

Table of Contents

PART I ORGANIZATION

CHAPTER 1: INTRODUCTION	1-1
1.1. Introduction and Use of This Practice Manual.....	1-3
1.2. Overview and History of LLCs.....	1-4
1.3. Comparison of LLCs with Other Entities.....	1-6
1.3.1. Table 1: Comparison of Limited Liability Companies, Limited Partnerships, S Corporations, and C Corporations.....	1-7
1.3.2. Comparison to Partnerships.....	1-13
1.3.3. Comparison to Corporations.....	1-14
1.4. Classification of the LLC for Federal Income Tax Purposes.....	1-14
1.4.1. Introduction.....	1-14
1.4.2. Tax History of the LLC.....	1-15
1.4.3. LLCs Electing S Corporation Status.....	1-19
1.5. Overview of Changes in the Florida Limited Liability Act from 1993 through 2011.....	1-20
1.6. Developments under the Old Act Involving Judgment Creditors of LLC Members.....	1-22
1.7. The Florida Revised Limited Liability Company Act.....	1-25
1.7.1. Effective Date of the Revised LLC Act.....	1-26
1.7.2. Matters Not Waivable by Operating Agreement.....	1-26
1.7.3. Duties of Registered Agent.....	1-28
1.7.4. Service of Process.....	1-28
1.7.5. Formation.....	1-28
1.7.6. Amendments of Articles of Organization.....	1-29
1.7.7. Liability for Inaccurate Information in Filed Record.....	1-29
1.7.8. Management.....	1-29
1.7.9. Authority.....	1-30
1.7.10. Standards of Care for Members and Managers.....	1-31
1.7.11. Conflict of Interest Transactions.....	1-31
1.7.12. New Members.....	1-32
1.7.13. Olmstead Patch Retained.....	1-32
1.7.14. Transferable Interest.....	1-32
1.7.15. Dissociation of Members.....	1-33

TABLE OF CONTENTS

1.7.16.	Dissolution	1-33
1.7.17.	Winding Up	1-35
1.7.18.	Direct Action by a Member	1-35
1.7.19.	Derivative Action	1-36
1.7.20.	Merger, Interest Exchange, Conversion and Domestication	1-36
1.7.21.	Appraisal Rights.	1-37
1.8.	The 2015 Glitch Bill	1-38
1.8.1.	Fiduciary Duties “Uncabined”	1-38
1.8.2.	Dissociation	1-39
1.8.3.	Reinstatement via Filing of Annual Report	1-40
1.8.4.	Definition of “Majority-in-Interest”	1-41
1.8.5.	Approval by Record in Lieu of Meeting	1-41
1.8.6.	Notice of Restrictions on Authority to Transfer Real Estate.	1-42
1.8.7.	Elimination of an Avenue to Challenge Appraisal Event	1-42
1.8.8.	Other Changes	1-42
1.9.	Tax Cuts and Jobs Act of 2017 (Selective Summary).	1-43
1.9.1.	Pass-Through Entities	1-43
1.9.2.	Qualified Business Income Deduction.	1-43
1.9.3.	Additional Sections of the Act	1-44
CHAPTER 2: FORMATION AND ORGANIZATION		2-1
2.1.	Introduction.	2-3
2.2.	Preformation Matters	2-4
	Form 2-1. Memorandum Attendant to the Execution and Filing of Articles of Organization	2-6
	Form 2-2. Letter Directing Execution and Filing of Articles of Organization	2-7
2.3.	Articles of Organization	2-8
2.3.1.	Basic Requirements	2-8
	Form 2-3. Articles of Organization – Signed by Agent	2-11
2.3.2.	Optional Provisions	2-13
	2.3.2.1. Provision Limiting Agency Authority of Members.	2-14
	Form 2-4. Articles of Organization with Restrictions on Authority – Signed by Authorized Representative	2-17

