Contents

PART I ORGANIZATION

CHA	PTER 1	INTE	RODUCTION			
1.1.	Nature	and Use o	f This Practice Manual			
1.2.	Compa	rison of the LLC with Other Entities				
1.3.	History	ory of the LLC				
1.4.	Classif	Classification of the LLC as a Partnership for Federal				
	Income	Tax Purp	oses			
	1.4.1.	Introduct	ion			
	1.4.2.	Federal I	ncome Tax Consequences of			
		Classific	ation as a Corporation			
	1.4.3.	Tax Histo	ory of the LLC's Classification as a			
			nip			
	1.4.4.	Understa	nding the Classification Rules			
		1.4.4.1.	LLCs Organized on or after			
			January 1, 1997			
		1.4.4.2.	LLCs Organized before January 1, 1997,			
			for Periods before January 1, 1997			
		1.4.4.3.	LLCs Organized before January 1, 1997,			
			for Periods on or after January 1, 1997			
		1.4.4.4.	Elections			
1.5.			na Limited Liability Company Act			
	1.5.1.		view			
	1.5.2.		anges to the Act			
		1.5.2.1.	No Writing Requirement			
		1.5.2.2.	Supplemental Nature of the Act			
		1.5.2.3.	Objective of the Revised Act			
		1.5.2.4.	Clarification of Matters that May be			
	_		Agreed Upon by the Interest Owners			
1.6.	-		e North Carolina Act with Other			
			D.H			
	1.6.1.		vs. Bulletproof Statutes			
	1.6.2.		the LLC			
	1.6.3.		Operating Agreement			
	1.6.4.		lember LLCs			
	1.6.5.		f Judgments and Personal Bankruptcy			
		on Memb	pers of Single-Member LLCs			

CHAI	PTER 2	FORMATION AND ORGANIZATION	2-1
2.1.	Introduction	n	2-3
2.2.	Preformation	on Matters	2-3
	Form 2-1.	Application to Reserve a Business Entity	
		Name	2-4.1
	Form 2-2.	Notice of Transfer of Reserved Entity Name	2-5
	Form 2-2A.	Application to Reserve a Business Entity	
		Name (10-Year Reservation)	2-7
	Form 2-2B.	Action of Organizer	2-8
	Form 2-2C.	Action by Written Consent In Lieu of Meeting	
		of the Sole Member of, LLC	2-9
2.3.	Articles of	Organization	2-11
	2.3.1. Bas	sic Requirements	2-11
	For	rm 2-3. Limited Liability Company Articles of	
		Organization	2-14
	2.3.2. Op	tional Provisions	2-14.3
	2.3	.2.1. Effectiveness of the Articles of	
		Organization	2-14.3
	2.3	.2.2. Default Provisions Relating to Managers	2-14.3
	2.3	.2.3. Optional Provision Requiring Written	
		Operating Agreement	2-14.4
		Form 2-4. Requirement of Written	
		Operating Agreement	2-14.4
2.3A.	Joint Owne	rship	2-14.5
	Form 2-4A.	Voting of Jointly Held Interests	2-16
2.4.	Certificate of	of Correction	2-17
	Form 2-5.	Articles of Correction	2-18
2.5.	Articles of	Amendment	2-20
	Form 2-6.	Unanimous Consent of Members to Amend	
		Articles of Organization	2-20
	Form 2-7.	Limited Liability Company Amendment	
		of Articles of Organization	2-22
	Form 2-8.	Articles of Restatement	
		(Limited Liability Company)	2-24
2.6.	Change of l	Registered Agent, Registered Office,	
	or Address	of Registered Agent	2-26
	Form 2-9.	Statement of Resignation of Registered	
		Agent	2-27
	Form 2-10.	Agent's Statement of Change of Registered	
		Office Address	2-28
	Form 2-11.	e e	
		and/or Registered Agent	2-30

