limited liability company;

(b) The text of each amendment adopted;

(c) The date of each amendment's adoption; and

(d) A statement that the amendment was duly adopted by the managers or the members in accordance with the articles of organization, the operating agreement of the limited liability company, or this chapter.

(5) The articles of organization may be amended in any respect as may be desired, if the articles of organization as amended contain only provisions that may be lawfully

contained in articles of organization at the time of making the amendment.

(6) Unless the articles of organization provide otherwise, no member of a limited liability company shall have the right to dissent from an amendment to the articles of organization.

(7) A professional limited liability company that has ceased to be utilized for rendering a professional service may by amendment of its articles of organization delete the provisions required by KRS 275.025(3) and adopt a name conforming to KRS 275.100, whereupon the limited liability company shall no longer be a professional limited liability company.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 96, effective July 15, 2010; amended 2010 Ky. Acts ch. 133, sec. 29, effective July 15, 2010; and amended ch. 151, sec. 72, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 96, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 6, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts chs. 133 and 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendments, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (1/1/2011). In subsection (1) of this statute, "KRS 275.120" has been changed to "KRS 14A.4-020" in codification. The original citation was added through amendment by 2010 Ky. Acts ch. 133, effective 7/15/2010, but the cited statute was repealed as part of the omnibus Kentucky Business Entity Filing Act, 2010 Ky. Acts ch.. 151, effective 1/1/2011. The correct citation, consistent with an identical change made to subsection 3(a) of this section by the Kentucky Business Entity Filing Act, has been substituted by the Reviser of Statutes under the authority of KRS 7.136(1).

275.035 Restatement of articles of organization.

(1) A limited liability company may restate its articles of organization by delivering to the Secretary of State for filing articles of restatement setting forth the name of the limited liability company and the text of the restated articles of organization together with a certificate stating whether the restatement contains an amendment to the articles of organization requiring member approval and, if it does, setting forth the information required by KRS 275.030(4).

(2) Restated articles of organization shall supersede the original articles of organization and all amendments to them when the restated articles of organization become effective pursuant to KRS 14A.2-070.

(3) The Secretary of State may certify restated articles of organization as the articles of organization currently in effect, without including the certificate information required by subsection (1) of this section.

Effective: January 1, 2011

History: Amended 2010 Ky. Acts ch. 151, sec. 142, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 7, effective July 15, 1994.

275.040 Statement of change of mailing address.

A limited liability company that changes the mailing address of its principal place of business shall comply with KRS 14A.5-010.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 151, sec. 73, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 8, effective July 15, 1994.

275.045 Requirements for documents to be filed with the Secretary of State.

Each document delivered by a domestic or foreign limited liability company to the Secretary of State for filing shall satisfy the requirements of KRS 14A.2-010 to 14A.2-150.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 97, effective July 15, 2010; and ch. 151, sec. 74, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 97, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 9, effective July 15, 1994.

Legislative Research Commission Note (1/1/2011). This section was repealed and reenacted without change to the existing language by 2010 Ky. Acts ch. 51, effective 7/15/10, and repealed and reenacted with the new language by 2010 Ky. Acts ch. 151, effective 1/1/2011. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment by ch. 51 not serve to void amendments made by other bills, and these Acts do not appear to be in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.050 Repealed, 2011.

Catchline at repeal: Prescribed forms.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 98, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 98, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 24, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 10, effective July 15, 1994.

275.055 Fees for filing documents with Secretary of State.

The Secretary of State shall collect the following fees when the documents described in this section are delivered to him for filing:

(1)	Articles of organization	$ 40.00
(2)	Amendment of article of organization	$ 40.00
(3)	Restatement of articles of organization	$ 40.00
(4)	Amendment and restatement of articles of organization	$ 80.00
(5)	Articles of dissolution with respect to a domestic limited liability company	$ 40.00
(6)	Articles of merger	$ 50.00
(7)	Articles of correction	$ 20.00
(8)	Articles of share exchange	$ 50.00
(9)	Any other document required or permitted to be filed by this chapter	$ 15.00

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 99, effective July 15, 2010; and repealed, reenacted, and amended 2010 Ky. Acts ch. 151, sec. 75, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 99, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 11, effective July 15, 1994.

Legislative Research Commission Note (1/1/2011). This section was repealed, reenacted, and amended by 2010 Ky. Acts ch. 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.060 Repealed, 2011.

Catchline at repeal: Effective date and time of document.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 100, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 100, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 12, effective July 15, 1994.

275.065 Repealed, 2011.

Catchline at repeal: Articles of correction.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 101, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 101, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 13, effective July 15, 1994.

has repealed this statute effective January 1, 2011.

275.070 Repealed, 2011.

Catchline at repeal: Duty of Secretary of State to file document -- Manner of filing -- Effect of filing or refusal to file.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 102, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 102, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 14, effective July 15, 1994.

275.075 Repealed, 2011.

Catchline at repeal: Appeal of refusal of Secretary of State to file document.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 15, effective July 15, 1994.

275.080 Repealed, 2011.

Catchline at repeal: Effect of certificate of Secretary of State attached to copy of filed document.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 103, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 103, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 16, effective July 15, 1994.

275.085 Repealed, 2011.

Catchline at repeal: Certificate of existence -- Certificate of authorization.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 17, effective July 15, 1994.

275.090 Repealed, 2011.

Catchline at repeal: Prohibition against knowingly signing false document -- Penalty.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 168, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 168, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 18, effective July 15, 1994.

275.095 Personal liability when acting without authority.

All persons purporting to act as or on behalf of a limited liability company, knowing there has been no organization under this chapter, or who assume to act for a limited liability company without authority to do so, shall be jointly and severally liable for all liabilities created while so acting.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 104, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 104, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 19, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.100 Name of limited liability company.

The name of each limited liability company shall satisfy the requirements of KRS 14A.3-010.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 105, effective July 15, 2010; amended ch. 133, sec. 30, effective July 15, 2010; and repealed and reenacted ch. 151, sec. 76, effective January 1, 2011 -- Amended 2007 Ky. Acts ch. 137, sec. 105, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 20, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51, both effective 7/15/2010. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together. Effective 1/1/2011, this section was also repealed and reenacted by the omnibus Kentucky Business Entity Filing Act, 2010 Ky. Acts ch. 151.

275.105 Repealed, 2011.

Catchline at repeal: Reserved limited liability company name.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 106, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 106, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 21, effective July 15, 1994.

275.110 Repealed, 2011.

Catchline at repeal: Registration of name of foreign limited liability company.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 22, effective July 15, 1994.

275.115 Registered office -- Registered agent.

Each domestic limited liability company shall continuously maintain in this Commonwealth a registered office and a registered agent that comply with KRS 14A.4-010.

Effective: January 1, 2011

History: Repealed, reenacted, and amended 2010 Ky. Acts ch. 151, sec. 77, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 23, effective July 15, 1994.

275.120 Repealed, 2011.

Catchline at repeal: Change of registered office or registered agent.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 24, effective July 15, 1994.

275.125 Repealed, 2011.

Catchline at repeal: Resignation of registered agent.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 25, effective July 15, 1994.

275.130 Repealed, 2011.

Catchline at repeal: Service of process.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 26, effective July 15, 1994.

275.135 Members or managers as agents.

(1) Except as provided in subsection (2) of this section, every member shall be an agent of the limited liability company for the purpose of its business or affairs, and the act of any member, including but not limited to the execution in the name of the limited liability company of any instrument, for apparently carrying on in the usual way the business or affairs of the limited liability company of which he is a member, shall bind the limited liability company, unless the member so acting has, in fact, no authority to act for the limited liability company in the particular matter, and the person with whom the member is dealing has knowledge or has received notification of the fact that the member has no such authority.

(2) If the articles of organization provide that management of the limited liability company is vested in a manager or managers:

(a) No member, solely by reason of being a member, shall be an agent of the limited liability company; and

(b) Every manager shall be an agent of the limited liability company for the purpose of its business or affairs, and the act of any manager, including, but not limited to, the execution in the name of the limited liability company of any instrument, for apparently carrying on in the usual way the business or affairs of the limited liability company of which he is the manager shall bind the limited liability company, unless the manager so acting has, in fact, no authority to act for the limited liability company in the particular matter, and the person with whom the manager is dealing has knowledge or has received notification of the fact that the manager has no such authority.

(3) An act of a manager or a member which is apparently not for the carrying on in the usual way of the business or affairs of the limited liability company shall not bind the limited liability company unless, at the time of the transaction or at any other time, the act is authorized in accordance with the operating agreement.

(4) An act of a manager or member in contravention of a restriction on authority shall not bind the limited liability company to persons having knowledge of the restriction.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 107, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 107, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 25, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 27, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.140 Effect of statements by members or managers.

(1) Except as provided in subsection (2) of this section, an admission, statement, or representation made by any member concerning the business or affairs of a limited liability company within the scope of the member's authority as provided for by this chapter shall be evidence against the limited liability company.

(2) If the articles of organization provide that management of the limited liability company is vested in a manager or managers:

(a) An admission, statement, or representation made by a manager concerning the business or affairs of a limited liability company within the scope of the manager's authority as provided for by this chapter shall be evidence against the limited liability company; and

(b) The admission, statement, or representation of any member, acting solely in the capacity of a member, shall not constitute evidence against the limited liability company.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 28, effective July 15, 1994.

275.145 Effect of notice to members or managers.

(1) Except as provided in subsection (2) of this section, notice to any member of any matter relating to the business or affairs of the limited liability company, and the knowledge of the member acting in the particular matter, acquired while a member or known at the time of becoming a member, and the knowledge of any other member who reasonably could and should have communicated the knowledge to the acting member, shall operate as notice to or knowledge of the limited liability company, except in the case of a fraud on the limited liability company committed by or with the consent of that member.

(2) If the articles of organization provide that management of the limited liability company is vested in a manager or managers:

(a) Notice to any manager of any matter relating to the business or affairs of the limited liability company, and the knowledge of the manager acting in the particular matter, acquired while a manager or known at the time of becoming a manager, and the knowledge of any other manager who reasonably could and should have communicated the knowledge to the acting manager, shall operate as notice to or knowledge of the limited liability company, except in the case of a fraud on the limited liability company committed by or with the consent of that manager; and

(b) Notice to or knowledge of any member of the limited liability company while the member is acting solely in the capacity of a member shall not constitute notice to or knowledge of the limited liability company.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 29, effective July 15, 1994.