2.3.2.2.	Provision Regarding Operating Agreement	2-18
	Form 2-5. Articles Requiring That the Operating Agreement Be in Writing	2-19
2.4.	Articles of Amendment.	2-20
	Form 2-6. Articles Amendment	2-20
	Form 2-7. Unanimous Consent of Members to Amend Articles of Organization	2-22
	Form 2-8. Consent of Members to Amend Articles of Organization Where Operating Agreement Does Not Require Unanimity	2-23
2.5.	Reservation of Name	2-24
2.6.	Change of Registered Agent, Change of Address of Registered Agent, Change of Address of Principal Office	2-25
	Form 2-9. Change of Registered Agent and/or Address of Registered Agent	2-25
	Form 2-10. Change of Address of Principal Office	2-28
2.7.	Annual Report.	2-28
	2.7.1 Annual Reporting Obligation.	2-28
	2.7.2 Failure to File Annual Report and the Liability Shield.	2-29

**PART II
OPERATIONS**

CHAPTER 3:	THE OPERATING AGREEMENT.	3-1
3.1.	In General	3-2
3.2.	“Operating Agreement” Defined.	3-4
3.3.	Flexibility of LLC Form.	3-6
3.4.	Form of Operating Agreement	3-6
3.5.	Formality of Adoption	3-7
3.6.	Limitations	3-7
3.7.	Amendment.	3-10
3.8.	Form Operating Agreement	3-11
CHAPTER 4:	ORGANIZATION.	4-1
4.1.	Drafting LLC Organization Provisions.	4-3
4.2.	Introductory Paragraph	4-3
	Form 4-1. Introductory Paragraph — Names Parties	4-3

TABLE OF CONTENTS

Form 4-2.	Introductory Paragraph — Does Not Name Parties	4-4
4.3.	Background to Agreement	4-4
Form 4-3.	Explanatory Statement	4-4
4.4.	Confirmation of Agreement	4-4
Form 4-4.	Confirmation of Agreement	4-4
4.5.	Definitions.	4-5
4.5.1.	“Economic Interest” or “Transferable Interest” Compared to “Membership Interest”	4-5
Form 4-5.	General Definitions	4-10
4.6.	Agreement to Organize LLC	4-11
Form 4-6.	General Agreement to Organize LLC.	4-11
Form 4-7.	Organizational Provision Confirming That Articles of Organization Have Been Filed	4-12
4.7.	Name.	4-12
Form 4-8.	Name Provision for Member-Managed LLC.	4-12
Form 4-9.	Name Provision for Manager-Managed LLC.	4-12
4.8.	Purpose	4-13
Form 4-10.	Any Lawful Purpose.	4-13
Form 4-11.	Specific Purpose	4-13
Form 4-12.	Purpose Limited to Real Estate	4-14
4.9.	Term	4-14
Form 4-13.	Term Commences on Date of Filing of Articles	4-15
Form 4-14.	Term Commences upon Execution of the Operating Agreement	4-15
4.10.	Principal Office.	4-15
Form 4-15.	Principal Office of LLC Managed by Members	4-16
Form 4-16.	Principal Office of LLC Managed by Manager(s)	4-16
4.11.	Registered Agent/Registered Office	4-16
Form 4-17.	Registered Agent/Registered Office	4-17
4.12.	Members	4-18
Form 4-18.	Schedule of Members Set Forth in Exhibit	4-18
Form 4-19.	Schedule of Members Set Forth in Text of Operating Agreement	4-18

Form 4-20.	Schedule of Members (Without Percentages)	4-19
4.13.	Miscellaneous Provisions	4-19
4.13.1.	General	4-19
Form 4-21.	Miscellaneous Provisions	4-20
4.13.2.	Alternative Amendment Provision	4-22
Form 4-22.	Alternative Amendment Provision	4-23
CHAPTER 5:	LIMITED LIABILITY COMPANY	
	CAPITAL	5-1
5.1.	Drafting Capital Provisions	5-3
5.2.	Initial Capital Contributions	5-3
Form 5-1.	Initial Capital Contributions in Cash	5-4
Form 5-2.	Initial Capital Contributions — Partly in Cash and Partly in Services	5-5
Form 5-3.	Initial Capital Contributions — Partly in Cash and Partly in Property	5-6
Form 5-4.	Representation in Connection with Contribution of Property	5-6
5.3.	Additional Capital Contributions	5-7
Form 5-5.	Additional Capital Contributions at Discretion of Manager — Limit on Amount	5-7
Form 5-6.	Additional Capital Contributions at Discretion of Members — Limit on Amount	5-8
Form 5-7.	No Liability Beyond Initial Capital Contribution	5-8
Form 5-8.	No Liability Beyond Additional Capital Contributions	5-9
5.4.	Default in Payment of Contributions	5-9
Form 5-9.	Remedy of Reduction of Member’s Interest in Event of Failure to Make Contribution to Manager-Managed LLC	5-9
Form 5-10.	Right of Non-Defaulting Members to Make a Contribution Loan on Behalf of the Defaulting Member of a Member-Managed LLC	5-11
5.5.	Interest on Capital Contributions	5-13
Form 5-11.	No Interest on Capital Contributions	5-13
Form 5-12.	Interest on Capital Contributions	5-13
5.6.	Return of Capital Contributions	5-14