X

	Form 2-12.	Designation of Registered Office Address and/or Registered Agent
2.7.	Annual Repo	orts
		PART II
		OPERATIONS
СНА	APTER 3	THE OPERATING AGREEMENT
3.1.	In General.	
3.2.	"Operating A	Agreement" Defined
3.3.	Flexibility of	f LLC Form
3.4.		erating Agreement
3.5.		Adoption
3.6.	-	
3.7.		ting Agreements
СНА	APTER 4	ORGANIZATION
4.1.	Drafting LL	C Organization Provisions
4.2.	_	Paragraph
	Form 4-1.	Introductory Paragraph — Names Parties
	Form 4-2.	Introductory Paragraph — Does
	1 01111 · 2 1	Not Name Parties
4.3.	Background	to Agreement
	Form 4-3.	Recitals
4.4.	Confirmation	n of Agreement
	Form 4-4.	Confirmation of Agreement
4.5.		
1.5.		vnership Interest"
		ember"
		anager" vs. "Company Official"
		initions Section
		m 4-5. General Definitions
4.6.		
4.0.	-	o Organize LLC.
	Form 4-6.	General Agreement to Organize LLC
	Form 4-7.	Organizational Provision Confirming That
47	Name:	Articles of Organization Have Been Filed
4.7.	Name	
	Form 4-8.	Name Provision for Member-Managed LLC
	Form 4-9.	Name Provision for Manager-Managed LLC
4.8.	Purpose	
	Form 4-10.	Any Lawful Purpose
	Form 4-11.	Specific Purpose

	Form 4-12.	Purpose Limited to Real Estate	4-1
4.9.	Term		4-18
	Form 4-13.	Term Commences on Date of Filing of Articles	4-19
	Form 4-14.	Term Commences upon Execution of Operating Agreement	4-19
4.10.	Registered O	ffice and Agent	4-19
	Form 4-15.	Registered Office and Agent of LLC Managed by Members	4-20
	Form 4-16.	Registered Office and Agent of LLC Managed by Managers	4-20
	Form 4-16A.	Registered Office and Agent (Specific)	4-2
4.11.			4-2
	Form 4-17.	Schedule of Interest Owners Set Forth in Exhibit	4-21
	Form 4-18.	Schedule of Interest Owners Set Forth in	
	101111 1 10.	Text of Agreement	4-2
	Form 4-19.	Schedule of Interest Owners	
	101111 1 17.	(without Percentages)	4-2
4.12.	Miscellaneou	s Provisions	4-2
	Form 4-20.	Miscellaneous Provisions for LLC	
	101111 1 20.	Managed by Members	4-2
	Form 4-21.	Miscellaneous Provisions for LLC	. 2.
	1 OIIII + 21.	Managed by Managers	4-2
		Training out of Training or St. Training or St. Training out of Training or St. Training or St	
CHA	PTER 5 L	IMITED LIABILITY COMPANY	
	C	CAPITAL	5-1
5.1.	Drafting Cap	ital Provisions	5-4
5.2.	Initial Capital	l Contributions	5-3
	Form 5-1.	Initial Capital Contributions in Cash	5-3
	Form 5-1A.	Intial Capital Contributions —	
		Automatic Amendment of Schedule I	5-
	Form 5-2.	Initial Capital Contributions — Partly	
		in Cash and Partly in Services	5-
	Form 5-3.	Initial Capital Contributions — Partly	
		in Cash and Partly in Property	5-8
	Form 5-3A.	Initial Capital Contributions —	
		Previous Contributions	5-
	Form 5-4.	Representation in Connection with	
		Contribution of Property	5-
5.3.	Additional Ca	apital Contributions	5-
	Form 5-5.	Additional Capital Contributions at	
	_ 01111 0 0.	Discretion of Manager — Limit on Amount	5-1