275.150 Immunity from personal liability.

(1) Except as provided in subsection (2) of this section or as otherwise specifically set forth in other sections in this chapter, no member, manager, employee, or agent of a limited liability company, including a professional limited liability company, shall be personally liable by reason of being a member, manager, employee, or agent of the limited liability company, under a judgment, decree, or order of a court, agency, or tribunal of any type, or in any other manner, in this or any other state, or on any other basis, for a debt, obligation, or liability of the limited liability company, whether arising in contract, tort, or otherwise. The status of a person as a member, manager, employee, or agent of a limited liability company, including a professional limited liability company, shall not subject the person to personal liability for the acts or omissions, including any negligence, wrongful act, or actionable misconduct, of any other member, manager, agent, or employee of the limited liability company. That a limited liability company has a single member or a single manager is not a basis for setting aside the rule otherwise recited in this subsection.

(2) Notwithstanding the provisions of subsection (1) of this section, under a written operating agreement or under another written agreement, a member or manager may agree to be obligated personally for any of the debts, obligations, and liabilities of the limited liability company.

(3) Subsection (1) of this section shall not affect the liability of a member, manager, employee, or agent of a limited liability company for his or her own negligence, wrongful acts, or misconduct.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 105, effective July 12, 2012. -- Amended 2010 Ky. Acts ch. 133, sec. 31, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 26, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 30, effective July 15, 1994.

275.155 Proper parties to proceedings.

A member of a limited liability company shall not be a proper party to a proceeding by or against a limited liability company, solely by reason of being a member of the limited liability company, except if the object of the proceeding is to enforce a member's right against or liability to the limited liability company or as otherwise provided in an operating agreement.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 31, effective July 15, 1994.

275.160 Operations outside Kentucky -- Kentucky law controlling in cases of conflict.

(1) A limited liability company may conduct its business, carry on its operations, and exercise the power granted by this chapter in any state or in any foreign country.

(2) The personal liability of members, managers, employees, and agents of a limited liability company to any person or in any action or proceeding for the debts, obligations, or liabilities of a limited liability company or for the acts of omissions of other members, managers, employees, or agents of a limited company shall be governed solely and exclusively by this chapter and the laws of this Commonwealth. When a conflict arises between the law of this state and the laws of any other state with regard to the liability of the members of the limited liability company for the debts, obligations, and liabilities of the limited liability company, or of the acts or omissions of other members, managers, employees, or agents of the limited liability company, this Commonwealth's law shall be deemed to govern in determining the liability.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 32, effective July 15, 1994.

275.165 Management of company -- Delegation of powers -- Limitation on remuneration for services performed.

(1) Unless the articles of organization vest management of the limited liability company in a manager or managers, management of the business and affairs of the limited liability company shall vest in the members. Subject to any provisions in the articles of organization, the operating agreement or this chapter restricting or enlarging the management rights and duties of any person or group or class of persons, the members shall have the right and authority to manage the affairs of the limited liability company and to make all decisions with respect thereto.

(2) If the articles of organization vest management of the limited liability company in one (1) or more managers, except to the extent otherwise provided in the articles of organization, the operating agreement, or this chapter, the manager or managers shall have exclusive power to manage the business and affairs of the limited liability company. Unless otherwise provided in the articles of organization or the operating agreement, managers:

(a) Shall be designated, appointed, elected, removed, or replaced by a vote, approval, or consent of the majority-in-interest of the members;

(b) Shall not be required to be members of the limited liability company or natural persons; and

(c) Unless they are sooner removed or sooner resign, shall hold office until their successors shall have been elected and qualified.

(3) Unless otherwise set forth in a written operating agreement, a member or manager of a limited liability company has the power and authority to delegate to one (1) or more other persons the member's or manager's powers to manage or control the business and affairs of the limited liability company, including without limitation the power to delegate to agents and employees of a member, manager, or limited liability company or to delegate by an agreement to other persons. This delegation by a member or manager of a limited liability company shall not cause the member or manager to cease to be a member or manager of the limited liability company.

(4) A member or manager shall not be entitled to remuneration for services performed for the limited liability company except as may be set forth in a written operating agreement.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 52, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 108, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 108, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 27, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 33, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.170 Duties of care and loyalty -- Approval of conflict of interest transactions -- Remedy for breach of the duty of loyalty.

Unless otherwise provided in a written operating agreement:

(1) With respect to any claim for breach of the duty of care, a member or manager shall not be liable, responsible, or accountable in damages or otherwise to the limited liability company or the members of the limited liability company for any action taken or failure to act on behalf of the limited liability company unless the act or omission constitutes wanton or reckless misconduct.

(2) The duty of loyalty applicable to each member and manager shall be to account to the limited liability company and hold as trustee for it any profit or benefit derived by that person without the consent of more than one-half (1/2) by number of the disinterested managers, or a majority-in-interest of the members from:

(a) Any transaction connected with the conduct or winding up of the limited liability company; or

(b) Any use by the member or manager of its property, including, but not limited to, confidential or proprietary information of the limited liability company or other matters entrusted to the person as a result of his or her status as manager or member.

(3) In determining whether a transaction has received the approval of a majority-in-interest of the members, membership interests owned by or voted under the control of the member or manager whose actions are under review in accordance with subsection (2) of this section, and membership interests owned by an entity owned by or voted under the control of that member or manager, shall not be counted in a vote of the members to determine whether to consent, and the membership interests shall not be counted in determining whether a quorum, if required by a written operating agreement, exists to consider whether to consent. That a transaction was fair to the limited liability company shall not constitute a defense to the failure to request and receive the required consent of the disinterested managers or members.

(4) A member of a limited liability company in which management is vested in managers under KRS 275.165(2) and who is not a manager shall have no duties to the limited liability company or the other members solely by reason of acting in his or her capacity as a member.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 106, effective July 12, 2012. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 109, effective July 15, 2010; and amended ch. 133, sec. 32, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 109, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 28, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 34, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by

2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

275.172 Expulsion of member of limited liability company -- Conditions.

(1) On application by the limited liability company, a person is expelled as a member by judicial order:

(a) If the person has engaged or is engaging in wrongful conduct that has adversely and materially affected, or will adversely and materially affect, the company's activities;

(b) If the person has willfully or persistently committed, or is willfully and persistently committing, a material breach of the operating agreement or the person's duties or obligations under KRS 275.170;

(c) If the person has engaged or is engaging in conduct relating to the company's activities which makes it not reasonably practicable to carry on the activities with the person as a member; or

(d) For such other reasons as are set forth in a written agreement.

(2) Upon the effective date of the expulsion, the expelled member shall be dissociated from and cease to be a member of the company and with respect to the expelled member's limited liability company interest shall be an assignee.

(3) Except as set forth in a written operating agreement, the dissociation of a member in accordance with this section does not entitle the former member or any assignee to any distribution.

Effective: June 29, 2017

History: Created 2017 Ky. Acts ch. 193, sec. 2, effective June 29, 2017.

275.175 Number of votes required to do business -- Circumstances requiring affirmative vote of members -- Written operating agreement for company without members -- No right of dissent -- Written operating agreement provisions relating to right to vote, approve, or consent.

(1) Unless otherwise provided in the articles of organization, a written operating agreement, or this chapter, the affirmative vote, approval, or consent of a majority-in-interest of the members or a simple majority of the managers, each having a single vote, shall be required to decide any matter connected with the business affairs of the limited liability company.

(2) Unless otherwise provided in a written operating agreement, irrespective of whether management of the limited liability company is vested in a manager or managers, the affirmative vote, approval, or consent of the members shall be required to:

(a) Amend a written operating agreement;

(b) Authorize a manager or member to do any act on behalf of the limited liability company that contravenes an operating agreement, including any written provision thereof which expressly limits the purpose, business, or affairs of the limited liability company or the conduct thereof;

(c) Amend the articles of organization;

(d) Merge or convert the limited liability company or approve a sale of all or substantially all of its assets;

(e) Admit a new member, including the assignee of a member, as a member;

(f) Remove a member after the assignment of all assignable interest in the limited liability company;

(g) Waive an agreement to contribute to the limited liability company;

(h) Approve the voluntary dissolution of the limited liability company;

(i) Approve any acting contravention of a written operating agreement; or

(j) Allow the voluntary resignation of a member from a manager-managed limited liability company.

(3) Unless otherwise provided in the articles of organization, a written operating agreement, or this chapter, for all purposes of this chapter, the members of a limited liability company shall vote, approve, or consent in proportion to their contributions, based upon the agreed value as stated in the records of the limited liability company as required by KRS 275.185, made by each member to the extent they have been received by the limited liability company and have not been returned.

(4) In a nonprofit limited liability company that does not have members, the capacity and authority to manage the business and affairs of the company shall be set forth in a written operating agreement.

(5) Unless otherwise provided in the articles of organization or the written operating agreement, no member of a limited liability company shall have the right to dissent from an amendment to the operating agreement or the articles of organization.

(6) An operating agreement may set forth provisions relating to notice of the time, place, or purpose of any meeting at which any matter is to be voted on by any

members, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum, and voting requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote, approve, or consent.

(7) Except as otherwise provided in a written operating agreement, an action requiring the vote, approval, or consent of the members may be taken without a meeting and without prior notice if the vote, approval, or consent is set forth in a writing approved by not less than the necessary number, percentage, or threshold of members, interests, or votes.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 12, effective June 29, 2017. -- Amended 2015 Ky. Acts ch. 34, sec. 53, effective June 24, 2015. -- Amended 2013 Ky. Acts ch. 106, sec. 6, effective June 25, 2013. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 110, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 110, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 29, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 35, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.177 Enforcement of limitations on amendment of operating agreement.

If a written operating agreement contains a provision to the effect that any amendment to the operating agreement of the limited liability company shall be in writing and adopted in accordance with the provisions of the operating agreement, then the provision shall be enforceable in accordance with its terms, and any agreement as to the conduct of the business and affairs of the limited liability company which is not in writing and adopted in accordance with the provisions of the operating agreement shall not be considered part of the operating agreement and shall be void and unenforceable.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 15, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 15, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.180 Operating agreement provisions on personal liability and indemnification.

A written operating agreement may:

(1) Eliminate or limit the personal liability of a member or manager for monetary damages for breach of any duty provided for in KRS 275.170; and

(2) Provide for indemnification of a member or manager for judgments, settlements, penalties, fines, or expenses incurred in a proceeding to which a person is a party because the person is or was a member or manager.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 341, sec. 30, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 36, effective July 15, 1994.

275.185 Required records -- Inspection right of member -- Limitations upon use of records.

(1) A limited liability company shall keep at its principal office or other location as set forth in a written operating agreement, the following:

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

(b) A copy of the articles of organization and all amendments thereto, together with executed copies of any power of attorney pursuant to which any articles of amendment have been executed;

(c) Copies of the limited liability company's federal, state, and local income tax returns and financial statements, if any, for the three (3) most recent years or, if those returns and statements were not prepared, copies of the information and statements provided to, or which should have been provided to, the members to enable them to prepare their federal, state, and local tax returns for those years;

(d) Copies of any effective written operating agreements and all amendments thereto, and copies of any written operating agreements no longer in effect; and

(e) Unless contained in writing in an operating agreement:

1. A writing setting forth the amount of cash, if any, and a statement of the agreed value of other property or services, if any, contributed by each member and the times at which or events upon the happening of which any additional contributions are to be made;

2. A writing stating events, if any, upon the happening of which the limited liability company is to be dissolved and its affairs wound up; and

3. Other writings, if any, prepared pursuant to a requirement, if any, in an operating agreement.

(2) Subject to subsection (5) of this section, upon reasonable written request to the limited liability company, a member may, at the member's own expense, inspect and copy during ordinary business hours any limited liability company record, where the record is located or at a reasonable location.