TABLE OF CONTENTS

Form 5-13.	Return of Capital Contributions — No Right to Return of Capital Contributions	5-15
5.7.	Form of Distribution	5-15
Form 5-14.	Form of Distribution — No Right to Receive Anything but Cash	5-15
Form 5-15.	Form of Distribution — Form of Distribution at Discretion of Manager in Manager-Managed LLC	5-16
5.8.	Capital Accounts	5-16
Form 5-16.	Capital Accounts (Simple Definition)	5-16
5.9.	Loans	5-17
Form 5-17.	Loans — General Authority of LLC to Borrow Money from Members on Terms to Be Agreed upon in Future	5-17
Form 5-18.	Loans — Authority to Make Specific Loan with General Authority to Borrow Money from Members on Terms to Be Agreed upon in Future	5-17
5.10.	Profits Interests	5-18
5.10.1.	Profits Interests Generally	5-18
Form 5-19.	Class B Units Issued as Profits Interests	5-20
5.10.2.	Section 409A and Nonqualified Deferred Compensation Arrangements	5-21
5.10.3.	Table Comparing ISOs and Profits Interests	5-23

CHAPTER 6: ALLOCATION AND DISTRIBUTION PROVISIONS

	6-1
6.1.	Taxation of the LLC 6-3
6.2.	General Allocation and Distribution Concepts 6-3
6.3.	Distribution Restrictions under the Revised Act. 6-5
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 in the Partnership 6-8
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	6-12
6.5.2.		Allocation-Related Definitions	6-12
	Form 6-2.	Tax Definitions	6-13
6.6.		Basic Distribution Provisions.	6-15
6.6.1.		In General.	6-15
6.6.2.		Cash Flow from Operations	6-16
	Form 6-3.	Distributions of Cash Flow.	6-16
6.6.3.		Distribution of Capital Proceeds	6-17
	Form 6-4.	Distribution of Capital Proceeds	6-17
6.6.4.		Liquidation Proceeds	6-17
	Form 6-5.	Liquidation and Dissolution.	6-18
	Form 6-6.	Liquidation and Dissolution — Deficit Restoration Obligation	6-18
6.6.5.		Taxation of Distributions	6-19
6.6.6.		Tax Distributions	6-20
	Form 6-6A.	Tax Distributions — Advance against Future Distributions	6-20.1
	Form 6-6B.	Tax Distributions — Absolute Distribution.	6-20.1
6.7.		Basic Allocation Provisions	6-20.2
6.7.1.		Basic Allocations of Income and Loss.	6-20.2
	Form 6-7.	Profit or Loss	6-20.2
6.7.2.		Qualified Income Offset and Minimum Gain Chargeback.	6-20.3
	Form 6-8.	Qualified Income Offset and Minimum Gain Chargeback.	6-21
6.7.3.		Other Regulatory Allocations.	6-22
	Form 6-9.	Regulatory Allocations.	6-24
	Form 6-10.	Curative Allocations.	6-26
6.7.4.		General Provisions	6-27
	Form 6-11.	General Provisions	6-27
6.8.		Complex and Disproportionate Distribution and Allocation Provisions.	6-28
6.8.1.		Distribution Preferences.	6-28
	Form 6-12.	Distribution Preference	6-29
6.8.2.		Disproportionate Allocation of Losses.	6-30
	Form 6-13.	Disproportionate Allocation of Loss	6-30
6.8.3.		Flip-Flops.	6-31
	Form 6-14.	Flip-Flop on Sale	6-32
6.9.		Distributions and Allocations for LLCs Taxed as S Corporations	6-33