	Form 5-6.	Additional Capital Contributions at	
		Discretion of Manager — No Limit	
		and Borrowing	5-10
	Form 5-7.	Additional Capital Contributions at	
		Discretion of Members — No Limit	
		and Borrowing	5-11
	Form 5-8.	No Liability Beyond Initial Capital	
		Contribution	5-12
5.4.	Default in Pa	syment of Contributions	5-12
	Form 5-9.	Remedy of Reduction of Interest Owner's	
		Interest in Event of Failure to Make	
		Contribution to Manager-Managed LLC	5-13
	Form 5-9A.	Remedy of Reduction of Interest Owner's	
		Share of Profits in Event of Failure to Make	
		Contribution to Manager-Managed LLC	5-14
5.5.	Interest on C	apital Contributions	5-14
	Form 5-10.	No Interest on Capital Contributions	5-15
	Form 5-11.	Interest on Capital Contributions	5-15
5.6.		pital Contributions	5-15
	Form 5-12.	No Return of Capital Contributions	5-17
5.7.		ribution	5-17
5.7.	Form 5-13.	Form of Distribution — No Right to	5 17
	1 0HH 3 13.	Receive Anything but Cash	5-17
	Form 5-14.	Form of Distribution — Form of	0 1,
	Tomis in	Distribution Is at Discretion of Manager	
		in Manager-Managed LLC	5-17
5.8.	Capital Acco	ounts	5-18
	Form 5-15.	Capital Accounts Maintained in	0 10
	1 01111 5 15.	Accordance with Code Section 704	5-18
5.9.	Loans		5-18.1
.,.	Form 5-16.	Loans — General Authority of LLC	0 10.1
	101111 5 10.	to Borrow Money from Interest Owners	
		on Terms to Be Agreed upon in Future	5-18.2
	Form 5-17.	Loans — Authority to Make Specific	U 10.2
	101111 5 17.	Loan with General Authority to Borrow	
		Money from Interest Owners on Terms to	
		Be Agreed upon in Future	5-18.2
	5.9.1. Pled	ges of LLC Interests as Collateral for	
		nmercial Loans; "Opting In" to Article 8	
		the Uniform Commercial Code	5-18.3
		n 5-17A. Amendment to "Opt In" to Article 8	5-19
	2 311	op	

		Form 5-17B. LLC's Acknowledgement and Consent to Be Governed by Article 8 of the UCC	5-20		
		Form 5-17C. Operating Agreement Provision that LLC Will Not "Opt Out" of Article 8 of the UCC	5-20.1		
		Form 5-17D. Operating Agreement Provision that LLC Ownership Interests Will Be	3 20.1		
		General Intangibles	5-20.2		
		Form 5-17E. Form of Control Agreement	5-20.3		
	5.9.2.	Loans — Assignment Separate from Certificate	5-20.5		
		Form 5-17F. Assignment Separate from			
		Certificate	5-20.5		
5.10.	Guaran	tees	5-20.6		
	Form 5	-18. Interest Owner Guarantee Provision	5-20.6		
	Form 5	-18A. Limited Recourse Guarantee	5-20.7		
	Form 5	-18B. Guarantee Agreement	5-20.8		
	Form 5	-18C. Partial Guarantee	5-23		
5.11.	North Carolina Securities Law Considerations in				
	Connec	etion with Offerings of LLC Ownership			
	Interest	S	5-27		
CHA	PTER 6	ALLOCATION AND DISTRIBUTION	(1		
<i>c</i> 1	T	PROVISIONS	6-1		
6.1.		on of the LLC	6-3		
6.2.		l Allocation and Distribution Concepts	6-3		
6.3.		ution Restrictions under the Act	6-5		
6.4.		ion Restrictions — Code Section 704(b)	6-5		
	6.4.1.		6-5		
	6.4.2.	The Three Alternative Allocation Tests	6-6		
		6.4.2.1. The First Test: Partners' Interests	6-6		
		6.4.2.2. The Second Test: Substantial Economic Effect and Capital			
		Economic Effect and Capital Accounts	6-7		
		Economic Effect and Capital Accounts	6-7 6-8		
	6.4.3.	Economic Effect and Capital Accounts	6-8		
		Economic Effect and Capital Accounts			
6.5.		Economic Effect and Capital Accounts 6.4.2.3. The Third Test: Nonrecourse Debt. Allocations to Holders of a Member's Economic Rights ions.	6-8		
6.5.		Economic Effect and Capital Accounts 6.4.2.3. The Third Test: Nonrecourse Debt. Allocations to Holders of a Member's Economic Rights ions. Distribution-Related Definitions	6-8 6-9		
6.5.	Definit	Economic Effect and Capital Accounts 6.4.2.3. The Third Test: Nonrecourse Debt. Allocations to Holders of a Member's Economic Rights ions.	6-8 6-9 6-9		
6.5.	Definit	Economic Effect and Capital Accounts 6.4.2.3. The Third Test: Nonrecourse Debt. Allocations to Holders of a Member's Economic Rights ions. Distribution-Related Definitions	6-8 6-9 6-10		