(3) Members, if the management of the limited liability company is vested in the members, or managers, if management of the limited liability company is vested in managers, shall render, to the extent the circumstances render it just and reasonable, true and full information of all matters affecting the members to any member, and the member's agent, and to the legal representative of any deceased member or of any member under legal disability.

(4) Failure of the limited liability company to keep or maintain any of the records or information required pursuant to this section shall not be grounds for imposing liability on any member or manager for the debts and obligations of the limited liability company.

(5) A written operating agreement may impose reasonable limitations upon the

inspection and use of any record of or information with respect to a limited liability company. Except as to limitations set forth in a written operating agreement to which a member requesting information has assented, the limited liability company bears the burden of proof in demonstrating the reasonableness of any restrictions imposed.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 106, sec. 7, effective June 25, 2013. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 111, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 111, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 37, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.190 Annual report.

Each limited liability company and each foreign limited liability company qualified to transact business in this Commonwealth is subject to KRS 14A.6-010.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 112, effective July 15, 2010; and ch. 151, sec. 78, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 112, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 38, effective July 15, 1994.

Legislative Research Commission Note (1/1/2011). This section was repealed and reenacted without change to the existing language by 2010 Ky. Acts ch. 51, effective 7/15/10, and repealed and reenacted with the new language by 2010 Ky. Acts ch. 151, effective 1/1/2011. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment by ch. 51 not serve to void amendments made by other bills, and these Acts do not appear to be in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.195 Consideration for issuance of interest -- Members.

(1) A limited liability company interest may be issued in exchange for consideration consisting of cash, property, services rendered, or a promissory note or other obligation to contribute cash or property or to perform services.

(2) A person may be admitted to a limited liability company as a member of the limited liability company and may receive a limited liability company interest without making a contribution or being obligated to make a contribution to the limited liability company.

(3) Unless otherwise provided in the operating agreement, a person may be admitted to a limited liability company as a member without acquiring a limited liability company interest.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 113, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 113, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 39, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.200 Obligation to make contribution -- Compromise.

(1) An obligation of a member to make a contribution to the limited liability company shall not be enforceable unless set forth in a writing signed by the member.

(2) Unless otherwise provided in an operating agreement, a member shall be obligated to the limited liability company to perform any enforceable promise to contribute cash or property or to perform services, even if the member is unable to perform because of death, disability, or other reason.

(3) If a member does not make a required contribution of property or services, then the member shall be obligated, at the option of the limited liability company, to contribute cash equal to that portion of value of the stated contribution that has not been made.

(4) Unless otherwise provided in an operating agreement, an obligation of a member to make a contribution may be compromised only with the unanimous consent of the members.

(5) Notwithstanding any compromise approved pursuant to subsection (4) of this section, a creditor of a limited liability company who extends credit or otherwise acts in reliance on an obligation after the member executes a writing which reflects that obligation and before any such compromise is reached, may enforce the original obligation.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 114, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 114, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 40, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.205 Allocation of profits and losses among members.

Profits and losses of a limited liability company shall be allocated among the members and among classes of members in the manner provided in the operating agreement. If a written operating agreement does not otherwise provide, profits and losses shall be allocated on the basis of the agreed value, as stated in the records of the limited liability company as required by KRS 275.185, of the contributions made by each member to the extent they have been received by the limited liability company and have not been returned.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 341, sec. 31, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 41, effective July 15, 1994.

275.210 Distribution of cash or other assets.

Except as otherwise provided in KRS 275.310, distributions of cash or other assets of a limited liability company shall be allocated among the members and among classes of members in the manner provided in writing in an operating agreement. If the operating agreement does not so provide in writing, each member shall share in any distribution on the basis of the agreed value, as stated in the records of the limited liability company as required by KRS 275.185, of the contributions made by each member to the extent they have been received by the limited liability company and have not been returned. A member shall be entitled to receive distributions described in this section from a limited liability company to the extent and at the times or upon the happenings of the events specified in an operating agreement or at the times determined by the members or managers pursuant to KRS 275.175.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 341, sec. 32, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 42, effective July 15, 1994.

275.215 Repealed, 1998.

Catchline at repeal: Effect of event of disassociation which does not cause dissolution.

History: Repealed 1998 Ky. Acts ch. 341, sec. 59, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 43, effective July 15, 1994.

275.220 Member not entitled to distribution other than in cash -- Restriction on in-kind distribution.

Unless otherwise provided in a written operating agreement:

(1) A member, regardless of the nature of the member's contribution, shall not have a right to demand and receive any distribution from the limited liability company in any form other than cash;

(2) A member shall not be compelled to accept from a limited liability company a distribution of any asset in kind to the extent that the percentage of the asset distributed to the member exceeds the percentage that the member would have shared in a cash distribution equal to the value of the property at the time of distribution; and

(3) The property of a limited liability company shall not be subject to KRS 381.135(1)(a)1.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 133, sec. 33, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 33, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 44, effective July 15, 1994.

275.225 Circumstances preventing distribution -- Determination -- Definition.

(1) No distribution shall be made if, after giving effect to the distribution:

(a) The limited liability company would not be able to pay its debts as they become due in the usual course of business;

(b) The limited liability company's assets would be less than the sum of its liabilities plus, unless otherwise provided in an operating agreement, the amount that would be needed, if the limited liability company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other members upon dissolution which are superior to the rights of the member receiving the distribution; or

(c) The distribution violates the operating agreement.

(2) The determination that a distribution is not prohibited under subsection (1) of this section may be based upon:

(a) Financial statements prepared on the basis of accounting practices and principles that are reasonable under the circumstances; or

(b) A fair valuation or other method that is reasonable under the circumstances.

(3) Except as provided in subsection (5) of this section, the effect of a distribution under subsection (1) of this section shall be measured as of:

(a) The date the distribution is authorized if the payment occurs within one hundred twenty (120) days after the date of authorization; or

(b) The date payment is made if it occurs more than one hundred twenty (120) days after the date of authorization.

(4) A limited liability company's indebtedness to a member incurred by reason of a distribution made in accordance with this section shall be at parity with the limited liability company's indebtedness to its general unsecured creditors, except to the extent subordinated by agreement.

(5) If terms of the indebtedness provide that payment of principal and interest is to be made only if, and to the extent that, payment of a distribution to members could then be made under this section, then indebtedness of a limited liability company, including indebtedness issued as a distribution, shall not be a liability for purposes of determinations made under subsection (1) of this section.

(6) If the indebtedness is issued as a distribution, then each payment of principal or interest on the indebtedness shall be treated as a distribution, the effect of which shall be measured on the date the payment is actually made.

(7) For purposes of this section, the term "distribution" shall not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefit program.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 115, effective July 15, 2010; and amended ch. 133, sec. 34, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 115, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 45, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

275.230 Liability for unlawful distribution -- Effect of unlawful distribution -- Limitation of action.

(1) A member or manager who votes for or assents to a distribution in violation of an operating agreement or KRS 275.225 shall be personally liable to the limited liability company for the amount of the distribution that exceeds the amount that could have been distributed without violating KRS 275.225 or an operating agreement if it is established that the member or manager did not comply with KRS 275.170.

(2) Each member or manager held liable under subsection (1) of this section for an unlawful distribution shall be entitled to contribution:

(a) From each other member or manager who could be held liable under subsection (1) of this section for the unlawful distribution; and

(b) From each member, assignee, or other recipient for the amount received in violation of KRS 275.225 or an operating agreement.

(3) A proceeding under this section shall be barred unless it is commenced within two (2) years after the date on which the effect of the distribution is measured under KRS 275.225(3).

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 107, effective July 12, 2012. -- Created 1994 Ky. Acts ch. 389, sec. 46, effective July 15, 1994.

275.235 Member's rights and remedies when entitled to receive a distribution.

At the time a member becomes entitled to receive a distribution, the member shall have the status of, and shall be entitled to all remedies available to, a creditor of the limited liability company with respect to the distribution.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 47, effective July 15, 1994.

275.240 Title to property held by company.

(1) Property transferred to or otherwise acquired by a limited liability company shall be the property of the limited liability company and not of the members individually.

(2) Property may be acquired, held, and conveyed in the name of the limited liability company. Any estate in real property may be acquired in the name of the limited liability company, and title to any interest so acquired shall vest in the limited liability company rather than in the members individually.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 48, effective July 15, 1994.

275.245 Transfer of property held in name of company.

(1) Except as provided in subsection (2) of this section, property of the limited liability company held in the name of the limited liability company may be transferred by an instrument of transfer executed by any member so authorized in the name of the limited liability company.

(2) If the articles of organization provide that management of the limited liability company is vested in a manager or managers:

(a) Title to property of the limited liability company that is held in the name of the limited liability company may be transferred by an instrument of transfer executed by any manager so authorized in the name of the limited liability company; and

(b) A member, solely by reason of being a member, shall not have authority to transfer property of the limited liability company.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 341, sec. 34, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 49, effective July 15, 1994.

275.247 Sale of assets other than in regular course of business.

(1) Except as may be otherwise provided in a written operating agreement, a limited liability company may sell, lease, exchange, or otherwise dispose of all or substantially all of its property with or without the good will, otherwise than in the usual and regular course of business, on the terms and conditions and for the consideration determined by a majority-in-interest of the members.

(2) Unless otherwise provided in the articles of organization or a written operating agreement, no member shall have the right to dissent from a sale, lease, exchange, or other disposition by a limited liability company of all or substantially all of its property outside the ordinary course of business.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 4, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 4, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.250 Status of company interest as personal property.

A limited liability company interest shall be personal property.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 50, effective July 15, 1994.

275.255 Assignment of interest.

(1) Unless otherwise provided in a written operating agreement:

(a) A limited liability company interest shall be assignable in whole or in part;

(b) An assignment shall entitle the assignee to receive, to the extent assigned, only the distributions to which the assignor would be entitled;

(c) An assignment of a limited liability company interest shall not dissolve the limited liability company or entitle the assignee to participate in the management and affairs of the limited liability company or to become or exercise any rights of a member other than the right to receive distributions pursuant to subsection (1)(b) of this section;

(d) Until the assignee of a limited liability company interest becomes a member pursuant to KRS 275.265(1), the assignor shall continue to be a member and to have the power to exercise any rights of a member, subject to the members' right to remove the assignor pursuant to KRS 275.280(1)(c)2.;

(e) Until an assignee of a limited liability company interest becomes a member, the assignee shall have no liability as a member solely as a result of the assignment; and

(f) The assignor of a limited liability company interest shall not be released from liability as a member solely as result of the assignment.