TABLE OF CONTENTS

CHAPTER 7: MANAGEMENT PROVISIONS 7-1

7.1. Drafting LLC Management Provisions. 7-4

 7.1.1. History — General Flexibility under the Old Act 7-4

 7.1.2. General Flexibility under the Revised Act. 7-4

 7.1.3. Typical Approaches 7-6

 7.1.4. History — Officers, Managers, and Authorized Persons
 under the Old Act. 7-6

 7.1.5. Officers, Managers, and Authorized Persons
 under the Revised Act 7-7

 7.1.6. Tax Aspects 7-7

7.2. Member-Managed LLC Provisions 7-9

 Form 7-1. Simple Member-Management Provision 7-9

 Form 7-2. Member-Management but with Appointment
 of Ministerial Manager 7-9

7.3. Representative Management. 7-10

 7.3.1. Management by a “General Partner”-Like Manager. 7-11

 Form 7-3. Manager with “General Partner”
 -Like Authority 7-11

 Form 7-4. Manager with “General Partner”
 -Like Authority — Alternate Form. 7-14

 7.3.2. Management by Management Committee. 7-15

 Form 7-5. Management Committee 7-15

 7.3.3. Management by One Class of Members 7-17

 Form 7-6. Definition of Class A and Class B
 Members. 7-17

 Form 7-7. Management by Class A Members
 (Class B Members Not Agents) 7-18

 Form 7-8. Management by Class A Members
 (Class B Members Remain Agents). 7-19

 7.3.4. Corporate-Like Management by “Board of Directors,”
 with Committees Appointed and “Officers” Elected
 by the Board. 7-19

 Form 7-9. Corporate-Like Management by
 “Board of Directors” 7-19

 Form 7-10. Board of Managers with Specific
 Powers Reserved to the Board 7-25

7.4. Informed Action of Managers; Form of Manager
 Consent 7-28

 Form 7-11. Consent of a Majority of Managers 7-29

7.5. Replacement of Managers 7-30

 Form 7-12. Removal of Manager for Any Reason 7-30

Form 7-13.	Removal of Manager for Only Specified Reasons	7-30
7.6.	Meetings of Members	7-31
7.6.1.	History — Members’ Meetings under the Old Act	7-31
7.6.2.	Members’ Meetings under the Revised Act	7-31
Form 7-14.	Procedure for Calling and Holding Meetings	7-32
Form 7-15.	Procedure for Calling and Holding Meetings — Only Class A Members Vote.	7-33
7.6.3.	Voting Rights of a Transferring Member	7-34
7.7.	Informal Action of Members; Form of Member Consents	7-34
Form 7-16.	Informal Actions	7-34
Form 7-17.	Form of Consent of Members	7-35
7.8.	Required Consent	7-36
7.8.1.	History — Required Consent under the Old Act	7-36
7.8.2.	Required Consent under the Revised Act	7-37
Form 7-18.	Unanimous Consent (Vote of All Members)	7-37
Form 7-19.	Unanimous Consent (Vote of Less Than All Members)	7-38
7.9.	Deadlock and Dispute Resolution	7-38
Form 7-20.	Mediation	7-39
Form 7-21.	Arbitration	7-40
Form 7-22.	Russian Roulette in the Event of Deadlock	7-41
Form 7-23.	Submission of Sealed Bids in the Event of Deadlock	7-44
7.10.	Compensation and Reimbursement	7-45
7.10.1.	History — Compensation and Reimbursement under the Old Act	7-45
7.10.2.	Compensation and Reimbursement under the Revised Act	7-45
Form 7-24.	No Arrangement for Compensation (Member-Managed)	7-46
Form 7-25.	Compensation (Manager-Managed)	7-46
Form 7-26.	Extraordinary Compensation	7-47
Form 7-27.	“Guaranteed Payment” for Personal Services	7-48
7.11.	Standard of Care and Degree of Loyalty	7-48
7.11.1.	History — Care and Loyalty under the Old Act	7-48
7.11.2.	Care and Loyalty under the Revised Act	7-49