6.6.	Basic Distribution Provisions					
	6.6.1.	In General .				
	6.6.2.	Cash Flow fr	om Operations			
		Form 6-3.	Distributions of Cash Flow According			
			to Membership Interest			
		Form 6-3A.	Distributions of Cash Flow within			
			the Discretion of the Managers			
		Form 6-3B.	Distributions of Cash Flow with			
			Priority Schedule			
	6.6.3.	Distribution	of Capital Proceeds			
		Form 6-4.	Distribution of Capital Proceeds			
	6.6.4.	Liquidation 1	Proceeds			
		Form 6-5.	Liquidation and Dissolution			
		Form 6-6.	Liquidation and Dissolution — Deficit			
			Restoration Obligation			
6.7.	Basic Allocation Provisions					
	6.7.1.	Basic Alloca	tions of Income and Loss			
		Form 6-7.	Allocation of Profit or Loss			
		Form 6-7A.				
	6.7.2.	Qualified Income Offset and Minimum Gain				
		Form 6-8.	Qualified Income Offset and			
			Minimum Gain Chargeback			
	6.7.3.		atory Allocations			
		Form 6-9.	Regulatory Allocations — Book-up			
			for Contributed Property			
		Form 6-9A.	Regulatory Allocations — with			
			Allocation Provision for			
	- - .	~	Nonrecourse Debt			
	6.7.4.		visions			
		Form 6-10.	General Provisions			
6.8.	-	Complex and Disproportionate Distribution and				
		Allocation Provisions				
	6.8.1.		Preferences			
			Distribution Preference			
	6.8.2.		· · · · · · · · · · · · · · · · · · ·			
		Form 6-12.	Tax Distributions			
	6.8.3.		nate Allocation of Losses			
		Form 6-13.	Disproportionate Allocation of			
			Loss			
	6.8.4.					
		Form 6-14.	Flip-Flop on Sale			

CHAI	PTER 7	MANA	GEMENT PROVISIONS	7-1	
7.1.	Drafting LLC Management Provisions				
	7.1.1.	-	xibility under the Act	7-3	
	7.1.2.		oproaches/Directors and Executives	7-4	
	7.1.3.	_	S	7-6	
	7.1.4.	_	Aspects	7-6	
7.2.	Membe		LC Provisions	7-8	
	Form 7	_	e Member-Management Provision	7-9	
	Form 7	-	per-Management but with Appointment		
			nisterial Manager	7-10	
7.3.	Represe		agement	7-10	
	7.3.1.		nt by a "General Partner"-Like		
				7-10.1	
		Form 7-3.	Manager with "General Partner"-Like		
			Authority and with Member Control	7-11	
		Form 7-4.	Manager with "General Partner"-Like		
			Authority and with Manager Control —		
			Alternate Form	7-13	
	7.3.2.	Managemen	nt by a Group of Managers	7-14	
		Form 7-5.	Multiple Managers	7-14	
		Form 7-5A.	Limitations on Power and		
			Authority of Managers	7-15	
	7.3.3.	Lack of Ma	nagers with Representative		
		-	nt	7-17	
			No Manager	7-17	
	7.3.4.	_	nt by Company Officials	7-18	
		Form 7-5C.		7-18	
7.4.			ement of Managers	7-20	
	Form 7		oval of Manager for Any Reason	7-20	
	Form 7		val of Manager Only for		
		_	fied Reasons	7-21	
7.5.	Meetin		rs and Managers	7-22	
	Form 7		dure for Calling and Holding Meetings	7-22	
7.6.			Members; Form of Member		
	Consents			7-23	
	Form 7		mal Actions	7-23	
	Form 7		of Consent of Members	7-23	
7.7.	Unanin			7-24.1	
	Form 7		nimous Consent"		
			of All Members)	7-25	
	Form 7		nimous Consent" (Vote of Less		
		than /	(11 Members)	7 25	