(2) A written operating agreement may provide that a member's limited liability company interest may be evidenced by a certificate of limited liability company interest issued by the limited liability company and may also provide for the assignment or transfer of any interest represented by the certificate.

(3) Unless otherwise provided in a written operating agreement, the pledge of or granting of a security interest, lien, or other encumbrance in or against any or all of the limited liability company interest of a member shall not constitute an assignment and shall not cause the member to cease to be a member or cease to have the power to exercise any rights or powers of a member.

(4) Limitations upon the assignment or pledge of a membership interest set forth or adopted in accordance with this section shall be enforced notwithstanding KRS 355.9-406 and 355.9-408.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 116, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 116, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 51, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.260 Member's transferable interest subject to charging order.

(1) This section provides the exclusive remedy by which the judgment creditor of a member or the assignee of a member may satisfy a judgment out of the judgment debtor's limited liability company interest.

(2) On application to a court of competent jurisdiction by a judgment creditor of a member or a member's assignee, a court may charge the judgment debtor's interest in the limited liability company with payment of the unsatisfied amount of the judgment. To the extent so charged, the judgment creditor has only the rights of an assignee and shall have no right to participate in the management or to cause the dissolution of the limited liability company. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the limited liability company interest and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.

(3) A charging order constitutes a lien on and the right to receive distributions made with respect to the judgment debtor's limited liability company interest. A charging order does not of itself constitute an assignment of the limited liability company interest.

(4) The court may order a foreclosure upon the limited liability company interest subject to the charging order at any time. The purchaser of the limited liability company interest at the foreclosure sale has the rights of an assignee. At any time before foreclosure, the charged limited liability company interest may be redeemed:

  (a) By the judgment debtor;

  (b) With property other than limited liability company property, by one (1) or more of the other members; and

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

(5) This section does not deprive a member or a member's assignee of the benefit of any exemption laws applicable to the member's or assignee's limited liability company interest.

(6) The limited liability company is not a necessary party to an application for a charging order. Service of the charging order on a limited liability company may be made by the court granting the charging order or as the court should otherwise direct.

(7) This section does not apply to the enforcement of a judgment by a limited liability company against a member of that company.

(8) This section does apply to the issuance of a charging order against the interest of a member or assignee of a member of a foreign limited liability company.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 13, effective June 29, 2017. -- Amended 2011 Ky. Acts ch. 29, sec. 23, effective June 8, 2011. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 117, effective July 15, 2010; and amended ch. 133, sec. 35, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 117, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 35, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 52, effective July

15, 1994.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.265 Assignee of an interest as a member of the company.

(1) Unless otherwise provided in a written operating agreement, an assignee of a limited liability company interest shall become a member only if a majority-in-interest of the members consent. The consent of a member may be evidenced in any manner specified in writing in an operating agreement, but in the absence of specification, consent shall be evidenced by one (1) or more written instruments, dated and signed by the requisite members. Except as otherwise provided in a written operating agreement, the assignor of a limited liability company interest shall not participate in the vote, approval, or consent of the admission of the assignee as a member.

(2) An assignee who becomes a member shall have, to the extent assigned, the rights and powers and shall be subject to the restrictions and liabilities of a member under the articles of organization, any written operating agreement, and this chapter. An assignee who becomes a member also shall be liable for any obligations of his or her assignor to make contributions under KRS 275.200. However, the assignee shall not be obligated for liabilities of which the assignee had no knowledge at the time he or she became a member and which could not be ascertained from the articles of organization or any written operating agreement.

(3) Unless otherwise provided in a written operating agreement, the assignor shall not be released from his or her liability to the limited liability company under KRS 275.200, whether or not an assignee of a limited liability company interest becomes a member.

(4) Unless otherwise provided in a written operating agreement, a member who assigns his or her entire limited liability company interest shall cease to be a member or to have the power to exercise any rights of the member when the assignee becomes a member with respect to the entire assigned interest.

(5) Unless otherwise set forth in the operating agreement, a successor in interest to a member who is disassociated from the limited liability company shall have the rights and obligations of an assignee with respect to the member's interest.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 133, sec. 36, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 36, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 53, effective July 15, 1994.

275.270 Repealed, 1998.

Catchline at repeal: Member's legal representative to have rights of assignee if member dies or is declared incompetent.

History: Repealed 1998 Ky. Acts ch. 341, sec. 59, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 54, effective July 15, 1994.

275.275 Admission to membership in company.

(1) Subject to subsection (2) of this section, a person may become a member in a limited liability company:

(a) In the case of the person acquiring a limited liability company interest directly from a limited liability company, upon compliance with an operating agreement or, if an operating agreement does not so provide in writing, upon the written consent of all members; and

(b) In the case of an assignee of the limited liability company interest, as provided in KRS 275.255 and 275.265.

(2) The effective time of admission of a member to a limited liability company shall be the later of:

(a) The date the limited liability company is formed;

(b) The time provided in the operating agreement or, if no time is provided, when the person's admission is reflected in the records of the limited liability company; or

(c) The time the member is admitted under KRS 275.285(4).

(3) Upon becoming a member in a limited liability company, the member is bound by and a party to the operating agreement.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 108, effective July 12, 2012. -- Amended 2011 Ky. Acts ch. 29, sec. 14, effective June 8, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 55, effective July 15, 1994.

275.280 Cessation of membership.

(1) A person shall disassociate from and cease to be a member of a limited liability company upon the occurrence of one (1) or more of the following events:

(a) Subject to the provisions of subsection (3) of this section, the member withdraws by voluntary act from the limited liability company;

(b) The member ceases to be a member of the limited liability company as provided in KRS 275.265;

(c) The member is removed as a member:

1. In accordance with a written operating agreement;

2. Unless otherwise provided in a written operating agreement, if after an assignment there is at least one (1) other member, when the member assigns all of the member's limited liability company interest that may be unilaterally assigned, upon receipt of the written consent of a majority-in-interest of the members who have not assigned their interest; or

3. If after the assignment there are no other members, upon the effective time and date of the assignment;

(d) Unless otherwise provided in a written operating agreement or by written consent of majority-in-interest of the members, at the time the member:

1. Makes an assignment for the benefit of creditors;

2. Files a voluntary petition in bankruptcy;

3. Is adjudicated bankrupt or insolvent;

4. Files a petition or answer seeking for the member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

5. Files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the member in any proceeding of this nature; or

6. Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the member or of all or any substantial part of the member's property;

(e) Unless otherwise provided in a written operating agreement or by written consent of a majority-in-interest of the members remaining at the time, if within one hundred twenty (120) days after the commencement of any proceeding against the member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, the proceeding has not been dismissed, or if within one hundred twenty (120) days after the appointment without the member's consent or acquiescence of a trustee, receiver, or liquidator of the member, or of all or any substantial part of the member's properties, the appointment is not vacated or stayed or within one hundred twenty (120) days after the expiration of any stay, the appointment is not vacated;

(f) Unless otherwise provided in a written operating agreement or by written consent of a majority-in-interest of the members remaining at the time, in the case of a member that is an individual:

1. The member's death; or
2. The entry of an order by a court of competent jurisdiction adjudicating the member incompetent to manage his or her person or estate;

(g) Unless otherwise provided in a written operating agreement or by written consent of a majority-in-interest of the members remaining at the time, in the case of a member that is a trust or is acting as a member by virtue of being a trustee of a trust, the termination of the trust, but not merely the substitution of a new trustee;

(h) Unless otherwise provided in a written operating agreement or by written consent of a majority-in-interest of the members remaining at the time, in the case of a member that is a separate limited liability company, the dissolution and commencement of winding up of the separate limited liability company;

(i) Unless otherwise provided in a written operating agreement or by written consent of the majority-in-interest of the members remaining at the time, in the case of a member that is a corporation, the filing of articles of dissolution or the equivalent for the corporation or the revocation of its articles of incorporation and the lapse of ninety (90) days after notice to the corporation of revocation without a reinstatement of its articles of incorporation; or

(j) Unless otherwise provided in a written operating agreement or by written consent of a majority-in-interest of the members remaining at the time, in the case of an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

(2) The members may provide in a written operating agreement for other events the occurrence of which shall result in a person ceasing to be a member of the limited liability company.

(3) Unless otherwise provided in a written operating agreement:

(a) In a member-managed limited liability company a member may resign from a limited liability company upon thirty (30) days' prior written notice to the limited liability company; and

(b) In a manager-managed limited liability company, a member may not resign without the consent of all other members.

(4) Upon the effective date of the resignation, the resigning member shall be dissociated from and cease to be a member of the limited liability company and shall be with respect to the resigning member's limited liability company interest an assignee thereof.

(5) The successor-in-interest of a disassociated member shall be an assignee.

(6) Except as set forth in a written operating agreement, the dissociation of a member does not entitle the former member or any assignee thereof to any distribution.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 14, effective June 29, 2017. -- Amended 2012 Ky. Acts ch. 81, sec. 109, effective July 12, 2012. -- Amended

2011 Ky. Acts ch. 29, sec. 15, effective June 8, 2011. -- Amended 2010 Ky. Acts ch. 133, sec. 37, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 37, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 56, effective July 15, 1994.

275.285 Dissolution of company.

A limited liability company shall be dissolved, and it shall commence to wind up its affairs upon the happening of the first to occur of the following:

(1) The expiration of the term of the limited liability company set forth in the articles of organization, if any;

(2) Upon the occurrence of events specified in the articles of organization or a written operating agreement;

(3) Unless otherwise set forth in the operating agreement, the written consent of all of the members of a limited liability company;

(4) There are no remaining members, except that the limited liability company shall not be dissolved and its affairs shall not be wound up when:

(a) A member is admitted to the limited liability company in the manner provided for in a written operating agreement, effective as of the occurrence of the event that terminated the continued membership of the last remaining member; or

(b) Unless otherwise provided in a written operating agreement, within ninety (90) days after the occurrence of the event that terminated the continued membership of the last remaining member, the successor-in-interest of the last remaining member agrees in writing to continue the limited liability company and to the admission of the successor-in-interest of that member or its designee to the limited liability company as a member, effective as of the occurrence of the event that terminated the continued membership of the last remaining member;

(5) Entry of a decree of judicial dissolution under KRS 275.290; or

(6) Filing of a certificate of dissolution by the Secretary of State under KRS 14A.7-020; but

(7) If a nonprofit limited liability company does not have members, subsection (4) of this section shall not apply.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 46, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 118, effective July 15, 2010; and amended ch. 151, sec. 144, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 118, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 38, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 57, effective July 15, 1994.

Legislative Research Commission Note (1/1/2011). This section was amended by 2010 Ky. Acts ch. 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear in conflict, therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.290 Judicial dissolution.

