

# Contents

## PART I ORGANIZATION

<b>CHAPTER 1: INTRODUCTION .....</b>	<b>1-1</b>
1.1. Nature and Use of This Practice Manual. ....	1-2
1.2. Comparison of the LLC with Other Entities .....	1-3
1.3. History of the LLC .....	1-8
1.4. Classification of the LLC as a Partnership for Federal Income Tax Purposes .....	1-8
1.5. The Arizona Limited Liability Company Act — An Overview .....	1-10
<b>CHAPTER 2: FORMATION AND ORGANIZATION .....</b>	<b>2-1</b>
2.1. Introduction .....	2-3
2.2. Preformation Matters .....	2-3
2.3. Reservation of Name .....	2-4
2.4. Articles of Organization .....	2-4
2.4.1. Basic Requirements .....	2-4
Form 2-1. Articles of Organization — Member-Managed Limited Liability Company .....	2-6
Form 2-2. Articles of Organization — Manager-Managed Limited Liability Company .....	2-8
2.4.2. Optional Provisions .....	2-10
2.4.3. Publication of Articles of Organization .....	2-10
2.4.4. Records Retention .....	2-11
2.4.5. Taxpayer Identification Numbers .....	2-11
2.5. Amending, Restating, or Amending and Restating the Articles of Organization .....	2-12
2.5.1. Overview .....	2-12
2.5.2. Publication .....	2-12
2.5.3. Procedure to Amend .....	2-13
Form 2-3. Written Consent of Members to Amend Articles of Organization ....	2-13
Form 2-4. Written Consent of Managers to Amend Articles of Organization ....	2-14

CONTENTS

	Form 2-5. Amendment to Articles of Organization . . . . .	2-15
	Form 2-6. Restated Articles of Organization . . . . .	2-16
	Form 2-7. Amended and Restated Articles of Organization . . . . .	2-17
2.6.	Statements of Change and Statements of Correction . . . . .	2-17
2.6.1.	Change of Statutory Agent, Principal Address, Manager or Member Address, or Statutory Agent Address . . . . .	2-17
	Form 2-8. Statement of Change – Filed by LLC . . . . .	2-18
	Form 2-9. Statement of Change – Filed by Statutory Agent . . . . .	2-19
2.6.2.	Correcting A Filed Record . . . . .	2-19
	Form 2-10. Statement of Correction Filed by Person Making Correction . . . . .	2-20
2.6.3.	Resignation of Statutory Agent . . . . .	2-20
	Form 2-11. Statement of Resignation Filed by Statutory Agent . . . . .	2-21
2.7.	Liability for Inaccurate Information in a Filed Record . . . . .	2-21

**PART II  
OPERATIONS**

<b>CHAPTER 3:</b>	<b>THE OPERATING AGREEMENT . . . . .</b>	<b>3-1</b>
3.1.	In General . . . . .	3-2
3.2.	“Operating Agreement” Defined . . . . .	3-2
3.3.	Limitations on Operating Agreement Provisions . . . . .	3-4
3.4.	Flexibility of LLC Form . . . . .	3-6
3.5.	Form of Operating Agreement . . . . .	3-6
3.6.	Formality of Adoption . . . . .	3-7
3.7.	Amendment . . . . .	3-7
3.8.	Form Operating Agreements . . . . .	3-7
3.9.	Organizational Checklist . . . . .	3-8
<b>CHAPTER 4:</b>	<b>ORGANIZATION . . . . .</b>	<b>4-1</b>
4.1.	Drafting LLC Organization Provisions . . . . .	4-2
4.2.	Introductory Paragraph . . . . .	4-2
	Form 4-1. Introductory Paragraph—Names Parties . . . . .	4-2
	Form 4-2. Introductory Paragraph—Does Not Name Parties . . . . .	4-3
4.3.	Governance and Treatment as a Partnership . . . . .	4-3

4.3.1.	Treatment as a Partnership . . . . .	4-3
	Form 4-3. Governance. . . . .	4-4
4.4.	Name . . . . .	4-4
	Form 4-4. Name . . . . .	4-4
4.5.	Purpose . . . . .	4-4
	Form 4-5. Purpose Limited to Real Estate . . . . .	4-5
	Form 4-6. Any Lawful Purpose . . . . .	4-5
4.6.	Principal Address . . . . .	4-5
	Form 4-7. Principal Address – Member-Managed. . . . .	4-6
	Form 4-8. Principal Address – Manager-Managed . . . . .	4-6
4.7.	Definitions . . . . .	4-6
4.7.1.	“Interest” Compared to “Membership Rights” . . . . .	4-6
4.7.2.	“Interest Holder” Compared to “Member” . . . . .	4-7
	Form 4-9. General Definitions . . . . .	4-8
4.8.	Miscellaneous Provisions . . . . .	4-10
	Form 4-10. Miscellaneous Provisions . . . . .	4-10
4.9.	Joint Ownership . . . . .	4-14
	Form 4-11. Voting of Jointly Held Interests. . . . .	4-17
<b>CHAPTER 5: LIMITED LIABILITY COMPANY CAPITAL .</b>		<b>5-1</b>
5.1.	Drafting Capital Provisions . . . . .	5-4
5.2.	Initial Capital Contributions . . . . .	5-4
5.2.1.	General . . . . .	5-4
	Form 5-1. Initial Capital Contributions. . . . .	5-4
5.2.2.	Contribution of Cash . . . . .	5-5
	Form 5-2. Initial Capital Contributions in Cash . . . . .	5-5
5.2.3.	Contribution Agreement . . . . .	5-5
	Form 5-3. Contribution Agreement. . . . .	5-5
	Form 5-4. Contribution of Property and Cash. . . . .	5-7
	Form 5-5. Contribution Agreement. . . . .	5-10
5.2.4.	Contribution of Services . . . . .	5-15
	Form 5-6. Initial Capital Contributions— Partly in Cash and Partly in Services . . . . .	5-16
5.2.5.	Contribution of Property . . . . .	5-16
	Form 5-7. Initial Capital Contributions— Partly in Cash and Partly in Property . . . . .	5-16
	Form 5-8. Representation in Connection with Contribution of Property . . . . .	5-17
5.2.6.	Issuance of Units . . . . .	5-17
	Form 5-9. Units. . . . .	5-17