7.8.	Deadlock and	d Resolution	7-25
	Form 7-13.	Arbitration of Deadlock	7-26
	Form 7-14.	"Russian Roulette" in the Event of Deadlock	7-27
7.9.	Compensatio	n and Reimbursement	7-30
	Form 7-15.	No Arrangement for Compensation	
		(Member-Managed)	7-30
	Form 7-16.	Compensation (Manager-Managed)	7-31
	Form 7-17.	Extraordinary Compensation	7-31
	Form 7-17A.	Guaranteed Payments	7-32
7.10.	Fiduciary Du	ties	7-32
	Form 7-18.	Duties of Care and Loyalty	7-33
	Form 7-19.	Prohibiting Competitive Activities Without	
		Offer of Opportunity	7-34
	Form 7-20.	Allowing Competitive Activities	7-34
7.11.	Indemnificati	on	7-35
	Form 7-21.	Liability and Indemnification of Managers	
		(Manager-Managed)	7-36
	Form 7-22.	Liability and Indemnification of Managers	
		(Member-Managed)	7-37
	Form 7-23.	Advancement of Indemnification	7-38
7.12.		orney	7-39
	Form 7-24.	Power of Attorney	7-39
7.13.		Litigation: Derivative Actions	7-40
		nding	7-40
		Best Interest of the LLC	7-41
		ficiency of Complaint	7-42
	7.13.4. Payı	ment of Expenses	7-43
СНА	PTER 8 T	TRANSFER AND BUY-SELL PROVISIONS	8-1
8.1.	The Act's De	fault Rules for Transfers	8-4
8.2.	Tax Aspects of	of Transfer Restrictions	8-5
		nership Classification	8-5
		nination of the LLC	8-6
		s Issues	8-6
8.3.	Preliminary I	Orafting Considerations	8-7
	Form 8-1.	Definitional Provision — Transfer	8-7
	Form 8-2A.	Definitional Provision — Ownership	
		Interest	8-8
	Form 8-2B.	Definitional Provision — Economic Interest	8-8
8.4.		nsfer Provisions That Permit Free	
		ty of Economic Interest	8-8
	Form 8-3.	Free Transferability of Economic Interest	8-9