(1) The Circuit Court for the county in which the principal office of the limited liability company is located, or, if none, in the county of the registered office, may dissolve a limited liability company in a proceeding by a member if it is established that it is not reasonably practicable to carry on the business of the limited liability company in conformity with the operating agreement.

(2) If after a hearing the court determines that one (1) or more grounds for judicial dissolution exist, it may enter a decree of dissolution, and the clerk of the court shall deliver a certified copy of the decree to the Secretary of State, who shall file it. The dissolution shall be effective upon the filing of the decree by the Secretary of State or a later date as is specified in the decree.

(3) After entering the decree of dissolution, the court shall direct the winding up and liquidation of the limited liability company's business and affairs in accordance with KRS 275.300 and the notification of claimants in accordance with KRS 275.320 and 275.325.

(4) The effect of dissolution under this section shall be as provided in KRS 275.300(2) and (3).

(5) After dissolution pursuant to KRS 275.285 or otherwise, upon application of a limited liability company, a member, or a creditor of the company, the appropriate court may order judicial supervision of the winding up of the company, including the appointment of a person to wind up the company's activities, if:

(a) After a reasonable time, the company has not wound up its activities; or

(b) The applicant establishes other good cause.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 76, effective June 24, 2015. -- Amended 2012 Ky. Acts ch. 81, sec. 110, effective July 12, 2012. -- Amended 2011 Ky. Acts ch. 29, sec. 16, effective June 8, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 58, effective July 15, 1994.

275.295 Repealed, 2011.

Catchline at repeal: Administrative dissolution -- Reinstatement.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 119, effective July 15, 2010; amended ch. 133, sec. 38, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 119, effective June 26, 2007. -- Amended 2005 Ky. Acts ch. 85, sec. 670, effective June 20, 2005. -- Amended 1998 Ky. Acts ch. 341, sec. 39, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 59, effective July 15, 1994.

275.300 Winding up of affairs -- Effect of dissolution.

(1) Except as otherwise provided in a written operating agreement the business or affairs of the limited liability company may be wound up:

  (a) By the members or managers who have authority pursuant to KRS 275.165 to manage the limited liability company prior to dissolution; or

  (b) If one (1) or more of the members or managers have engaged in wrongful conduct, or upon other cause shown, by the Circuit Court for the county in which the principal office of the limited liability company is located or in which the registered office of the limited liability company is located, on application of any member, any member's legal representative, or assignee.

(2) A dissolved limited liability company shall continue its existence but shall not carry on any business except that appropriate to wind up and liquidate its business and affairs, including:

  (a) Collecting its assets;

  (b) Disposing of its properties that will not be distributed in kind to its members;

  (c) Discharging or making provision for discharging its liabilities, including as appropriate entering into agreements with creditors for the satisfaction thereof;

  (d) Distributing its remaining property among its members and assignees in proportion to their rights to share therein; and

  (e) Doing every other act necessary to wind up and liquidate its business and affairs.

(3) Except as otherwise provided in a written operating agreement, dissolution of a limited liability company shall not:

  (a) Transfer title to the limited liability company's property;

  (b) Prevent transfer of a limited liability company interest, although the authorization to dissolve may provide for the limited liability company restricting the transfer of the limited liability company's interest;

  (c) Subject its members or managers to standards of conduct different from those prescribed herein;

  (d) Amend the operating agreement or otherwise change quorum or voting requirements for its members or managers, provisions for selection, resignation, or removal of its members or managers, or provisions for amending the operating agreement, or terminate contribution obligations.

(4) Dissolution of a limited liability company shall not:

  (a) Prevent commencement of a proceeding by or against the limited liability company in its name;

  (b) Abate or suspend a proceeding pending by or against the limited liability company on the effective date of dissolution;

  (c) Terminate the authority of the registered agent of the limited liability company;

  (d) Alter the obligations and responsibilities of the limited liability company as prescribed by applicable federal or state law with regard to the filing or examination of all federal and state tax returns or the payment, assessment, or collection of any federal or state tax due with respect to those returns; or

(e) Abate or suspend KRS 275.150(1).

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 111, effective July 12, 2012. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 120, effective July 15, 2010; and amended ch. 133, sec. 39, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 120, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 60, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.305 Binding acts of member or manager -- Notice of dissolution.

(1) Except as provided in subsections (3) and (4) of this section, after dissolution of the limited liability company, each member or manager having authority to wind up the limited liability company's business and affairs may bind the limited liability company:

(a) By any act appropriate for winding up the limited liability company's affairs or completing transactions unfinished at dissolution; and

(b) By any other act that would have bound the limited liability company if it had not been dissolved, if the other party to the transaction did not have notice of the dissolution.

(2) The filing of articles of dissolution pursuant to KRS 275.315, the entry of a decree of dissolution pursuant to KRS 275.290, or the filing of a certificate of dissolution pursuant to KRS 14A.7-020 shall be presumed to constitute notice of dissolution for purposes of subsection (1)(b) of this section.

(3) An act of a member or manager which is not binding on the limited liability company pursuant to subsection (1) of this section shall be binding if it is otherwise authorized by the limited liability company.

(4) An act of a member or manager which would be binding under subsection (1) of this section, or would be otherwise authorized but which is in contravention of a restriction on authority, shall not bind the limited liability company to persons having knowledge of the restriction.

Effective: January 1, 2011

History: Amended 2010 Ky. Acts ch. 151, sec. 145, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 61, effective July 15, 1994.

275.310 Distribution of assets.

Upon the winding up of a limited liability company, the assets shall be distributed as follows:

(1) First, payment or adequate provisions for payment shall be made to creditors, including, to the extent permitted by law, members who are creditors in satisfaction of liabilities of the limited liability company;

(2) Second, unless otherwise provided in a written operating agreement, to members and assignees in satisfaction of liabilities for distributions under KRS 275.210; and

(3) Third, unless otherwise provided in a written operating agreement, to members and assignees for the return of their contributions; and

(4) Fourth, unless otherwise provided in a written operating agreement, to members and assignees in proportion to their respective rights to share in distributions from the limited liability company prior to dissolution.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 133, sec. 40, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 57, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 62, effective July 15, 1994.

275.315 Articles of dissolution.

After the dissolution of the limited liability company pursuant to KRS 275.285(2), (3), or (4), the limited liability company shall file articles of dissolution with the Secretary of State which set forth:

(1) The name of the limited liability company;

(2) A statement of the subsection of KRS 275.285 pursuant to which the limited liability company has dissolved;

(3) The effective date, which shall be a date certain, of the dissolution; and

(4) Any other information the members or managers filing the articles of dissolution shall deem proper.

Effective: June 8, 2011

History: Amended 2011 Ky. Acts ch. 29, sec. 17, effective June 8, 2011. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 121, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 121, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 63, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.320 Disposition of claims.

(1) Upon dissolution pursuant to KRS 275.285, a limited liability company may dispose of the known claims against it by filing, if required, articles of dissolution pursuant to KRS 275.315 and by following the procedures described in this section.

(2) The limited liability company shall notify its known claimants in writing of the dissolution at any time after the effective date of dissolution. The written notice shall:

(a) Describe information that must be included in a claim;

(b) Provide a mailing address where a claim may be sent;

(c) State the deadline, which may not be fewer than one hundred twenty (120) days after the later of the date of the written notice, if required, or the filing of articles of dissolution pursuant to KRS 275.315, by which the limited liability company must receive the claim; and

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

(3) A claim against the limited liability company shall be barred:

(a) If a claimant who is given written notice under subsection (2) of this section does not deliver the claim to the limited liability company by the deadline;

(b) If a claimant whose claim was rejected by the limited liability company does not commence a proceeding to enforce the claim within ninety (90) days after the date of the rejection notice.

(4) For purposes of this section, "claim" shall not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 64, effective July 15, 1994.

275.325 Publication of notice of dissolution -- Barred claims -- Enforceable claims.

(1) A dissolved limited liability company may publish notice of its dissolution pursuant to this section.

(2) The notice shall:

(a) Be published once in a newspaper of general circulation in the county where the limited liability company's principal office, or, if none in this state, its registered office, is or was last located;

(b) Describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and

(c) State that a claim against the limited liability company will be barred unless a proceeding to enforce the claim is commenced within two (2) years, or five (5) years for a professional limited liability company, after the publication of the notice.

(3) If the dissolved limited liability company publishes a newspaper notice in accordance with subsection (2) of this section and, if required, files articles of dissolution pursuant to KRS 275.315, the claim of each of the following claimants shall be barred unless the claimant commences a proceeding to enforce the claim against the limited liability company within two (2) years, or five (5) years for a professional limited liability company, after the later of publication date of the newspaper notice or the filing of the articles of dissolution pursuant to KRS 275.315, the filing of a certificate of dissolution by the Secretary of State pursuant to KRS 14A.7-020, or the filing of a decree of judicial dissolution by the Secretary of State pursuant to KRS 275.290(2):

(a) A claimant who did not receive written notice under KRS 275.320;

(b) A claimant whose claim was timely sent to the limited liability company but not acted on;

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

(4) A claim may be enforced under this section:

(a) Against the limited liability company, to the extent of its undistributed assets; or

(b) If the assets have been distributed in liquidation, against a member of the limited liability company to the extent of his pro rata share of the claim or the assets of the limited liability company distributed to him in liquidation, whichever is less, but a member's total liability for all claims under this section shall not exceed the total amount of assets, less liabilities assumed or taken subject to, distributed to him.

Effective: January 1, 2011

History: Amended 2010 Ky. Acts ch. 151, sec. 146, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 65, effective July 15, 1994.

275.330 Use of company's name in judicial actions.

Suit may be brought by or against the limited liability company in its own name.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 66, effective July 15, 1994.

275.335 Persons who may sue in company's name -- Recording of votes -- Prosecution and settlement of suits.

(1) Unless otherwise provided in a written operating agreement, a suit on behalf of the limited liability company may be brought in the name of the company only by:

(a) One (1) or more members of the company, who are authorized to sue by the vote of more than one half (1/2) of the number of members eligible to vote thereon; or

(b) One (1) or more managers of the limited liability company, if the articles of organization vest management of the company in one (1) or more managers, who are authorized to do so by the vote of more than one-half (1/2) of the number of managers eligible to vote.

(2) Subsection (1)(a) of this section shall be applicable irrespective of whether the articles of organization vest management of the limited liability company in one (1) or more managers.

(3) Unless otherwise provided in a written operating agreement, in any vote of the members or managers pursuant to subsection (1) of this section, the vote of any member or manager who has an interest in the outcome of the suit that is adverse to the interest of the limited liability company shall be excluded.

(4) Unless otherwise provided in a written operating agreement, any vote pursuant to subsection (1) of this section shall be set forth in a record signed or otherwise approved by each member or manager voting in favor of bringing suit on behalf of the limited liability company.