CONTENTS

5.3.	Additional Capital Contributions . . . . .	5-18
	Form 5-10. Additional Capital Contributions at Discretion of Manager. . . . .	5-19
	Form 5-11. Additional Capital Contributions at Discretion of Manager—Limit on Amount. . . .	5-20
	Form 5-12. Additional Capital Contributions Require Member Approval . . . . .	5-21
	Form 5-13. Additional Capital Contributions Member- Managed LLC . . . . .	5-22
	Form 5-14. Additional Capital Contributions— Scheduled Contributions . . . . .	5-23
	Form 5-15. No Liability beyond Initial Capital Contribution. . . . .	5-23
	Form 5-16. Additional Interest—Preemptive Rights . . . . .	5-24
	Form 5-17. Additional Interests—Preemptive Rights; Identified Purchaser. . . . .	5-25
	Form 5-18. Additional Interests—Preemptive Rights; Purchaser Not Identified . . . . .	5-28
5.4.	Default in Payment of Contributions . . . . .	5-30
	Form 5-19. Remedy of Reduction of Member’s Interest in Event of Failure to Make Contribution to Manager-Managed LLC . . . . .	5-31
	Form 5-20. Remedy of Reduction of Member’s Interest in Event of Failure to Make Contribution to Member-Managed LLC. . . . .	5-31
	Form 5-21. Additional Units . . . . .	5-35
	Form 5-22. Dilution Based on Value . . . . .	5-36
	Form 5-23. Loan Plus Dilution . . . . .	5-38
5.5.	Member Loans. . . . .	5-39
	Form 5-24. Member Loans. . . . .	5-40
	Form 5-25. Member Loans—Either Member May Call . . .	5-40
	Form 5-26. Member Loans—Either Member May Call . . .	5-40
	Form 5-27. Member Loans—Terms of Loans . . . . .	5-41
	Form 5-28. Member Loans—Terms of Loans . . . . .	5-42
5.6.	Interest on Capital Contributions . . . . .	5-42
	Form 5-29. No Salary or Interest on Capital Contributions. . . . .	5-42
	Form 5-30. Interest on Capital Contributions . . . . .	5-43
5.7.	Return of Capital Contributions . . . . .	5-43
	Form 5-31. Return of Capital Contributions— Release of Liability . . . . .	5-44
5.8.	Form of Distribution . . . . .	5-44
	Form 5-32. Form of Distribution—No Right to Receive Anything but Cash . . . . .	5-44

	Form 5-33. Form of Distribution—Form of Distribution at Discretion of Manager in Manager-Managed LLC .....	5-45
5.9.	Capital Accounts .....	5-45
	Form 5-34. Capital Accounts (Short Form) .....	5-45
5.10.	Loans .....	5-46
	Form 5-35. Loans—General Authority of LLC to Borrow Money from Members on Terms to Be Agreed upon in Future .....	5-46
	Form 5-36. Loans—Authority to Make Specific Loan with General Authority to Borrow Money from Members on Terms to Be Agreed upon in Future .....	5-46
5.11.	Options .....	5-47
	Form 5-37. Note and Warrant Purchase Agreement. ....	5-47
	Form 5-38. Warrant Agreement (Fixed Exercise Price) ....	5-56
	Form 5-39. Warrant Agreement (Exercise Price Based on Subsequent Financing) .....	5-65
5.11.1.	Form of Non-Compensatory Option .....	5-75
	Form 5-40. Non-Compensatory Option – Short Form .....	5-75
	Form 5-41. Non-Compensatory Option – Long Form .....	5-78
 <b>CHAPTER 6: ALLOCATION AND DISTRIBUTION PROVISIONS..... 6-1</b>		
6.1.	Taxation of the LLC .....	6-5
6.2.	General Allocation and Distribution Concepts .....	6-5
6.3.	Distribution Restrictions under the Act .....	6-6
6.4.	Allocation Restrictions - Code Section 704(B) .....	6-6
	6.4.1. Overview .....	6-6
	6.4.2. The Three Alternative Allocation Tests .....	6-7
	6.4.2.1. The First Test: Partners' Interests ....	6-7
	6.4.2.2. The Second Test: Substantial Economic Effect and Capital Accounts .....	6-8
	6.4.2.3. The Third Test: Nonrecourse Debt ...	6-9
	6.4.3. Allocations to Interest Holders .....	6-10
6.5.	Definitions .....	6-11
	6.5.1. Distribution-Related Definitions .....	6-11
	Form 6-1. Distribution Definitions - Distributions Not Dependent on Source .....	6-11
	Form 6-2. Distribution Definitions - Distributions Dependent on Source .....	6-12

## CONTENTS

6.5.2.	Allocation-Related Definitions . . . . .	6-13
6.5.2.1.	Adjusted Capital Account Deficit . . . . .	6-13
6.5.2.2.	Book Value . . . . .	6-14
	Form 6-3. Tax Definitions . . . . .	6-14
6.6.	Basic Distribution Provisions . . . . .	6-21
6.6.1.	In General . . . . .	6-21
6.6.2.	Cash Flow from Operations . . . . .	6-22
	Form 6-4. Distributions at Manager's Discretion . . . . .	6-22
	Form 6-5. Quarterly Distributions . . . . .	6-22
	Form 6-6. Distributions Required Each Year . . . . .	6-23
	Form 6-7. Distributions Equal to Tax Liability . . . . .	6-23
	Form 6-8. Distributions Equal to Tax Liability . . . . .	6-24
	Form 6-9. Distribution Equal to Tax Liability—Capital Gains . . . . .	6-25
6.6.3.	Distribution Dependent on Source . . . . .	6-26
	Form 6-10. Distribution Dependent on Source . . . . .	6-26
6.6.4.	Liquidation Proceeds . . . . .	6-26
	Form 6-11. Liquidating Distributions— Based on Capital Accounts . . . . .	6-28
	Form 6-12. Liquidating Distributions— Based on Distribution Provisions . . . . .	6-30
6.6.5.	Deficit Restoration Obligation . . . . .	6-30
	Form 6-13. Liquidation and Dissolution— Deficit Restoration Obligation . . . . .	6-31
6.7.	Basic Allocation Provisions . . . . .	6-31
6.7.1.	Basic Allocations of Income and Loss . . . . .	6-31
	Form 6-14. Allocation Based on Percentage Interests . . . . .	6-31
6.7.2.	Allocations Dependent on Source . . . . .	6-32
	Form 6-15. Allocations Dependent on Source . . . . .	6-32
6.7.3.	Limitations on Losses . . . . .	6-32
6.7.3.1.	Adjusted Capital Account Deficit . . . . .	6-32
	Form 6-16. Limitation—Adjusted Capital Account Deficit . . . . .	6-33
6.7.3.2.	Cash Method Limitation . . . . .	6-34
	Form 6-17. Cash Method Limitation . . . . .	6-35
6.7.4.	Qualified Income Offset . . . . .	6-35
	Form 6-18. Qualified Income Offset . . . . .	6-36
6.7.5.	Minimum Gain Chargeback . . . . .	6-37
	Form 6-19. Minimum Gain Chargeback . . . . .	6-38