TABLE OF CONTENTS

	Form 7-28. Standard of Care and Degree of Loyalty	7-52
7.12.	Liability and Indemnification	7-53
7.12.1.	History — Liability and Indemnification under the Old Act	7-53
7.12.2.	Liability and Indemnification under the Revised Act	7-53
	Form 7-29. Liability and Indemnification of Manager (Manager-Managed).	7-54
	Form 7-30. Indemnification of Members (Member-Managed)	7-55
7.13.	Power of Attorney	7-55
	Form 7-31. Power of Attorney (Manager-Managed).	7-55

CHAPTER 8: TRANSFER AND BUY-SELL PROVISIONS

	PROVISIONS	8-1
8.1.	The Default Rules for Transfers	8-4
8.1.1.	Generally — Chapter 608 (Old Act)	8-4
8.1.2.	Generally — Chapter 605 (Revised Act)	8-4
8.1.3.	Recent Judicial Developments Impacting Involuntary Transfers	8-6
8.1.4.	Legislative Response to Judicial Developments Impacting Involuntary Transfers	8-8
8.2.	Tax Aspects of Transfer Restrictions	8-11
8.2.1.	Partnership Classification.	8-11
8.2.2.	Termination of the LLC	8-11
8.2.3.	Basis Issues	8-12
8.3.	Preliminary Drafting Considerations	8-12
	Form 8-1. Definitional Provision — Transfer	8-13
	Form 8-2. Definitional Provisions — Interest and Membership Rights.	8-13
8.4.	Drafting Assignment Provisions That Follow the Applicable Default Rules	8-13
	Form 8-3. Assignment Provisions Following the Revised Act’s Default Rules.	8-14
8.5.	Drafting Transfer Provisions That Permit Free Transferability of Interests	8-14
	Form 8-4. Free Transferability of Interests and Rights	8-14
	Form 8-5. Definition of Class A and Class B Members, Economic Interests, and Economic Interest Holders	8-15

Form 8-6.	Free Transferability of Economic Interests of All Classes of Members and of All the Rights of One Class of Members, but Limited Transferability of Rights of a Class of Members	8-16
Form 8-7.	Free Transferability of Economic Interests and Limited Transferability of Other Rights	8-17
8.6.	Drafting Transfer Provisions That Absolutely Prohibit Transfers of Any Kind	8-17
Form 8-8.	Absolute Prohibition of Transfers.	8-18
8.7.	Drafting Transfer Provisions That Permit Transfers Only on Certain Conditions.	8-18
8.7.1.	In General.	8-18
Form 8-9.	Transfer Permitted on Satisfaction of Certain Conditions	8-19
8.7.2.	First Refusal Rights	8-20
Form 8-10.	Right of First Refusal; LLC Purchases; Installments Allowed	8-20
Form 8-11.	Right of First Refusal; Member's Purchase Payment Terms Matched	8-22
Form 8-12.	Right of First Offer; LLC Purchases; Cash Purchase	8-24
8.7.3.	Admission of Transferee as a Member	8-25
Form 8-13.	Transferee Not Admitted as Member Without Consent of Members.	8-25
Form 8-14.	Transferee Automatically Admitted as Member	8-26
Form 8-15.	Admission of Transferee as Member After Consent of [Some] Members	8-26
8.7.4.	Transfers to Members' Affiliates and Family.	8-26
Form 8-16.	Definitional Provision — Family	8-27
Form 8-17.	Transfers to Affiliates and Family	8-27
8.8.	Withdrawal and Dissociation under the Act	8-27
8.8.1.	Voluntary Withdrawal/Dissociation	8-27
Form 8-18.	Voluntary Withdrawal Defined.	8-30
Form 8-19.	Voluntary Withdrawal — Not Permitted	8-30
8.8.2.	Involuntary Withdrawal/Dissociation.	8-30