(5) Except as otherwise provided in a writing approved in accordance with subsection (1) of this section that would also be sufficient to amend the operating agreement pursuant to the terms of the written operating agreement or, in the absence of a provision governing amendment of the operating agreement, the prosecution and settlement of any suit brought pursuant to subsection (1) of this section shall be pursuant to KRS 275.175.

(6) Every member and manager of a limited liability company shall be deemed to have consented to the jurisdiction of the courts of the Commonwealth of Kentucky for any action by, in the name of, or on behalf of the limited liability company or for any violation of a duty owed the limited liability company or a member thereof.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 54, effective June 24, 2015. -- Amended 2012 Ky. Acts ch. 81, sec. 112, effective July 12, 2012. -- Created 1994 Ky. Acts ch. 389, sec. 67, effective July 15, 1994.

275.337 Derivative actions.

(1) A member may maintain a direct action against a limited liability company, another member, or a manager to redress an injury sustained by, or to enforce a duty owed to, the member if the member can prevail without showing an injury or breach of duty to the company.

(2) A member may maintain a derivative action to redress an injury sustained by or enforce a duty owed to a limited liability company if:

(a) The member shall first make a demand on the other members and, if the company is manager-managed, the managers, requesting that they cause the company to bring an action to redress the injury or enforce the right, and they do not bring the action within a reasonable time; or

(b) A demand would be futile.

(3) A derivative action on behalf of a limited liability company shall be maintained only by a person that is a member at the time the action is commenced and who:

(a) Was a member when the conduct giving rise to the action occurred; or

(b) Acquired the status as a member by operation of law or pursuant to the terms of the operating agreement from a person that was a member at the time of the conduct giving rise to the action occurred.

(4) In a derivative action on behalf of the limited liability company, the complaint shall state with particularity:

(a) The date and content of the member's demand and the response to the demand; or

(b) The reason the demand should be excused as futile.

(5) The derivative proceeding shall not be maintained if:

(a) It appears that the person commencing the proceeding does not fairly and adequately represent the interests of the members in enforcing the rights of the limited liability company; or

(b) The person commencing the proceeding ceases to be a member in the limited liability company.

(6) Except as otherwise provided in subsection (9) of this section:

(a) Any proceeds or other benefits of a derivative action on behalf of a limited liability company, whether by judgment, compromise, or settlement, are the property of the company and not of the plaintiff; and

(b) If the plaintiff receives any proceeds or other benefits, the plaintiff shall immediately remit them to the company.

(7) A derivative action on behalf of a limited liability company shall not be voluntarily dismissed or settled without the court's approval.

(8) The proper venue for a direct action under subsection (1) of this section or a derivative action shall be the Circuit Court for the county in which the company maintains its registered office and agent.

(9) On termination of the proceeding brought pursuant to this section, the court may:

(a) Require the plaintiff member to pay any defendant's reasonable expenses, including counsel fees, incurred in defending the proceeding to the extent it finds that the proceeding or any portion thereof was commenced without reasonable cause or for an improper purpose; and

(b) Require the limited liability company to pay the plaintiff member's reasonable expenses, including counsel fees, incurred in the proceeding to the extent it finds that the proceeding has resulted in a substantial benefit to the company.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 15, effective June 29, 2017. -- Created 2015 Ky. Acts ch. 34, sec. 50, effective June 24, 2015.

Legislative Research Commission Note (6/29/2017). Subsection (5) of this statute concerning when a derivative action involving a limited liability company cannot be maintained was amended in 2017 Ky. Acts ch. 188, sec. 2. New language added to subsection (5)(a) of this statute read, in part, "represent the interests of the shareholder in enforcing the rights." In codification, the Reviser of Statutes corrected a manifest clerical or typographical error under the authority of KRS 7.136(1)(h) by changing the word "shareholder" to "members" since limited liability companies do not have shareholders, but rather members, to be consistent with actual practice and language used in Sections 20 and 23 of that Act.

275.340 Repealed, 2010.

Catchline at repeal: Effect of determination that member or manager lacks authority to sue on behalf of company.

History: Repealed 2010 Ky. Acts ch. 133, sec. 77, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 389, sec. 68, effective July 15, 1994.

275.345 Right of company to merge with other business entities -- Exception -- No right of dissent.

(1) Unless otherwise provided in writing in a written operating agreement, and subject to any law applicable to business entities other than limited liability companies, one (1) or more limited liability companies may merge with or into one (1) or more other business entities with the limited liability company or other business entity being the surviving or resulting limited liability company or other business entity.

(2) Rights or securities of or interests in a business entity that is a party to the merger may be exchanged for or converted into cash, property, obligations, rights, or securities of or interests in the surviving or resulting business entity or of any other business entity.

(3) Unless otherwise provided in the articles of organization, a written operating agreement, or a written agreement and plan of merger, no member of a limited liability company shall have the right to dissent from a merger.

(4) A nonprofit limited liability company shall not merge with or into any business entity which is not a domestic nonprofit limited liability company or a domestic nonprofit corporation.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 131, sec. 4, effective June 27, 2019. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 122, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 122, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 69, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.350 Approval of proposed merger -- No right of dissent.

(1) Unless otherwise provided in a written operating agreement, a limited liability company that is a party to a proposed merger shall approve the plan of merger in KRS 275.355 by a majority-in-interest of the members.

(2) Each business entity that is a party to a proposed merger shall approve the plan of merger in the manner and by the vote required by the laws applicable to the business entity.

(3) Each business entity that is a party to the merger shall have the rights to abandon the merger as provided for in the plan of merger or in the laws applicable to the business entity.

(4) Unless otherwise provided in the articles of organization, a written operating agreement, or a written agreement and plan of merger, no member of a limited liability company shall have the right to dissent from a merger.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 123, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 123, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 40, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 70, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.355 Plan of merger.

(1) Each constituent business entity shall enter into a written plan of merger, which shall be approved in accordance with KRS 275.350.

(2) The plan of merger shall set forth:

(a) The name of each constituent business entity that is a party to the merger and the name of the surviving business entity into which each constituent business entity proposes to merge;

(b) The terms and conditions of the proposed merger, including but not limited to, a statement which sets forth whether limited liability is retained by the surviving business entity;

(c) The manner and basis of converting the interests in each limited liability company and the interests in each business entity that is a party to the merger into interests, shares, or other securities or obligations, as the case may be, of the surviving entity, or of any other business entity, or, in whole or in part, into cash or other property;

(d) The amendments to the articles of organization of a limited liability company, or articles of incorporation of a corporation or certificate of limited partnership, as the case may be, of the surviving business entity as are desired to be effected by the merger, or that no changes are desired;

(e) Other provisions relating to the proposed merger that are deemed necessary or desirable.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 71, effective July 15, 1994.

275.360 Articles of merger.

(1) The business entity surviving from the merger shall deliver to the Secretary of State for filing articles of merger duly executed by each constituent business entity setting forth:

(a) The name and jurisdiction of formation or organization of each constituent business entity which is to merge;

(b) The name of the surviving business entity;

(c) The information required by KRS 275.355(2)(d);

(d) Any amendment to the articles of organization of the surviving limited liability company;

(e) A statement that the plan of merger was duly authorized and approved by each constituent business entity in accordance with KRS 275.350; and

(f) If the surviving entity is not a business entity organized under the laws of this Commonwealth, a statement that the surviving business entity:

1. Agrees that it may be served with process in this Commonwealth in any proceeding for enforcement of any obligation of any constituent business entity party to the merger that was organized under the laws of this Commonwealth, as well as for enforcement of any obligation of the surviving business entity arising from the merger; and

2. Appoints the Secretary of State as its agent for service of process in any such proceeding. The surviving entity shall specify the address to which a copy of the process shall be mailed to it by the Secretary of State.

(2) A merger shall take effect upon the later of the effective date of the filing of the articles of merger or the date set forth in the articles of merger.

(3) The articles of merger shall be executed by a limited liability company that is a party to the merger in the manner provided for in KRS 14A.2-020 and shall be filed with the Secretary of State in the manner provided for in KRS 14A.2-010.

(4) A plan of merger approved in accordance with KRS 275.350 may effect any amendment to an operating agreement for a limited liability company if it is the surviving company in the merger. An approved plan of merger may also provide that the operating agreement of any constituent limited liability company to the merger, including a limited liability company formed for the purpose of consummating a merger, shall be the operating agreement of the limited liability company that is the surviving business entity. Any amendment to an operating agreement or adoption of a new operating agreement made pursuant to this subsection shall be effective at the effective time and date of the merger. The provisions of this subsection shall not be construed to limit the accomplishment of a merger or of any of the matters referred to in this section by any other means provided for in an operating agreement or other agreement or as otherwise permitted by law.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 56, effective June 24, 2015. -- Amended 2010 Ky. Acts ch. 133, sec. 41, effective July 15, 2010; and amended ch. 151, sec.

126, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 72, effective July 15, 1994.

275.365 Effect of merger.

A merger shall have the following effects:

(1) The constituent business entities that are parties to the merger shall be a single entity, which shall be the entity designated in the plan of merger as the surviving business entity.

(2) Each party to the merger, except the surviving business entity, shall cease to exist.

(3) The surviving business entity shall possess all the rights, privileges, immunities, and powers of each constituent business entity and shall be subject to all the restrictions, disabilities, and duties of each of the constituent entities to the extent the rights, privileges, immunities, powers, restrictions, disabilities, and duties are applicable to the type of business entity that is the surviving business entity.

(4) All property, whether real, personal, or intangible, and all debts due on whatever account, including promises to make capital contributions and subscriptions for shares, and all other choses in action, and all and every other interest of, belonging to, or due to each of the constituent business entities shall be vested in the surviving business entity without further act or deed.

(5) The title to all real estate and any interest therein, vested in any constituent business entity shall not revert or be in any way impaired by reason of the merger.

(6) The surviving entity shall thenceforth be liable for all liabilities and obligations of each of the constituent business entities merged, and any claim existing or action or proceeding pending by or against any constituent business entity may be prosecuted as if the merger had not taken place, or the surviving business entity may be substituted in the action.

(7) Neither the rights of creditors nor any liens on the property of any constituent business entity shall be impaired by the merger.

(8) The interests in a limited liability company or other business entities that are to be converted or exchanged into interests, other securities, cash, obligations, or other property under the terms of the plan of merger are so converted and the former holders thereof are entitled only to the rights provided in the plan of merger or the rights otherwise provided by law.

(9) A partner or, in the case of a limited partnership, a general partner who becomes a member of a limited liability company as a result of a merger, as the case may be, shall remain liable as a partner or general partner for an obligation incurred by the partnership or limited partnership before the merger takes effect. The partner's or general partner's liability for all other obligations of the limited liability company incurred after the merger takes effect shall be that of a member as provided in this chapter. A limited partner who becomes a member as a result of a merger shall remain liable only as a limited partner for an obligation incurred by the limited partnership before the merger takes effect.