6.7.6.	Member Minimum Gain . . . . .	6-38
	Form 6-20. Member Minimum Gain Chargeback. . . . .	6-39
6.7.7.	Other Regulatory Allocations . . . . .	6-39
6.7.7.1.	Contributed Property (Section 704(c) Allocations) . . . . .	6-39
	Form 6-21. Code Section 704(c) Allocations . . . . .	6-40
6.7.7.2.	Book Ups . . . . .	6-41
6.7.7.3.	Tax Consequences of Adjusting Book Value . . . . .	6-41
	Form 6-22. Subsequent Adjustments . . . . .	6-42
6.7.7.4.	Nonrecourse Deductions . . . . .	6-42
	Form 6-23. Nonrecourse Deductions . . . . .	6-43
	Form 6-24. Member Nonrecourse Deductions . . . . .	6-43
6.7.7.5.	Section 751 Problems . . . . .	6-44
	Form 6-25. Unrealized Receivables . . . . .	6-44
6.7.7.6.	Withholding . . . . .	6-44
	Form 6-26. Withholding . . . . .	6-44
6.7.7.7.	Varying Interests . . . . .	6-45
	Form 6-27. Varying Interests. . . . .	6-45
	Form 6-28. Varying Interests— Distributions. . . . .	6-46
	Form 6-29. Varying Interests— Tax Allocations. . . . .	6-47
6.7.7.8.	Amendment . . . . .	6-47
	Form 6-30. Amendment . . . . .	6-47
6.7.7.9.	Regulatory Allocations . . . . .	6-48
	Form 6-31. Regulatory Allocations. . . . .	6-48
6.8.	Disproportionate Distribution and Allocation Provisions . . . . .	6-48
6.8.1.	Distribution Preferences . . . . .	6-48
	Form 6-32. Distribution Preference . . . . .	6-51
6.8.2.	Disproportionate Allocation of Losses . . . . .	6-53
	Form 6-33. Disproportionate Allocation of Loss . . . . .	6-54
6.9.	Membership Units and Preferences . . . . .	6-55
6.9.1.	Membership Units . . . . .	6-55
6.9.2.	Definitions. . . . .	6-55
	Form 6-34. Definition of Units . . . . .	6-55
	Form 6-35. Definition of Units— Multiple Classes. . . . .	6-56
	Form 6-36. Definition of Units—Voting Units . . . . .	6-56
	Form 6-37. Percentage Interest—Tied to Units . . . . .	6-57

## CONTENTS

6.9.3.	Distribution Preferences. . . . .	6-57
	Form 6-38. Distribution Preferences. . . . .	6-58
	Form 6-39. Distribution Preferences— Tax Allocations. . . . .	6-59
6.9.4	Distributions Tied to Internal Rate of Return . . . .	6-60
	Form 6-40. Internal Rate of Return. . . . .	6-62
	Form 6-41. Distribution Tied to Internal Rate of Return . . . . .	6-62
6.9.5.	Targeted Capital Account Method of Allocations . .	6-63
	Form 6-42. Liquidation Proceeds Tied to Article IV . . . . .	6-65
6.9.6.	Tax Exhibit . . . . .	6-66
	Form 6-43. Tax Allocations Based on Targeted Capital Accounts— Member Managed . . . . .	6-66
	Form 6-44. Tax Allocations Based on Targeted Capital Accounts— Manager Managed . . . . .	6-76
	Form 6-45. Tax Allocations Based on Percentage Interests— Member Managed . . . . .	6-86
	Form 6-46. Tax Allocations Based on Percentage Interests— Manager Managed . . . . .	6-95
6.10.	Partnership Representative . . . . .	6-104
6.10.1.	The Bipartisan Budget Act of 2015 . . . . .	6-104
	Form 6-47. Partnership Representative. . . . .	6-106
6.11.	Tax Returns and Elections. . . . .	6-107
	Form 6-48. Tax Returns and Elections. . . . .	6-107
<b>CHAPTER 7:</b>	<b>MANAGEMENT PROVISIONS . . . . .</b>	<b>7-1</b>
7.1.	Drafting LLC Management Provisions . . . . .	7-4
7.1.1.	General Flexibility under the Act . . . . .	7-4
7.1.2.	Typical Approaches . . . . .	7-5
7.1.3.	Tax Aspects . . . . .	7-5
	7.1.3.1. Tax Classification. . . . .	7-5
	7.1.3.2. Self-Employment Tax . . . . .	7-5
7.2.	Member-Managed LLC Provisions . . . . .	7-6
	Form 7-1. Simple Member-Management Provision. . . .	7-7
	Form 7-2. Member Authority . . . . .	7-7
	Form 7-3. Member-Management with Appointment of Administrative Member . . . . .	7-8
7.3.	Representative Management . . . . .	7-9



7.3.1.	Management by One Class of Members . . . . .	7-9
	Form 7-4. Definitions of Class A and Class B Members. . . . .	7-9
	Form 7-5. Management by Class A Members . .	7-9
7.3.2.	Management by Managers . . . . .	7-10
7.3.3.	Number and Tenure . . . . .	7-11
	Form 7-6. Number and Tenure . . . . .	7-11
7.3.4.	Powers of the Manager . . . . .	7-11
	Form 7-7. Manager with Broad Authority . . . . .	7-12
	Form 7-8. Specific Powers of Manager . . . . .	7-12
7.3.5.	Restrictions on the Manager . . . . .	7-13
	Form 7-9. Actions Requiring Approval of Members. . . . .	7-14
7.3.6.	Management by Multiple Managers . . . . .	7-15
	Form 7-10. Multiple Managers. . . . .	7-16
	Form 7-11. Management Committee . . . . .	7-17
7.3.7.	Operating Manager . . . . .	7-19
	Form 7-12. Operating Manager. . . . .	7-19
7.3.8.	Officers . . . . .	7-19
	Form 7-13. Officers. . . . .	7-20
	Form 7-14. Officers. . . . .	7-20
7.3.9.	Corporate-Style Board . . . . .	7-22
	Form 7-15. Corporate-Type Board and Officers. .	7-22
7.3.10.	Members Designate Representative Managers . . . .	7-30
	Form 7-16. Members Appoint Representative Managers . . . . .	7-30
7.4.	Resignation and Removal of Managers . . . . .	7-31
	Form 7-17. Resignation and Removal of Manager Without Cause. . . . .	7-31
	Form 7-18. Removal of Manager for Only Specific Reasons . . . . .	7-32
7.5.	Filling Vacancies of Managers . . . . .	7-32
	Form 7-19. Vacancies. . . . .	7-33
	Form 7-20. Initial Manager – Removal . . . . .	7-33
	Form 7-21. Initial Manager – Named Successor . . . . .	7-34
7.6.	Meetings of Members . . . . .	7-34
	Form 7-22. Procedure for Calling and Holding Meetings of Members . . . . .	7-35
7.7.	Voting Procedures . . . . .	7-36
7.7.1.	Voting Rights . . . . .	7-36
	Form 7-23. Voting Rights . . . . .	7-36
7.7.2.	Quorum and Manner of Acting . . . . .	7-37
	Form 7-24. Quorum and Voting . . . . .	7-37