TABLE OF CONTENTS

	Form 8-20. Involuntary Dissociation Defined (Long Form)	8-32
8.9.	Consequences of Dissociation in General	8-33
	Form 8-21. Successor of Dissociated Member Continues as Unadmitted Assignee	8-34
	Form 8-22. Successor of Dissociated Member Continues as Substitute Member	8-34
8.10.	Creating Buy-Out Rights	8-35
	Form 8-23. Optional Buy-Out; Company Buys; Cash Purchase.	8-36
	Form 8-24. Mandatory Buy-Out; Members Buy; Installments Permitted	8-37
	Form 8-25. Mandatory Purchase upon Certain Events Involving Key Employee	8-38
	8.10.1 Life Insurance as Support for Redemption Obligation upon Member’s Death	8-38.1
	Form 8-25A. Life Insurance Supporting Buy-Out.	8-38.1
8.11.	Valuation Provisions	8-39
	Form 8-26. Agreed Value.	8-39
	Form 8-27. Book Value	8-39
	Form 8-28. Appraised Value	8-40
	Form 8-29. Formula Value; Key Employee Buy-Out	8-41
8.12.	Miscellaneous Transfer Provisions	8-42
	Form 8-30. Installment Buy-Outs	8-42
	Form 8-31. Insolvency Form	8-43
	Form 8-32. Members Not Required to Assume Company’s Obligation	8-44
	Form 8-33. Co-Sale Right	8-44
	Form 8-34. Drag-Along Right	8-45
	Form 8-35. Preemptive Right	8-46
CHAPTER 9:	DISSOLUTION	9-1
9.1.	Tax Aspects of LLC Dissolution.	9-2
9.2.	Dissolution under the Revised Act Generally.	9-2
	Form 9-1. Dissolution — Describes Events of Dissolution	9-3
	9.2.1. Judicial Dissolution and Alternatives under the Revised Act	9-3
	9.2.2. Articles of Dissolution under the Revised Act.	9-4
	Form 9-2. Articles of Dissolution	9-5
	Form 9-3. Statement of Termination	9-6
	9.2.3. Revocation of Dissolution	9-6

	Form 9-4. Statement of Revocation of Dissolution . . .	9-7
9.2.4.	Procedures for Winding Up and Distributing Assets of a Dissolved LLC under the Revised Act	9-8
	Form 9-5. Procedure for Winding Up	9-9
	Form 9-6. Procedure for Winding Up and Distribution of Assests in Manager- Managed LLC—Manager Acts as Liquidating Trustee	9-10
9.3.	Overview of the Old Act’s Dissolution Provisions	9-10
9.3.1.	Events of Dissolution	9-10
9.3.2.	Articles of Dissolution	9-11
9.3.3.	Revocation of Dissolution	9-11
9.3.4.	Procedure for Winding Up and Distribution of Assets	9-12
9.3.5.	Termination; Cancellation of Certificate of Organization	9-12
CHAPTER 10: BOOKS, RECORDS, AND ACCOUNTING		10-1
10.1.	Introduction	10-2
10.2.	Banking	10-5
	Form 10-1. Bank Accounts	10-5
10.3.	Records	10-6
	Form 10-2. Maintenance of Records — Member-Managed LLC (Short Form)	10-6
	Form 10-3. Maintenance of Records — Manager-Managed LLC (Short Form)	10-7
	Form 10-4. Maintenance of Records — Manager-Managed LLC (Long Form)	10-7
10.4.	Accounting Period	10-8
	Form 10-5. Calendar Year Accounting Period Specified	10-8
	Form 10-6. Fiscal Year Accounting Period Specified	10-9
	Form 10-7. Year to Be Determined by Members	10-9
	Form 10-8. Annual Accounting Period Established by Managers	10-9
10.5.	Additional Disclosure Obligations	10-9
10.6.	“Tax Matters Representative”	10-10
	Form 10-9. Partnership Representative	10-11
10.7.	Tax Elections	10-13
	Form 10-10. Tax Elections	10-13

TABLE OF CONTENTS

Form 10-11.	Tax Elections — Applies to Code Section 754 Only — For Use in Either Member-Managed or Manager-Managed LLC	10-13
10.8.	Title to Property	10-14
Form 10-12.	Title to Property — In Company Name	10-14
Form 10-13.	Title to Company Property — Use of Nominee Permitted	10-15