(10) If the surviving business entity is a limited liability company, such amendments to the articles of organization set forth in the articles of merger, and such amendments to the operating agreement thereof set forth in the plan of merger or the articles of merger, subject to KRS 275.200, shall be effective.

(11) If the surviving business entity is a limited liability company, the written operating agreement provided for in the plan of merger, if any, shall be binding upon each member in that limited liability company, but any provision thereof obligating a member to make a contribution to the limited liability company is subject to KRS 275.200.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 57, effective June 24, 2015. -- Amended 2012 Ky. Acts ch. 81, sec. 113, effective July 12, 2012. -- Amended 2010 Ky. Acts ch. 133, sec. 42, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 341, sec. 41, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 73, effective July 15, 1994.

275.370 Conversion of partnership or limited partnership to limited liability company.

(1) A partnership or limited partnership may be converted to a limited liability company pursuant to this section.

(2) The terms and conditions of a conversion of a partnership or limited partnership to a limited liability company shall, in the case of a partnership, be approved by all the partners or by a number or percentage specified for conversion in the partnership agreement or, in the case of a limited partnership, by all the partners, notwithstanding any provision to the contrary in the limited partnership agreement.

(3) After the conversion is approved under subsection (2) of this section, the partnership or limited partnership shall file articles of organization with the office of the Secretary of State which satisfy the requirements of KRS 275.025 and include:

(a) A statement that the partnership or limited partnership was converted to a limited liability company from a partnership or limited partnership, as the case may be;

(b) Its former name;

(c) In the case of a partnership, a statement of the number of votes cast by the partners entitled to vote for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement; and

(d) If the converting partnership has filed a statement of registration as a limited liability partnership in accordance with KRS 362.555, a statement of qualification in accordance with KRS 362.1-931, or a statement of partnership authority, each shall be deemed canceled as of the effective date and time of the articles of organization as determined in accordance with KRS 275.020; and

(e) In the case of a limited partnership, the converting limited partnership's certificate of limited partnership shall be deemed canceled as of the effective date and time of the articles of organization as determined in accordance with KRS 275.020.

(4) The conversion shall take effect when the articles of organization are filed with the office of the Secretary of State or, as provided in KRS 275.020, at a later date specified in the articles of organization.

(5) A partner or, in the case of a limited partnership, a general partner who becomes a member of a limited liability company as a result of a conversion shall remain liable as a partner or general partner for an obligation incurred by the partnership or limited partnership before the conversion takes effect. If the other party to a transaction with the limited liability company reasonably believes when entering the transaction that the member undertaking the transaction is a partner in a partnership or a general partner in a limited partnership, the member shall be liable for an obligation incurred by the limited liability company within ninety (90) days after the conversion takes effect. The partner's or general partner's liability for all other obligations of the limited liability company incurred after the conversion takes

effect shall be that of a member as provided in this chapter. A limited partner who becomes a member as a result of a conversion shall remain liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 124, effective July 15, 2010; and amended ch. 133, sec. 43, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 124, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 74, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (6/26/2007). 2007 Ky. Acts ch. 137, sec. 124, subsection (3)(d) cited "Section 146 of this Act." It is apparent from context that the section referred to should have been Section 145 of the Act, KRS 362.555. The Reviser of Statutes has made this change under the authority of KRS 7.136.

275.372 Conversion of limited liability company into limited partnership.

(1) A limited liability company may convert into a limited partnership as provided in KRS 362.2-952(4).

(2) A limited liability company may convert into a limited liability partnership as provided in KRS 362.1-903.

(3) A limited liability company may convert into a limited liability partnership as provided in KRS 362.1-903.

(4) The terms and conditions of the conversion of a limited liability company shall be approved by all of the members notwithstanding any provision to the contrary in the operating agreement.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 81, sec. 114, effective July 12, 2012. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 18, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 18, effective June 26, 2007. -- Created 2006 Ky. Acts ch. 149, sec. 196, effective July 12, 2006.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (6/26/2007). Ky. Acts ch. 137, sec. 18, provided for the creation of a new section of KRS Chapter 386 to read as this section did when it took effect on June 26, 2007. Since the text of KRS 275.372 was almost identical to the text of subsection (1) of the new language of sec. 18, under the authority of KRS 7.136(1)(a), the Reviser of Statutes in codification has amended KRS 275.372 to conform and add subsection (2) to this section rather than creating a new section of KRS Chapter 386.

275.375 Effect of conversion.

(1) A partnership or limited partnership that has been converted pursuant to this chapter shall be for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

(a) All property and contract rights owned by, and all rights, privileges, and immunities of the converting partnership or limited partnership shall remain vested in the converted limited liability company without assignment, reversion, or impairment;

(b) All obligations of the converting partnership or limited partnership shall continue as obligations of the converted limited liability company;

(c) An action or proceeding pending against the converting partnership or limited partnership may be continued as if the conversion had not occurred and the name of the converted limited liability company may be substituted in any pending action or proceeding for the name of the converting partnership or limited partnership; and

(d) The written operating agreement of the converted limited liability company shall be binding upon each person who becomes a member of the limited liability company.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 125, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 125, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 75, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.376 Conversion of corporation or foreign corporation to limited liability company.

(1) A corporation may be converted to a limited liability company pursuant to this section.

(2) The terms and conditions of the conversion of a corporation to a limited liability company shall be set forth in a written plan of conversion and approved by the board of directors and by the shareholders of the corporation.

(3) The plan of conversion shall set forth:

(a) The name of the corporation planning to convert;

(b) The terms and conditions of the conversion, including the articles of organization and the written operating agreement, if any, of the limited liability company into which the corporation will convert; and

(c) The manner and basis of converting the shares of the corporation into membership interests, obligations, or other securities of the limited liability company or into cash or other property in whole or part.

(4) The plan of conversion may set forth any other provision relating to the conversion.

(5) For a plan of conversion to be approved:

(a) The board of directors shall recommend the plan of conversion to the shareholders, unless the board of directors determines that, because of conflict of interest or other special circumstances, it should make no recommendation and communicates the basis for its determination to the shareholders with a plan; and

(b) The shareholders entitled to vote shall approve the plan.

(6) The board of directors may condition its submission of the proposed conversion on any basis.

(7) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with KRS 271B.7-050. The notice shall also state that the purpose, or one (1) of the purposes, of the meeting is to consider the plan of conversion and contain or be accompanied by a copy or summary of the plan.

(8) Unless KRS Chapter 271B, the articles of incorporation, or the board of directors acting pursuant to subsection (6) of this section, require a greater vote or vote by voting groups, the plan of conversion to be authorized shall be approved by each voting group entitled to vote separately on the plan by a majority of all the votes entitled to be cast on the plan by that voting group.

(9) Separate voting by voting groups shall be required on a plan of conversion if the plan contains a provision that, if contained in a proposed amendment to the articles of incorporation, would require action by one (1) or more separate voting groups on the proposed amendment under KRS 271B.10-040.

(10) After a conversion is authorized, and at any time before articles of organization are filed, the planned conversion may be abandoned subject to any contractual rights, without further shareholder action, in accordance with the procedure set forth in the

plan of conversion or, if none is set forth, in the manner determined by the board of directors.

(11) After the conversion is approved, the corporation shall file articles of organization with the office of the Secretary of State that satisfy the requirements of KRS 275.025 and also include:

(a) A statement that the corporation was converted to a limited liability company;

(b) Its former name; and

(c) The designation, number of outstanding shares, and number of votes to be cast by each voting group entitled to vote separately on the plan of conversion and either the total number of undisputed votes cast for the plan separately by each voting group or a statement that the number cast for the plan by each voting group was sufficient for approval by that voting group.

(12) The conversion shall take effect when the articles of organization are filed with the office of the Secretary of State or, subject to KRS 14A.2-070, at a later date specified in the articles of organization.

(13) Both a nonprofit corporation organized under the laws of the Commonwealth and a foreign nonprofit corporation, if not forbidden by the laws of its jurisdiction of organization, may convert into a nonprofit limited liability company, except that the only member or members of the converted nonprofit limited liability company shall be organizations qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code. The articles of organization filed to effect this conversion, in addition to the otherwise applicable requirements, shall contain an affirmative statement that the only member or members of the converted nonprofit limited liability company are qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 47, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 16, effective July 15, 2010; amended ch. 133, sec. 44, effective July 15, 2010; and amended ch. 151, sec. 143, effective January 1, 2011. -- Created 2007 Ky. Acts ch. 137, sec. 16, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts chs. 133 and 151, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendments, and these Acts do not appear to be in conflict; therefore, they have been codified together.

Legislative Research Commission Note (6/26/2007). The Reviser of Statutes has corrected a manifest clerical or typographical error in this section pursuant to the authority of KRS 7.136.

275.377 Effect of conversion of corporation to limited liability company.

(1) A limited liability company that has been converted pursuant to this chapter shall be for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

  (a) All property and contract rights owned by, and all rights, privileges, and immunities of the converting corporation shall remain vested in the converted limited liability company without assignment, reversion, or impairment;

  (b) All obligations of the converting corporation shall continue as obligations of the converted limited liability company;

  (c) An action or proceeding pending against the converting corporation may be continued as if the conversion had not occurred, and the name of the converted limited liability company may be substituted in any pending action or proceeding for the name of the converting corporation; and

  (d) The written operating agreement of the converted limited liability company shall be binding upon each person who becomes a member of the limited liability company.

Effective: June 8, 2011

History: Amended 2011 Ky. Acts ch. 29, sec. 18, effective June 8, 2011. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 17, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 17, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.380 Laws governing foreign limited liability company.

(1) Subject to the Constitution of this Commonwealth:

(a) The laws of the state or other jurisdiction under which a foreign limited liability company is organized shall govern its organization and internal affairs, including the inspection of the books, records, and documents, and the liability of its members, except as provided in subsection (2) of this section; and

(b) A foreign limited liability company shall not be denied registration by reason of any difference between the laws of another jurisdiction under which a foreign limited liability company is organized and the laws of this Commonwealth.

(2) A certificate of authority obtained pursuant to this chapter shall not authorize a foreign limited liability company to exercise any powers or engage in any business that a domestic limited liability company is forbidden to exercise or engage in by the laws of this Commonwealth.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 126, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 126, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 76, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.385 Transaction of business by foreign limited liability company.

A foreign limited liability company qualified to transact business in this Commonwealth is subject to KRS 14A.6-010.

Effective: January 1, 2011

History: Repealed and reenacted 2010 Ky. Acts ch. 151, sec. 79, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 77, effective July 15, 1994.

275.390 Repealed, 2011.

Catchline at repeal: Certificate of authority required of foreign limited liability company for access to courts -- Civil penalty for violation.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 78, effective July 15, 1994.