## CONTENTS

	Form 7-25. Procedure for Calling and Holding Meetings of Members – Only Class A Members Vote . . . . .	7-38
7.7.3.	Disproportionate Voting Rights . . . . .	7-39
	Form 7-26. Disproportionate Voting . . . . .	7-39
7.8.	Informal Action of Members; Form of Written Consent. . . . .	7-40
	Form 7-27. Informal Actions . . . . .	7-40
	Form 7-28. Form of Written Consent of Members . . . . .	7-41
7.9.	Unanimous or Super Majority Consent . . . . .	7-42
	Form 7-29. Definition of Super Majority in Interest . . . . .	7-43
	Form 7-30. Super Majority Consent . . . . .	7-43
7.10.	Deadlock and Resolution . . . . .	7-43
	Form 7-31. Arbitration of Deadlock. . . . .	7-44
	Form 7-32. Shotgun Buy-Sell in the Event of Deadlock . . . . .	7-44
7.11.	Compensation . . . . .	7-48
	Form 7-33. Compensation . . . . .	7-49
	Form 7-34. No Arrangement for Compensation – Member-Managed . . . . .	7-49
	Form 7-35. Extraordinary Compensation. . . . .	7-49
7.12.	Standards of Conduct for Members and Managers . . . . .	7-50
	Form 7-36. Fiduciary Duties Pursuant to the Act – Member-Managed LLC. . . . .	7-52
	Form 7-37. Fiduciary Duties Pursuant to the Act – Manager-Managed LLC . . . . .	7-53
	Form 7-38. Fiduciary Duties – Same Obligations as Imposed on Corporate Directors, Officers, and Shareholders . . . . .	7-53
	Form 7-39. Fiduciary Duties – Same Obligations as Imposed on Corporate Directors, Officers, and Shareholders with Limitation of Liability . . . . .	7-53
	Form 7-40. Fiduciary Duties – Wavier of Fiduciary Duties with Limitation of Liability . . . . .	7-54
7.13.	Reimbursement, Indemnification, and Advancement . . . . .	7-55
	Form 7-41. Indemnification – Member-Managed LLC . . . . .	7-56
	Form 7-42. Indemnification – Manager-Managed LLC. . . . .	7-56
	Form 7-43. Indemnification with Advances – Member-Managed LLC. . . . .	7-57
	Form 7-44. Indemnification with Advances – Manager-Managed LLC . . . . .	7-58
7.14.	Power of Attorney . . . . .	7-59
	Form 7-45. Power of Attorney . . . . .	7-60
7.15.	Agreement of Spouses . . . . .	7-61
	Form 7-46. Consent of Spouses . . . . .	7-61
7.16.	Arbitration . . . . .	7-63

Form 7-47.	Arbitration . . . . .	7-63
7.17.	Noneconomic Members . . . . .	7-63
7.18.	Proprietary Rights and Noncompetition Agreements . . . . .	7-64
Form 7-48.	Proprietary Rights and Noncompetition Agreement . . . . .	7-64
7.19.	Annual Minutes . . . . .	7-70
Form 7-49.	Annual Resolutions . . . . .	7-71
<b>CHAPTER 8: TRANSFER AND BUY-SELL PROVISIONS . .</b>		<b>8-1</b>
8.1.	The Act's Default Rules for Transfers . . . . .	8-4
8.2.	Tax Aspects of Transfer Restrictions . . . . .	8-5
8.2.1.	Partnership Classification . . . . .	8-5
8.2.2.	Termination of the LLC . . . . .	8-5
8.2.3.	Basis Issues . . . . .	8-5
8.3.	Preliminary Drafting Considerations . . . . .	8-6
Form 8-1.	Definitional Provision—Transfer . . . . .	8-6
Form 8-2.	Definitional Provisions—Interest and Membership Rights . . . . .	8-7
8.4.	Drafting Transfer Provisions that Follow the Act's Default Rules . . . . .	8-7
Form 8-3.	Transfer Provision Following Act's Default Rules . . . . .	8-8
8.5.	Drafting Transfer Provisions that Permit Free Transferability of Interests . . . . .	8-8
Form 8-4.	Free Transferability of Interests and Rights . . . . .	8-8
8.6.	Drafting Transfer Provisions that Absolutely Prohibit Transfers of Any Kind . . . . .	8-8
Form 8-5.	Absolute Prohibition of Transfers . . . . .	8-9
Form 8-6.	Purchase Right on Prohibited Transfers . . . . .	8-9
8.7.	Drafting Transfer Provisions that Permit Transfers Only On Certain Conditions . . . . .	8-10
8.7.1.	In General . . . . .	8-10
Form 8-7.	Transfer Permitted on Satisfaction of Certain Conditions . . . . .	8-10
8.7.2.	First Refusal Rights . . . . .	8-11
Form 8-8.	Right of First Refusal; LLC Purchases; Installments Allowed . . . . .	8-11
Form 8-9.	Right of First Refusal of LLC and Members; Member's Purchase Payment Terms Matched . . . . .	8-13
Form 8-10.	Right of First Offer; LLC Purchases; Cash Purchase . . . . .	8-15
8.7.3.	Admission of Transferee as a Member . . . . .	8-16
Form 8-11.	Transferee Not Admitted as Member without Consent of Members . . . . .	8-16

## CONTENTS

	Form 8-12. Transferee Automatically Admitted as Member . . . . .	8-17
8.7.4.	Transfers to Permitted Transferees . . . . .	8-17
	Form 8-13. Permitted Transferees. . . . .	8-18
8.7.5.	Subsequent Events. . . . .	8-20
	Form 8-14. Transfers by Operation of Law and Subsequent Events . . . . .	8-21
8.7.6.	Tag Along and Drag Along Rights . . . . .	8-21
	Form 8-15. Drag Along and Tag Along Rights. . .	8-22
	Form 8-16. Drag Along and Tag Along Rights. . .	8-25
8.8.	Dissociation under the Act . . . . .	8-27
8.8.1.	Voluntary Dissociation . . . . .	8-27
	Form 8-17. Prohibition Against Voluntary Dissociation . . . . .	8-28
8.8.2.	Statutory Events of Dissociation . . . . .	8-29
8.9.	Distributions on Dissociation . . . . .	8-32
	Form 8-18. No Withdrawal Distribution . . . . .	8-32
	Form 8-19. Distributions Following Events of Dissociation—Distribution Dependent on Type of Dissociation Event . . . . .	8-33
8.10.	Purchase on Death or Disability . . . . .	8-34
8.10.1.	Death of a Member. . . . .	8-34
	Form 8-20. Death of a Member. . . . .	8-34
8.10.2.	Disability of a Member . . . . .	8-35
	Form 8-21. Disability of a Member . . . . .	8-35
	Form 8-22. Delayed Purchase from Member . . .	8-36
	Form 8-23. Definition of Disability . . . . .	8-36
8.10.3.	Death/Disability of Entities and Trusts. . . . .	8-37
	Form 8-24. Death Deals with Entities and Trusts . . . . .	8-37
8.10.4.	Death with Insurance . . . . .	8-38
	Form 8-25. Death with Insurance . . . . .	8-38
8.11.	Valuation Provisions . . . . .	8-39
	Form 8-26. Valuation of Membership Interest. . . . .	8-40
	Form 8-27. Valuation of LLC Property . . . . .	8-41
	Form 8-28. Agreed Value of LLC Property . . . . .	8-43
8.12.	Act's Limitations on Distributions . . . . .	8-44
8.13.	Shotgun Buy-Sell . . . . .	8-45
	Form 8-29. Shotgun Buy-Sell Two Members— Equal Percentage Interests. . . . .	8-46
	Form 8-30. Shotgun Buy-Sell Two Members— Differing Percentage Interests. . . . .	8-48
	Form 8-31. Shotgun Buy-Sell Multiple Members— Differing Percentage Interests. . . . .	8-50