**PART III
MISCELLANEOUS**

CHAPTER 11:	ADMITTING NEW MEMBERS; REORGANIZATION, CONSTITUENT CHANGE AND SALE OF BUSINESS TRANSACTIONS	11-1
11.1.	In General	11-3
11.2.	Admission of New Members	11-4
11.2.1.	Acquisition of Interest from Company	11-4
Form 11-1.	Simple Subscription Agreement for LLC Membership Interest That Is Not Deemed to Be a Security	11-6
Form 11-2.	Long Form Subscription Agreement for LLC Membership Interest Deemed to Be a Security	11-7
Form 11-3.	First Amendment to Operating Agreement Admitting Acquiror of Interest as a Member	11-11
11.2.2.	Acquisition of Interest from Another Member	11-13
Form 11-4.	Transfer and Assignment of LLC Membership Right	11-16
Form 11-5.	Joinder Agreement	11-21
11.3.	Conversion of an Existing Entity into an LLC	11-22
11.3.1.	In General; Statutory Conversion	11-22
11.3.1.1.	Statutory Conversion under the Old Act — Approving the Conversions	11-23
11.3.1.2.	Statutory Conversion under the Revised Act – Approval and Filing Requirements; Form of Articles of Conversion	11-24

Form 11-6.	Articles of Conversion for “Other Business Entity” into Florida Limited Liability Company	11-25
11.3.1.3.	General Effect of the Conversion	11-26
11.3.2.	Conversion of General Partnership to LLC	11-27
Form 11-7.	Agreement to Convert General Partnership to Limited Liability Company	11-29
Form 11-8.	Explanatory Statement — Conversion of General Partnership into LLC	11-31
Form 11-9.	Term Is Continuation of Term of Partnership	11-32
Form 11-10.	Initial Capital Contributions — In Property Consisting of Partnership Interests in LLC’s Predecessor.	11-32
Form 11-11.	Assignment of General Partnership Interests to LLC	11-33
11.3.3.	Conversion of Limited Partnership into LLC	11-33
11.3.4.	Conversion of Corporation into LLC	11-35
11.3.5.	Acquisition of a Corporation by an LLC	11-37
11.4.	Conversion of LLC into Corporation or Other Entity	11-40
Form 11-12.	Articles of Conversion for Florida Limited Liability Company into “Other Business Entity”	11-46
Form 11-13.	Plan of Conversion	11-47
11.5.	Recapitalizing the LLC	11-51
Form 11-14.	Form of Amendment of the Operating Agreement	11-52
11.6.	Mergers Involving a Florida LLC	11-53
Form 11-15.	Merger of Florida LLCs – Department of State Form	11-58
Form 11-16.	Plan of Merger	11-62
Form 11-17.	Merger of Three Florida LLCs with Different Classes of Interests	11-65
11.7.	Interest Exchanges Involving a Florida LLC	11-68
11.8.	Domestications Involving a Florida LLC	11-69
11.9.	Sales of All Membership Interests	11-70
Form 11-18.	Right to Assert or Waive Attorney-Client Privilege	11-71

TABLE OF CONTENTS

CHAPTER 12: TRANSACTING INTERSTATE BUSINESS	12-1
12.1. Foreign LLCs Transacting Business in Florida under the Revised Act	12-2
12.1.1. Governing Law	12-2
12.1.2. Definitions	12-2
12.1.2.1. Business	12-3
12.1.2.2. Interstate Commerce	12-4
12.1.3. Noncomplying Name of Foreign LLC	12-4
12.1.4. Application for Certificate of Authority under the Revised Act	12-5
Form 12-1. Application by Foreign Limited Liability Company for Authorization to Transact Business in Florida	12-6
12.1.5. Instructions and Filing Fees for Registration of a Foreign Limited Liability Company	12-7
12.1.6. Issuance and Effect of a Certificate of Authority	12-9
12.1.7. Amendments to Certificate of Authority	12-9
12.1.8. Withdrawal and Cancellation of Certificate of Authority	12-10
12.1.9. Consequences of Transacting Business without Authority	12-11
12.2. Florida LLCs Transacting Business Outside of Florida	12-12
CHAPTER 13: PROFESSIONAL LIMITED LIABILITY COMPANIES	13-1
13.1. Historical Background	13-2
13.2. Overview	13-2
13.3. Comparison of LLCs and Professional Corporations	13-4
13.4. Comparison of LLCs and Limited Liability Partnerships	13-4
Form 13-1. Statement of Qualification for Florida Limited Liability Partnership	13-5
13.5. Issues Pertaining to the Use of LLCs by Attorneys	13-6
13.6. Form of Operating Agreement for PLLC Conducting a Professional Practice	13-7
CHAPTER 14: MISCELLANEOUS FORMS	14-1
14.1. Opinion Letters	14-2
Form 14-1. Form of Opinion Letter in Connection with a Bank Loan to a Florida LLC	14-3