275.395 Repealed, 2011.

Catchline at repeal: Application for certificate of authority for foreign limited liability company.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 127, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 127, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 79, effective July 15, 1994.

275.400 Repealed, 2011.

Catchline at repeal: Amended certificate of authority for foreign limited liability company.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 128, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 128, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 80, effective July 15, 1994.

275.405 Repealed, 2011.

Catchline at repeal: Effect of certificate of authority for foreign limited liability company.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 129, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 129, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 81, effective July 15, 1994.

275.410 Repealed, 2011.

Catchline at repeal: Name used by foreign limited liability company.

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 130, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Amended 2007 Ky. Acts ch. 137, sec. 130, effective June 26, 2007. -- Created 1994 Ky. Acts ch. 389, sec. 82, effective July 15, 1994.

275.415 Registered office and registered agent for foreign limited liability company.

Each foreign limited liability company authorized to transact business in this Commonwealth shall continuously maintain in this Commonwealth:

(1) A registered office that may be the same as any of its places of business; and

(2) A registered agent, who may be:

 (a) An individual who resides in this Commonwealth and whose business office is identical with the registered office;

 (b) A domestic corporation or not-for-profit domestic corporation whose business office is identical with the registered office;

 (c) A foreign corporation or foreign not-for-profit corporation authorized to transact business in this Commonwealth whose business office is identical with the registered office; or

 (d) A domestic limited liability company or a foreign limited liability company authorized to transact business in this Commonwealth whose business address is identical with the registered office.

(3) The registered agent shall execute and deliver to the Secretary of State a document accepting the agency appointment, and the appointment of the agent shall not be effective until delivered to the Secretary of State.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 83, effective July 15, 1994.

275.420 Repealed, 2011.

Catchline at repeal: Change of registered office or registered agent for foreign limited liability company.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 84, effective July 15, 1994.

275.425 Repealed, 2011.

Catchline at repeal: Statement of resignation of registered agent of foreign limited liability company.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 85, effective July 15, 1994.

275.430 Repealed, 2011.

Catchline at repeal: Service of process on foreign limited liability company.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 86, effective July 15, 1994.

275.435 Repealed, 2011.

Catchline at repeal: Certificate of withdrawal for foreign limited liability company.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 87, effective July 15, 1994.

275.440 Repealed, 2011.

Catchline at repeal: Grounds for revocation of certificate of authority of foreign limited liability company.

History: Amended 2010 Ky. Acts ch. 133, sec. 45, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 88, effective July 15, 1994.

275.445 Repealed, 2011.

Catchline at repeal: Notice of determination -- Revocation of certificate -- Effect of revocation.

History: Amended 2010 Ky. Acts ch. 133, sec. 46, effective July 15, 2010; and repealed ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 89, effective July 15, 1994.

275.450 Repealed, 2011.

Catchline at repeal: Appeal of revocation.

History: Repealed 2010 Ky. Acts ch. 151, sec. 151, effective January 1, 2011. -- Created 1994 Ky. Acts ch. 389, sec. 90, effective July 15, 1994.

275.454 Venue.

Any action brought by the Attorney General for the involuntary dissolution of a nonprofit limited liability company may be commenced in Franklin Circuit Court or in the Circuit Court of the county in which the registered office of the nonprofit limited liability company is situated.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 14, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 14, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.455 Exercise of powers by Kentucky company in any state or country.

A limited liability company organized and existing under this chapter may conduct its business, carry on its operations, and have and exercise the powers granted by this chapter in any state or foreign country.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 389, sec. 91, effective July 15, 1994.

275.500 Share exchange between corporation and limited liability company.

(1) A limited liability company may acquire all or part of the outstanding shares of one (1) or more classes or series of a domestic or foreign corporation if the corporation, limited liability company, and a majority of their owners approve the exchange and, if the corporation is a foreign corporation, the share exchange is permitted under the laws of the state or country under which the foreign corporation is incorporated.

(2) The plan of share exchange shall set forth:

(a) The name of the corporation whose shares will be acquired and the name of the acquiring limited liability company;

(b) The terms and conditions of the exchange; and

(c) The manner and basis of exchanging the shares to be acquired for limited liability company interests, obligations, or other securities of the acquiring limited liability company or for cash or other property, in whole or part.

(3) The plan of share exchange may set forth other provisions relating to the exchange.

(4) This section shall not limit the power of a limited liability company to acquire all or part of the shares of one (1) or more classes or series of a corporation through a voluntary exchange or otherwise.

(5) Unless otherwise provided in the articles of organization, a written operating agreement, or a written plan of share exchange, no member of a limited liability company shall have the right to dissent from a share exchange.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 5, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 5, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.505 Approval of plan of share exchange.

(1) Unless otherwise provided in a written operating agreement, the plan of share exchange described in KRS 275.500 shall be considered for adoption by the members of the limited liability company.

(2) Each business entity that is a party to the share exchange shall approve the plan of share exchange in the manner and by the vote required by the laws applicable to the business entity.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 6, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 6, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.510 Articles of share exchange.

(1) After a plan of share exchange has been approved in accordance with KRS 275.505, the acquiring limited liability company shall deliver to the Secretary of State, for filing, the articles of share exchange setting forth:

(a) The plan of share exchange; and

(b) A statement that the plan of share exchange was duly authorized and approved by each of the constituent business entities in accordance with the laws applicable to each business entity.

(2) A share exchange shall take effect upon the effective date of the articles of share exchange.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 7, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 7, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.515 Effect of share exchange.

When a share exchange takes effect, the shares of each acquired corporation shall be exchanged as provided in the plan, and the former holders of the shares shall be entitled only to the exchange rights provided in the articles of share exchange.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 8, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 8, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.520 Issuance of membership interests and distributions by nonprofit limited liability company prohibited -- Exception for some business entities.

(1) Unless a nonprofit limited liability company has only business entities formed for a nonprofit purpose as its members, a nonprofit limited liability company shall not have or issue membership interests in the limited liability company, and no distribution shall be paid, and no part of the income or profit of the limited liability company shall be distributed to its members or managers.

(2) No part of the income or profit of a nonprofit limited liability company shall be distributed to its manager or managers.

(3) A nonprofit limited liability company may pay compensation in a reasonable amount to its members or managers for services rendered and may confer benefits upon its members in conformity with its purposes, and these payments or benefits shall not be deemed to be a distribution of income or profit.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 48, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 9, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 9, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.525 Loans to members and managers by nonprofit limited liability company prohibited -- Exception for some business entities.

(1) Unless a nonprofit limited liability company has only business entities formed for a nonprofit purpose as its members, no loan shall be made by the company to its members or managers, and any member or manager who assents to or participates in the making of a loan violating this prohibition shall be liable to the company for the amount of the loan until its repayment.

(2) No loan shall be made by a nonprofit limited liability company to its managers, and any member or manager who assents to or participates in the making of a loan violating this prohibition shall be liable to the company for the amount of the loan until its repayment.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 49, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 10, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 10, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.530 Distribution of assets of nonprofit limited liability company.

The assets of a nonprofit limited liability company in the process of dissolution shall be applied and distributed as follows***:***

(1) All liabilities and obligations of the nonprofit limited liability company shall be paid and discharged or adequate provisions made for them;

(2) Assets received and held by the nonprofit limited liability company upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with the condition's requirements;

(3) Assets received and held by the nonprofit limited liability company subject to limitations permitting their use only for a nonprofit purpose, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution, shall be transferred or conveyed to one (1) or more domestic or foreign nonprofit corporations, limited liability companies, societies, or organizations engaged in activities substantially similar to those of the dissolving nonprofit limited liability company, pursuant to a plan of distribution; and

(4) Any remaining assets may be distributed to those nonprofit corporations, limited liability companies, societies, or organizations as may be specified in a plan of dissolution, including those that are members of the nonprofit limited liability companies.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 11, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 11, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.535 Procedure in liquidation of nonprofit limited liability company by court.

(1) In proceedings to liquidate the assets and affairs of a nonprofit limited liability company, the court shall have the power to issue injunctions and to appoint a receiver or receivers while the action is pending. The receivers shall have those powers and duties as the court from time to time may direct, to take action to preserve the corporate assets wherever situated, and to carry on the affairs of the nonprofit limited liability company until a full hearing can be held.

(2) After holding a hearing, upon notice as the court may direct to be given to all parties to the proceedings and to any other parties in interest designated by the court, the court may appoint a liquidating receiver or receivers with authority to collect the assets of the nonprofit limited liability company. The liquidating receiver or receivers shall have authority, subject to the order of the court, to sell, convey, and dispose of all or any part of the assets of the nonprofit limited liability company wherever situated, either at public or private sale. The order appointing the liquidating receiver or receivers shall state their powers and duties. The powers and duties may be increased or diminished at any time during the proceedings.

(3) The assets of the nonprofit limited liability company or the proceeds resulting from a sale, conveyance, or other disposition thereof shall be applied and distributed as follows:

(a) All costs and expenses of the court proceedings and all liabilities and obligations of the nonprofit limited liability company shall be paid, satisfied, and discharged, or adequate provision for them shall be made;

(b) Assets held by the nonprofit limited liability company upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution or liquidation, shall be returned, transferred, or conveyed in accordance with the condition's requirements;

(c) Assets received and held by the nonprofit limited liability company subject to limitations permitting their use only for a nonprofit purpose, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution or liquidation, shall be transferred or conveyed to one (1) or more domestic or foreign nonprofit limited liability companies, societies, or organizations engaged in activities substantially similar to those of the dissolving or liquidating nonprofit limited liability company, as the court may direct; and

(d) Any remaining assets may be distributed to those persons, societies, organizations, or domestic or foreign limited liability companies, whether for profit or nonprofit, specified in the plan of distribution adopted or, if no plan of distribution has been adopted, as the court may direct.

(4) The court shall have power to allow, from time to time, as expenses of the liquidation, compensation to the receiver or receivers and to attorneys in the proceeding, and to direct the payment thereof out of the assets of the nonprofit limited liability company or the proceeds of any sale or disposition of the assets.

(5) A receiver of a nonprofit limited liability company appointed under the provisions

of this section shall have authority to sue and defend in all courts in the receiver's own name as receiver of the nonprofit limited liability company. The court appointing the receiver shall have exclusive jurisdiction of the nonprofit limited liability company and its property, wherever situated.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 12, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 12, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

275.540 Involuntary dissolution of nonprofit limited liability company.

A nonprofit limited liability company may be involuntarily dissolved by a decree of the Circuit Court in an action filed by the Attorney General when it is established that:

(1) The nonprofit limited liability company is guilty of abuse or misuse of its powers, privileges, or franchises, or the nonprofit limited liability company has become detrimental to the interest and welfare of this Commonwealth or its citizens; or

(2) The nonprofit limited liability company procured its articles of organization through fraud.

Effective: July 15, 2010

History: Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 13, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 13, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."