Form 8-32.	Shotgun Buy-Sell Two Members— Purchase Price Paid Over Time . . . . .	8-53
Form 8-33.	Shotgun Buy-Sell Two Members— Appraised Value. . . . .	8-56
8.14.	Put and Call Rights . . . . .	8-58
Form 8-34.	Put and Call Rights . . . . .	8-58
Form 8-35.	Put Right and Sale of Property . . . . .	8-59
<b>CHAPTER 9: DISSOLUTION . . . . .</b>		<b>9-1</b>
9.1.	Overview of the Act's Dissolution Provisions . . . . .	9-2
9.2.	Events of Dissolution . . . . .	9-2
Form 9-1.	Dissolution – Describes Events of Dissolution . . . . .	9-3
9.3.	Designating Certain Members Whose Withdrawal Will Cause a Dissolution . . . . .	9-4
Form 9-2.	Dissolution – Withdrawal of Member Who is a Manager . . . . .	9-4
9.4.	Additional Dissolution Events . . . . .	9-4
Form 9-3.	Dissolution – Sale of Substantially All Assets. . . . .	9-5
9.5.	Notice of Winding Up and Notice to Creditors. . . . .	9-5
9.5.1.	Notice of Winding Up . . . . .	9-5
Form 9-4.	Notice of Winding Up . . . . .	9-5
9.5.2.	Notice to Claimants . . . . .	9-6
Form 9-5.	Notice to Claimants . . . . .	9-6
9.6.	Articles of Termination . . . . .	9-7
Form 9-6.	Articles of Termination . . . . .	9-8
9.7.	Procedure for Winding Up and Distribution of Assets . . . . .	9-8
Form 9-7.	Dissolution and Termination – Member-Managed . . . . .	9-9
Form 9-8.	Dissolution and Termination – Manager-Managed. . . . .	9-10
Form 9-9.	Dissolution and Termination – Manager-Managed Alternate. . . . .	9-12
Form 9-10.	Dissolution Resolution . . . . .	9-13
<b>CHAPTER 10: BOOKS, RECORDS, AND ACCOUNTING. . . .</b>		<b>10-1</b>
10.1.	Introduction . . . . .	10-2
10.2.	Banking . . . . .	10-2
Form 10-1.	Bank Accounts . . . . .	10-3
10.3.	Records . . . . .	10-3
10.3.1.	Maintenance of Records . . . . .	10-3
Form 10-2.	Maintenance of Records – Member- Managed LLC (Short Form) . . . . .	10-3

CONTENTS

	Form 10-3. Maintenance of Records— Manager-Managed LLC (Short Form) . . . . .	10-4
	Form 10-4. Maintenance of Records – Member- Managed LLC (Long Form) . . . . .	10-4
	Form 10-5. Maintenance of Records – Manager- Managed LLC (Long Form). . . . .	10-5
10.3.2.	Right to Inspect and Copy Records . . . . .	10-6
	Form 10-6. Right to Inspect Records . . . . .	10-6
10.4.	Accounting Period . . . . .	10-6
	Form 10-7. Fiscal Year Accounting Period . . . . .	10-7
	Form 10-8. Calendar Year Accounting Period . . . . .	10-7
10.5.	Reports . . . . .	10-7
	Form 10-9. Preparation of Reports – Manager- Managed LLC . . . . .	10-7
10.6.	Title to Property . . . . .	10-8
	Form 10-10. Title to Property – In LLC’s Name . . . . .	10-8
	Form 10-11. Title to Property – Use of Nominee Permitted . . . . .	10-8

**PART III**  
**MISCELLANEOUS**

<b>CHAPTER 11:</b>	<b>REORGANIZATION OF THE LLC . . . . .</b>	<b>11-1</b>
11.1.	In General . . . . .	11-5
11.2.	Admission of New Members . . . . .	11-5
11.2.1.	Operating Agreement . . . . .	11-5
	Form 11-1. Admission of Transferees Other than Permitted Transferee’s Substituted Member . . . . .	11-5
	Form 11-2. Admission of Substitute Members . .	11-6
11.2.2.	Acquisition of Interest from Company. . . . .	11-6
	Form 11-3. Additional Members . . . . .	11-7
	Form 11-4. Simple Subscription Agreement for LLC Membership Interest . . . . .	11-8
	Form 11-5. Long Form Subscription Agreement for LLC Membership Interest . . . . .	11-9
	Form 11-6. First Amendment to Operating Agreement Admitting Assignee of Interest as a Member . . . . .	11-13
11.2.3.	Acquisition of Interest from Another Member . . .	11-15
	Form 11-7. Assignment of LLC Membership Right . . . . .	11-15
	Form 11-8. Membership Purchase Agreement . .	11-20

	Form 11-9. Joinder Agreement .....	11-33
11.2.4.	Redemption of a Member .....	11-34
	Form 11-10. Redemption Agreement .....	11-34
	Form 11-11. Redemption Agreement .....	11-35
11.3.	Conversion of an Existing Entity into an LLC or an LLC into Another Type of Entity .....	11-41
11.3.1.	Conversion under the Arizona Entity Restructuring Act .....	11-41
	Form 11-12. Plan of Conversion of LLC to Corporation .....	11-43
	Form 11-13. Plan of Conversion of Corporation to LLC .....	11-47
	Form 11-14. Statement of Conversion of Arizona LLC into an Arizona Corporation ...	11-50
	Form 11-15. Statement of Conversion of Arizona Corporation into an Arizona LLC .....	11-51
11.3.2.	Conversion by Contribution or Exchange .....	11-52
	Form 11-16. Agreement to Convert General Partnership to Limited Liability Company .....	11-52
	Form 11-17. Recitals Conversion of General Partnership into LLC .....	11-54
	Form 11-18. Term Is Continuation of Term of Partnership .....	11-55
	Form 11-19. Initial Capital Contributions — In Property Consisting of Partnership Interests in LLC's Predecessor. ....	11-55
	Form 11-20. Assignment of General Partnership Interests to LLC .....	11-56
	Form 11-21. Resolutions of Members Approving Liquidation of Partnership into LLC .	11-57
11.3.3.	Conversion by Interest Exchange .....	11-57
	Form 11-22. Exchange Agreement .....	11-57
11.3.4.	Conversion by Interest Exchange under the Entity Restructuring Act. ....	11-60
	Form 11-23. Plan of Interest Exchange .....	11-61
	Form 11-24. Statement of Interest Exchange ....	11-65
11.4.	Mergers Involving an Arizona LLC .....	11-66
	Form 11-25. Plan of Merger of an Arizona LLC into an Arizona LLC .....	11-68
	Form 11-26. Statement of Merger of Arizona LLC into an Arizona LLC .....	11-75
	Form 11-27. Agreement and Plan of Merger .....	11-76