8.5.	Drafting Transfer Provisions That Permit Free				
		-	erests	8-9	
	Form 8		ransferability of Interests and Rights	8-9	
	Form 8		onal Definitions	8-10	
	Form 8		ransferability of Economic Interests of All		
			s of Members and of the Rights of		
			lass of Members, but Limited		
			erability of Rights of a Different Class of	0.10	
	г о		ers	8-12	
	Form 8		tions Supplant Default Rules	0.10	
0.6	D 6.		Act	8-12	
8.6.		•	ovisions That Prohibit Transfers	8-13	
0.7	Form 8		ition on Transfers	8-13	
8.7.		•	ovisions That Permit Transfers	0.12	
		_	on of Certain Conditions	8-13	
	Form 8		er Permitted on Satisfaction of	0 1 4	
	E 0		Conditions	8-14	
0.0	Form 8		tion on Rights of Transferees	8-14.1 8-14.1	
8.8.	8 8				
	8.8.1.			8-14.1	
		Form 8-7.	LLC's Right of First Refusal	8-15	
		Form 8-8.	Members' Right of First Refusal	8-16	
	0.0.2	Form 8-9.	LLC's Right of First Offer	8-18	
	8.8.2.		f Transferee as a Member	8-19	
		Form 8-10.	Transferee Not Admitted as Member	0.20	
		E 0.11	without Consent of Members	8-20	
		Form 8-11.	Transferee Automatically Admitted as	0.20	
		E 0 11 A	Member	8-20	
		Form 8-11A	Admission of Transferee as Member	0.21	
	002	Tue	after Consent of Members	8-21	
	8.8.3.		Affiliates and Family	8-21	
		Form 8-12.	Definitional Provision — Family	8-21	
		Form 8-13.	Transfers to Affiliates and Family	8-22	
0.0			Transfers to Trusts	8-22	
8.9.			rawal under the Act	8-23	
	8.9.1.		Ownership Interest	8-23	
		Form 8-14.	Withdrawal of Economic Interest	8-23	
	8.9.2.	-	ithdrawal	8-24	
		Form 8-15.	Definitional Provision — Voluntary	6.2	
			Withdrawal	8-24	
		Form 8-16.	Reserved	8-24	
	803	Involuntary V	Withdrawal	8-24	

	Forn	n 8-17. Definitional Provision — Involuntary Withdrawal	
8.10.	Consequence	es of Withdrawal in General	
8.11.	-		
0.11.		/-Sell Rights	
0.12		Shotgun Buy-Sell Provisions	
8.12.		ovisions	
	Form 8-19.	Book Value	
	Form 8-20.	Appraised Value	• • • •
		lying a Discount to Valuations in Certain	
0.12		umstances	
8.13.		as Transfer Provisions	
	Form 8-21.	Installment Payments	
	Form 8-22.	Insolvency	• • • •
	Form 8-23.	Interest Owners Not Required to Assume	
	F 0.24	Company's Obligation	
	Form 8-24.	Tag-Along and Drag-Along Provisions	
8.14.		n	
	Form 8-25.	Written Consent for Admission of	
		Transferee as Member	
CHA	PTER 9 I	DISSOLUTION	
9.1.		of LLC Dissolution	
9.2.	Overview of	the Act's Dissolution Provisions	
9.3.	Events of Di	ssolution	
	Form 9-1.	Dissolution — Default Provisions	
		under the Act	
	Form 9-2.	Dissolution — Default and Additional	
		Provisions	
9.4.	Resolution R	lequired in Order to Continue Business	
	after LLC Ce	eases to Have Members	
	Form 9-3.	Sample Provision Approving Continuation	
		of Business after an Event of Withdrawal	
		under Section 57D-6-01(3) by Admission	
		of New Member(s)	
9.5.	Articles of D	rissolution	
	Form 9-4.	Articles of Dissolution of Limited Liability	
		Company	
		ninistrative Dissolution	
9.6.	Reinstatemen	nt Following Administrative Dissolution	
	Form 9-5.	Application for Reinstatement Following	
		Administrative Dissolution of Limited	
		Liability Company	