14.2. Responsibility for Losses Derived from Guarantees of
 LLC Obligations 14-19
 Form 14-2. Indemnity and Contribution
 Agreement — Obligation Guaranteed
 Only by Members 14-21

14.3. Pledges of LLC Interests 14-24
 14.3.1. Generally 14-24
 14.3.2. Perfecting a Security Interest in LLC Interests 14-25
 Form 14-3. Collateral Assignment of Membership
 Interest and Security Agreement 14-26

14.3.3. Membership Interest as Investment Property. 14-36
 Form 14-3A. Amendment to “Opt-In” to Article 8 14-36
 Form 14-3B. LLC’s Acknowledgement and
 Consent to Be Governed by
 Article 8 of UCC 14-38
 Form 14-3C. Operating Agreement Provision
 that LLC will not “Opt-Out”
 of Article 8 14-38.1
 Form 14-3D. Operating Agreement Provision
 that LLC Interests Will Be
 General Intangibles 14-38.1

14.4. Assignments of LLC Interests 14-38.2
 Form 14-4. Assignment of Units of Membership
 Interests in LLC 14-38.2
 Form 14-5. Membership Interest Redemption
 Agreement 14-39

**PART IV
 APPENDICES**

**APPENDIX A: [MEMBER-MANAGED] OPERATING
 AGREEMENT OF _____ LIMITED
 LIABILITY COMPANY. APP A-1**

**APPENDIX B: [MANAGER-MANAGED] OPERATING
 AGREEMENT OF _____
 LIMITED LIABILITY COMPANY APP B-1**

**APPENDIX C: [MANAGED BY A BOARD OF MANAGERS;
 PREFERRED AND COMMON UNITS]
 OPERATING AGREEMENT OF
 _____ LIMITED
 LIABILITY COMPANY. APP C-1**

TABLE OF CONTENTS

APPENDIX D: PROFESSIONAL SERVICES OPERATING AGREEMENT OF _____, PLLC APP D-1

APPENDIX E: OPERATING AGREEMENT OF _____ LIMITED LIABILITY COMPANY. APP E-1

APPENDIX F: THE 2020 FLORIDA STATUTES CHAPTER 605 FLORIDA REVISED LIMITED LIABILITY COMPANY ACT. APP F-1

APPENDIX G: RESERVED APP G-1

APPENDIX G1: CHAPTER 2015-148 APP G1-1

APPENDIX H: IRS “CHECK-THE-BOX” REGULATIONS APP H-1

APPENDIX I: REVENUE PROCEDURE 95-10. APP I-1

APPENDIX J: FLORIDA DEPARTMENT OF REVENUE TIP #98(C) 1-105 APP J-1

APPENDIX K: IRS FORM 8832 APP K-1

APPENDIX L: IRS FORM 2553 APP L-1

APPENDIX M: COMPARISON OF STATE LLC FEES AND FILING INFORMATION. APP M-1

APPENDIX N: LIMITED LIABILITY FORMATION WORKSHEET. APP N-1

APPENDIX O: PUBLICATION 3402 (03/2020) TAXATION OF LIMITED LIABILITY COMPANIES APP O-1

APPENDIX P: SUGGESTED RECENT CASES FOR REVIEW – VARIOUS JURISDICTIONS. APP P-1

**PART V
LLP AND LLC CASES**

LLP and LLC Cases LLC Cases-1

**PART VI
INDICES**

Cumulative Table of Internal Revenue Code Citations	INDEX-1
Cumulative Table of Treasury Regulations	INDEX-3
Cumulative Table of Revenue Rulings and Revenue Procedures	INDEX-5
Cumulative Table of Florida Limited Liability Company Act Sections	INDEX-6
Subject Index	INDEX-16
Forms Index	INDEX-30