CONTENTS

	Form 11-28. Plan of Merger of Arizona Corporation into an Arizona LLC . . . . .	11-88
	Form 11-29. Statement of Merger of Arizona Corporation into an Arizona LLC . . . . .	11-93
11.5.	Domestications Involving Arizona LLCs . . . . .	11-94
	Form 11-30. Plan of Domestication . . . . .	11-96
	Form 11-31. Statement of Domestication—Arizona to Delaware . . . . .	11-99
	Form 11-32. Plan of Domestication— Delaware to Arizona . . . . .	11-100
11.6.	Tax Consequences of Mergers and Other Reorganizations . . .	11-101
11.6.1.	Merger or Other Conversion of an Existing Entity into an LLC Taxed as a Partnership . . . . .	11-101
11.6.1.1.	In General . . . . .	11-101
11.6.1.2.	Merger or Other Conversion of General Partnership to LLC . . . . .	11-102
11.6.1.3.	Merger or Other Conversion of Limited Partnership into LLC . . . . .	11-104
11.6.1.4.	Merger or Other Conversion of Corporation into LLC . . . . .	11-104
11.6.1.5.	Division and Acquisitive Mergers . . .	11-111
	11.6.1.5.1. Acquisitive Partnership Mergers . . . . .	11-112
	11.6.1.5.1.1. Determining Which LLC Continues and Which LLC Terminates for Federal Tax Purposes . . . . .	11-112
	11.6.1.5.1.2. Tax Filing Requirements . .	11-113
	11.6.1.5.1.3. Determining the Form of the Merger . . . . .	11-113
	11.6.1.5.2. Partnership Division . . .	11-117
	11.6.1.5.2.1. Basic Rules for a Division . .	11-117
	11.6.1.5.2.2. Determining Which, if Any, LLC Continues as the Prior Partnership and Which, if Any, Terminates . . . . .	11-120



11.6.1.5.2.3.	Tax Filing Requirements ..	11-120
11.6.1.5.2.4.	Determining the Form of the Division .....	11-121
11.6.2.	Conversion of LLC into Corporation .....	11-124
11.6.3.	Electing to Change an LLC's Classification under the Check-the-Box Regulations .....	11-129
11.6.3.1.	Corporation to Partnership .....	11-129
11.6.3.2.	Partnership to Corporation .....	11-130
11.6.3.3.	Corporation to Disregarded Entity ...	11-130
11.6.3.4.	Disregarded Entity to Corporation ...	11-131
11.6.4.	Change in Entity Classification as a Result of Change in Number of Members .....	11-131
11.6.4.1.	Converting a Disregarded Entity to a Partnership .....	11-132
11.6.4.2.	Converting from a Partnership to a Disregarded Entity .....	11-133
11.6.5.	Taxpayer Identification Number after Change in Classification .....	11-135
<b>CHAPTER 12:</b>	<b>DOING INTERSTATE BUSINESS .....</b>	<b>12-1</b>
12.1.	Foreign LLCs Doing Business in Arizona .....	12-2
12.1.1.	Governing Law .....	12-2
12.1.2.	Series LLCs .....	12-2
12.1.3.	Doing Business .....	12-3
12.1.4.	Doing Business without Registration .....	12-4
12.2.	Foreign Registration Statement .....	12-4
12.2.1.	Procedure for Registration of Foreign LLC .....	12-4
	Form 12-1. Foreign Registration Statement – Foreign LLC .....	12-5
12.2.2.	Procedure for Registration of Foreign Series .....	12-7
	Form 12-2. Foreign Registration Statement – Foreign Series .....	12-8
12.3.	Amending the Foreign Registration Statement .....	12-11
12.4.	Withdrawal on Dissolution and Withdrawal of Registration .....	12-12
12.4.1.	Withdrawal on Dissolution .....	12-12
12.4.2.	Withdrawal of Registration .....	12-12
<b>CHAPTER 13:</b>	<b>PROFESSIONAL LIMITED LIABILITY COMPANIES .....</b>	<b>13-1</b>
13.1.	Overview .....	13-2
13.2.	Comparison of LLCs and Professional Corporations .....	13-3
13.2.1.	Tax Issues .....	13-3

CONTENTS

13.2.1.1.	Double Taxation . . . . .	13-3
13.2.1.2.	Pension and Profit Sharing Plans . . . .	13-4
13.2.1.3.	Fringe Benefits . . . . .	13-4
13.2.1.4.	Tax Rates . . . . .	13-5
13.2.1.5.	Accounting Method . . . . .	13-5
13.2.1.6.	Fiscal Year End . . . . .	13-6
13.2.1.7.	Summary . . . . .	13-6
13.3.	Articles of Organization for a Professional LLC . . . . .	13-6
Form 13-1.	Articles of Organization—Member-Managed Professional Limited Liability Company . . . .	13-7
Form 13-2.	Articles of Organization—Manager-Managed Professional Limited Liability Company . . . .	13-9
13.4.	Operating Agreement for Professional LLC . . . . .	13-11

**CHAPTER 14: FINANCING TRANSACTIONS . . . . . 14-1**

14.1.	Borrowing Authorization . . . . .	14-2
Form 14-1.	Borrowing Resolution . . . . .	14-2
Form 14-2.	Manager's Certificate . . . . .	14-3
14.2.	Credit Enhancement and Guarantees . . . . .	14-5
Form 14-3.	Credit Enhancement Agreement . . . . .	14-5
Form 14-4.	Credit Enhancement Agreement – Short Form. . . . .	14-9
Form 14-5.	Guaranty Agreement . . . . .	14-11
Form 14-6.	Guaranty Agreement . . . . .	14-23
Form 14-7.	Partial Guaranty. . . . .	14-26
Form 14-8.	Subordination Agreement . . . . .	14-30
14.3.	Responsibility for Losses Derived from Guarantees of LLC Obligations . . . . .	14-33
Form 14-9.	Indemnity and Contribution Agreement— Obligation Guaranteed Only by Members . . . .	14-34
Form 14-10.	Member Guaranty Language for Operating Agreement . . . . .	14-38
14.4.	Pledges of LLC Interests . . . . .	14-39
Form 14-11.	Collateral Assignment of Membership Interest and Security Agreement . . . . .	14-40