9.7.	Procedure for	r Winding Up and Distribution of Assets	9-13
	Form 9-6.	Procedure for Winding Up and Liquidation	
		in a Member-Managed LLC	9-13
	Form 9-7.	Procedure for Winding Up and Liquidation	
		in a Manager-Managed LLC	9-14
	Form 9-8.	Specifying a Liquidating Trustee and a	
		Procedure to Wind Up and Distribute	
		Assets	9-16
CHA	PTER 10 E	BOOKS, RECORDS, AND ACCOUNTING	10-1
10.1.	Introduction.		10-2
10.2.	Banking		10-2
	Form 10-1.	Bank Accounts	10-2
10.3.	Records		10-3
	Form 10-2.	Maintenance of Records (Short Form)	10-3
	Form 10-3.	Maintenance of Records (Long Form)	10-4
10.4.	Accounting I	Period	10-5
	Form 10-4.	Calendar Year Accounting Period Specified	10-6
	Form 10-5.	Fiscal Year Accounting Period Specified	10-6
	Form 10-6.	Year to Be Determined by Members	10-6
	Form 10-7.	Annual Accounting Period Established	
		by Managers	10-6
	Form 10-8.	Annual Accounting Period as a Definition	10-7
10.5.	•		10-7
	Form 10-9.	Preparation of Reports (Short Form)	10-8
	Form 10-10.	Preparation of Reports (Long Form)	10-8
10.6.		Partner"; "Partnership Representative"	10-9
	Form 10-11.	Partnership Representative (Short Form)	10-11
	Form 10-12.	Partnership Representative (Long Form)	10-11
10.7.		S	10-12
	Form 10-13.	Tax Elections	10-12
	Form 10-14.	Tax Elections (Applies to Code	10.10
		Section 754 Only)	10-13
		PART III	
		MISCELLANEOUS	
CHA	PTER 11 F	REORGANIZATION OF THE LLC	11-1
11.1.			11-4
11.2.		f New Members	11-4
		nbership versus Economic Rights	11-4

	11.2.2.	Acquisition of	of Ownership Interest from	
		Company		11-4
		Form 11-1.	Simple Subscription Agreement for	
			LLC Ownership Interest	11-6
		Form 11-2.	Long Form Subscription Agreement for	
			LLC Ownership Interest	11-6.1
		Form 11-2A.	Compliance with Anti-Terrorism	
			Laws	11-12
		Form 11-3.	First Amendment to Operating	
			Agreement Admitting Assignee of	
			Interest as a Member	11-12.1
	11.2.3.	Acquisition of	of Ownership Interest from	
	1112.01		nber or Existing Economic Interest	
			ming a Member	11-15
			Conditions to Admission of	
			Assignees	11-15
		Form 11-5.	Conditions to Admission of Existing	
		1 01111 11 01	Economic Interest Owners	11-16
		Form 11-6.	Assignment of LLC Ownership	
		10111111101	Interest	11-16
		Form 11-7.	Joinder Agreement	11-21
11.3.	Conver		s Business Entities into	11 2.
11.5.				11-22
			ersion	11-22
	11.5.1.	Form 11-8.	Plan of Conversion	11-22
		101111 11-0.	(Business Entity)	11-23
		Form 11-9.	Plan of Conversion (Foreign LLC)	11-24
				11-24
		FORM 11-10.	Plan of Conversion (North Carolina	11 24 1
		E 11 11	Limited Partnership)	11-24.1
		FORM 11-11.	Plan of Conversion (Foreign	11 25
		E 11 10	Limited Partnership)	11-25
		Form 11-12.	Plan of Conversion (North	11.26
		E 11 12	Carolina Partnership)	11-26
		Form 11-13.	Plan of Conversion (Foreign	11.05
	11 2 2	A .: 1 . CO	Limited Partnership)	11-27
	11.3.2.		rganization and Conversion	11-28
		Form 11-14.	Articles of Organization Including	11.00
		5	Articles of Conversion	11-29
		Form 11-14A.	Articles of Organization Including	
			Articles of Conversion for a Charitable	11 22 1
	1100	FIG	or Religious Organization	
			nversion	11-33
114	Conver	sion of Corpor	ration into LLC	11-33