**CHAPTER 15: COMPENSATION STRATEGIES  
FOR THE LLC . . . . . 15-1**

15.1.	Proposed Regulations and Legislation . . . . .	15-3
Form 15-1.	Proposed Regulations . . . . .	15-3
15.2.	Introduction . . . . .	15-4
15.3.	IRC Section 83 . . . . .	15-8
15.4.	LLC Interest for Services . . . . .	15-9

15.4.1.	Capital Interest vs. Profits Interest . . . . .	15-9
15.4.2.	Operating Agreement Provisions for Profits Interests . . . . .	15-10
	Form 15-2. Definitions of Net Cash Flow and Capital Proceeds . . . . .	15-11
	Form 15-3. Unreturned Capital Contribution . . . . .	15-12
	Form 15-4. Capital Accounts (Book-up on Interest for Services) . . . . .	15-13
	Form 15-5. Distributions—Cash Flow Distinguished from Capital Proceeds . . . . .	15-15
15.4.3.	Unvested Profits Interest. . . . .	15-16
	Form 15-6. Distributions to Unvested Interest Holders . . . . .	15-18
15.4.4.	Code Section 1061 . . . . .	15-19
15.5.	LLC (Partnership) vs. Corporation Compensation Methods . . . . .	15-19
15.5.1.	Corporation Context . . . . .	15-19
	15.5.1.1. Stock Grants . . . . .	15-20
	15.5.1.2. Stock Options . . . . .	15-20
	15.5.1.3. Phantom Stock Plans . . . . .	15-21
15.5.2.	The LLC Context . . . . .	15-21
15.6.	Forms: Equity-Based LLC Compensation Plans . . . . .	15-23
	Form 15-7. Authorization to Grant Equity Incentives . . . . .	15-23
	Form 15-8. Membership Interest Grant Agreement; Stand Alone Form with Repurchase Rights . . . . .	15-24
	Form 15-9. Equity Incentive Plan . . . . .	15-31
	Form 15-10. Grant Agreement . . . . .	15-51
	Form 15-11. Option Agreement . . . . .	15-55
	Form 15-12. Option Agreement with Rights of Repurchase and First Refusal . . . . .	15-62
15.6.1.	Form of Operating Agreement . . . . .	15-70
15.7.	Phantom Equity and Unit Appreciation Rights Plans . . . . .	15-70
	Form 15-13. Unit Appreciation Rights Plan . . . . .	15-72
	Form 15-14. Unit Appreciation Rights Award Agreement . . . . .	15-90

## **CHAPTER 16: TAXATION OF LIMITED LIABILITY COMPANIES. . . . . 16-1**

16.1.	General . . . . .	16-3
	16.1.1. Background . . . . .	16-3
	16.1.2. State Taxation . . . . .	16-3
16.2.	Classification as a Partnership . . . . .	16-3

CONTENTS

16.2.1.	Classification Regulations . . . . .	16-3
16.3.	Partnership Taxation . . . . .	16-5
16.3.1.	Generally . . . . .	16-5
16.3.2.	Partnership as a Pass-Through Entity . . . . .	16-5
16.3.3.	Partnership Computations . . . . .	16-5
16.4.	Formation of the LLC . . . . .	16-6
16.4.1.	Gain or Loss from the Contribution of Property . . . . .	16-6
16.4.2.	Basis and Holding Period . . . . .	16-7
16.5.	Exceptions to Nonrecognition . . . . .	16-8
16.5.1.	Property Subject to Debt . . . . .	16-8
16.5.2.	Contribution of Property Subject to Nonrecourse Debt . . . . .	16-8
16.5.3.	Contribution of Property Subject to Recourse Debt . . . . .	16-9
16.5.4.	Comparison with Corporation . . . . .	16-9
16.5.5.	Other Exceptions to Nonrecognition . . . . .	16-10
16.5.6.	Disguised-Sale Rules . . . . .	16-10
16.5.7.	Receipt of Interest for Services . . . . .	16-11
16.5.8.	Receipt of Profits Interest . . . . .	16-11
16.5.9.	Collateral Consequences to Service Partner . . . . .	16-12
16.6.	Taxation of Distributions . . . . .	16-14
16.6.1.	In General . . . . .	16-14
16.6.1.1.	Interim Distributions . . . . .	16-14
16.6.1.2.	Basis of Property Received . . . . .	16-15
16.6.1.3.	Liquidating Distributions . . . . .	16-15
16.6.1.4.	Basis of Property Received in Complete Liquidation . . . . .	16-15
16.6.2.	Exceptions to Nonrecognition . . . . .	16-16
16.6.2.1.	Marketable Securities . . . . .	16-16
16.6.2.2.	Distribution of Previously Contributed Property . . . . .	16-16
16.6.2.3.	Distribution of Other Property to Contributing Members . . . . .	16-17
16.6.2.4.	Distribution by LLC Holding “Section 751 Property” . . . . .	16-18
16.6.2.5.	Payments to Retired or Deceased Partners . . . . .	16-18
16.7.	Allocations of Income and Loss . . . . .	16-19
16.7.1.	Generally . . . . .	16-19
16.7.2.	The Three Alternative Allocation Tests . . . . .	16-20
16.7.2.1.	The First Test: Partners’ Interests . . . . .	16-20
16.7.2.2.	The Second Test: Substantial Economic Effect and Capital Accounts . . . . .	16-21

16.7.2.3.	The Third Test: Nonrecourse Debt . . .	16-22
16.7.3.	Allocations to Interest Holders . . . . .	16-23
16.7.4.	Special Allocations . . . . .	16-23
16.7.5.	Contributed Property . . . . .	16-24
16.7.5.1.	General Rule . . . . .	16-24
16.7.5.2.	Depreciation and 704(c) Property . . .	16-24
16.7.5.3.	The Ceiling Rule . . . . .	16-26
16.7.5.4.	Reverse 704(c) Allocations . . . . .	16-27
16.8.	Section 754 Election . . . . .	16-28
16.9.	Passive-Activity-Loss Rules . . . . .	16-28
16.9.1.	Material Participation . . . . .	16-29
16.10.	Self-Employment Tax . . . . .	16-29
16.11.	Accounting Methods . . . . .	16-30
16.11.1	Generally . . . . .	16-30
16.11.2.	Syndicate . . . . .	16-31
16.11.3.	Effect on LLCs . . . . .	16-31
16.11.4.	Losses Allocable . . . . .	16-32
16.12.	Use of Single-Member LLCs . . . . .	16-32
16.12.1.	Overview of Single-Member LLCs . . . . .	16-32
16.12.2.	Corporate Reorganizations Involving Single-Member LLCs . . . . .	16-33
16.12.3.	Single-Member LLCs in Like-Kind Exchanges . . . . .	16-34
16.12.4.	Single-Member LLCs in Lieu of Consolidated Returns . . . . .	16-35
16.13.	LLC Electing to be Taxed as a Subchapter S Corporation . . . . .	16-36

**CHAPTER 17: USE OF LLCs BY EXEMPT ORGANIZATIONS . . . . .**

17.1.	Introduction . . . . .	17-2
17.2.	Uses of LLCs by Exempt Organizations . . . . .	17-2
17.2.1.	Use of an Arizona LLC as a Wholly-Owned Subsidiary of an Exempt Organization to Carry out a “Business” Purpose . . . . .	17-2
17.2.2.	Use of an Arizona LLC as the Wholly-Owned Subsidiary of an Exempt Organization to Carry out an Exempt Purpose . . . . .	17-4
Form 17-1.	Articles of Organization of Single-Member LLC Organized to Carry out an Exempt Purpose of a Tax-Exempt Parent . . . . .	17-8

CONTENTS

	Form 17-2. Operating Agreement of Single-Member LLC Organized to Carry out an Exempt Purpose of a Tax-Exempt Parent . . . . .	17-11
17.2.3.	LLC for Two or More Exempt Organizations . . . . .	17-20
	Form 17-3. Articles of Organization for a Multiple Member Tax-Exempt LLC . . . . .	17-20
	Form 17-4. Operating Agreement for a Multiple Member Tax-Exempt LLC . . . . .	17-24

**PART IV  
APPENDICES**

**APPENDIX A: ARIZONA LAWS AND REGULATIONS**

<b>APPENDIX A1:</b>	<b>THE ARIZONA REVISED LIMITED LIABILITY COMPANY ACT (A.R.S. SECTIONS 29-3101 ET SEQ.) . . . . .</b>	<b>APP A1-1</b>
---------------------	--	-----------------

<b>APPENDIX A2:</b>	<b>THE PRIOR ARIZONA LIMITED LIABILITY COMPANY ACT (A.R.S. SECTIONS 29-601 ET SEQ.) . . . . .</b>	<b>APP A2-1</b>
---------------------	---	-----------------

<b>APPENDIX A3:</b>	<b>ARIZONA CORPORATION COMMISSION NAME STANDARDS . . . . .</b>	<b>APP A3-1</b>
---------------------	--	-----------------

**APPENDIX B: FEDERAL LAWS AND REGULATIONS  
(INCLUDING IRS MATERIALS)**

<b>APPENDIX B1:</b>	<b>CHECK-THE-BOX REGULATIONS . . . . .</b>	<b>APP B1-1</b>
---------------------	--	-----------------

<b>APPENDIX B2:</b>	<b>IRS FORM 8832 . . . . .</b>	<b>APP B2-1</b>
---------------------	--------------------------------	-----------------

<b>APPENDIX B3:</b>	<b>IRS FORM SS-4—APPLICATION FOR EMPLOYER IDENTIFICATION NUMBER . . . . .</b>	<b>APP B3-1</b>
---------------------	---	-----------------

**APPENDIX C: SINGLE-MEMBER OPERATING AGREEMENTS**

<b>APPENDIX C1:</b>	<b>OPERATING AGREEMENT FOR SINGLE-MEMBER LLC— MEMBER-MANAGED . . . . .</b>	<b>APP C1-1</b>
---------------------	--	-----------------

<b>APPENDIX C2:</b>	<b>OPERATING AGREEMENT FOR SINGLE-MEMBER LLC— MANAGER-MANAGED . . . . .</b>	<b>APP C2-1</b>
---------------------	---	-----------------

<b>APPENDIX C3: OPERATING AGREEMENT FOR SINGLE-MEMBER LLC—MEMBER-MANAGED WITH SUBCHAPTER S ELECTION.....</b>	<b>APP C3-1</b>
<b>APPENDIX C4: OPERATING AGREEMENT FOR SINGLE-MEMBER LLC—MANAGER-MANAGED WITH SUBCHAPTER S ELECTION.....</b>	<b>APP C4-1</b>
<b><u>APPENDIX D: MULTIPLE-MEMBER OPERATING AGREEMENTS</u></b>	
<b>APPENDIX D1: OPERATING AGREEMENT FOR MEMBER-MANAGED LLC—SIMPLE.....</b>	<b>APP D1-1</b>
<b>APPENDIX D2: OPERATING AGREEMENT FOR MEMBER-MANAGED LLC .....</b>	<b>APP D2-1</b>
<b>APPENDIX D3: OPERATING AGREEMENT FOR MANAGER-MANAGED LLC .....</b>	<b>APP D3-1</b>
<b>APPENDIX D4: OPERATING AGREEMENT FOR MULTIPLE MANAGER-MANAGED LLC .....</b>	<b>APP D4-1</b>
<b>APPENDIX D5: OPERATING AGREEMENT FOR MULTIPLE MANAGER-MANAGED LLC WITH PREFERRED UNITS .....</b>	<b>APP D5-1</b>
<b>APPENDIX D6: OPERATING AGREEMENT FOR MULTIPLE MANAGER-MANAGED LLC WITH PROFITS INTERESTS.....</b>	<b>APP D6-1</b>
<b>APPENDIX D7: OPERATING AGREEMENT FOR MEMBER-MANAGED LLC WITH SUBCHAPTER S ELECTION .....</b>	<b>APP D7-1</b>
<b>APPENDIX D8: OPERATING AGREEMENT FOR MANAGER-MANAGED LLC WITH SUBCHAPTER S ELECTION .....</b>	<b>APP D8-1</b>
<b>APPENDIX D9: OPERATING AGREEMENT FOR LLC WITH UNITS AND PERMITTED TRANSFEREES.....</b>	<b>APP D9-1</b>
<b><u>APPENDIX E: OTHER MATERIALS</u></b>	
<b>APPENDIX E1: CLIENT QUESTIONNAIRE .....</b>	<b>APP E1-1</b>
<b>APPENDIX E2: COMPARISON OF STATE LLC FEES AND OTHER INFORMATION .....</b>	<b>APP E2-1</b>
<b>APPENDIX E3: UCC FINANCING STATEMENT .....</b>	<b>APP E3-1</b>

**PART V**  
**INDICES**

Cumulative Table of Internal Revenue Code Citations . . . . .	Index-1
Cumulative Table of Treasury Regulations . . . . .	Index-5
Cumulative Table of Revenue Rulings and Revenue Procedures . . .	Index-8
Cumulative Table of Internal Revenue Service Private Letter Rulings . . . . .	Index-9
Cumulative Table of Arizona Limited Liability Company Act Sections . . . . .	Index-10
Cumulative Table of Bankruptcy Code Citations . . . . .	Index-15
Subject Index . . . . .	Index-16
Forms Index . . . . .	Index-36