11.5.	Conversion of LLC into Another Business Entity	11-35
	11.5.1. Plan of Conversion	11-35
	Form 11-15. Plan of Conversion	
	(LLC to Other Form)	11-36
	11.5.2. Articles of Conversion	11-37
	Form 11-16. Articles of Conversion	11-38
	11.5.3. Effect of Conversion	11-40
11.6.	Recapitalizing the LLC	11-41
	Form 11-17. Form of Amendment of Operating	
	Agreement	11-42
11.7.	Mergers Involving a North Carolina LLC	11-44
	11.7.1. Plan of Merger	11-44
	Form 11-18. Plan of Merger	11-45
	11.7.2. Articles of Merger	11-47
	Form 11-19. Articles of Merger (Cross-Entity	
	Merger)	11-48
	11.7.3. Effects of Merger	11-51
	Form 11-20. Application for Certificate of	
	Withdrawal by Reason of Merger,	
	Consolidation or Conversion	
11.8.	Tax Consequences of Cross-Entity Mergers	
	11.8.1. Tax-Free Reorganizations	11-52.4
	11.8.2. Potential Federal Income Tax Consequences	
	of Certain Types of Cross-Entity Mergers	11-53
	11.8.2.1. Partnership/LLC Merges with and	
	into a Corporation	11-53
	11.8.2.2. Corporation Merges with and into	
	a Partnership/LLC	11-57
	11.8.2.3. Partnership Merges with and into	11.50
11.0	an LLC or Vice Versa	11-59
11.9.	Innovative Use of Single-Member LLCs	11-60
	11.9.1. Overview of Single-Member LLCs	11-60
	11.9.2. Corporate Reorganizations Involving	11.61
	Single-Member LLCs	11-61
	11.9.3. Single-Member LLCs in Like-Kind Exchanges	11-64
	11.9.4. Single-Member LLCs in Lieu of Consolidated	11-04
	Returns	11-64
	11.9.5. The "Two-Member," Single-Member LLC	11-64
11 10	LLCs as a Buy-Sell Life Insurance Holding	11-00
11.10.	Company Tool	11-67
	Company 1001	11-0/

CHAI	PTER 12 FOREIGN LIMITED LIABILITY COMPANIES AND NORTH CAROLINA LLCS DOING BUSINESS OUTSIDE NORTH CAROLINA	12-1
12.1.	Governing Law and Status of Foreign Limited	14-1
12.1.	Liability Companies	12-3
	Form 12-1. Application to Register an Entity Name by a	12-0
	Foreign Entity	12-4
12.2.	Certificate of Authority	12-6
12.2.	12.2.1. Application Procedures	12-6
	Form 12-2. Application for Certificate of	12-0
	Authority for Limited Liability	
	Company	12-7
	12.2.2. Filing Fee	12-10
	12.2.3. Amendments to the Certificate of Authority	12-10
	Form 12-3. Application for Amended	12-10
	Certificate of Authority for	
	Limited Liability Company	12-11
12.3.	Withdrawal and Revocation of a Certificate of	12 11
12.3.	Authority	12-13
	12.3.1. Certificate of Withdrawal	12-13
	Form 12-4. Application for Certificate of	
	Withdrawal of Limited Liability	
	Company	12-15
	12.3.2. Withdrawal by Reason of Merger, Consolidation,	
	or Conversion	12-17
	12.3.3. Grounds for Revocation of the Certificate	
	of Authority	12-18
	12.3.4. Appealing Revocation	12-19
12.4.	Doing Business without a Certificate of Authority	12-20
	12.4.1. Safe Harbor Activities	12-20
	12.4.2. Sanctions and Penalties	12-22
12.5.	North Carolina LLCs Doing Business Outside of	
	North Carolina	12-22
CHAI	PTER 13 PROFESSIONAL LIMITED LIABILITY	
	COMPANIES	13-1
13.1.	Historical Background	13-2
13.2.	Overview	13-5
13.3.	Formation of a PLLC	13-6
13.4.	Liability of Interest Owners of PLLCs	13-8
13.5.	Choice of Laws	13-9

CHAI	PTER 14		
		THE LLC	14-1
14.1.		ction	14-3
14.2.	IRC Se	ction 83	14-5
14.3.		LLC	14-6
14.4.	LLC (P	artnership) vs. Corporation Compensation	
		ls	14-11
	14.4.1.	Corporation Context	14-12
		14.4.1.1. Stock Grants	14-12
		14.4.1.2. Stock Options	14-13
		14.4.1.3. Phantom Stock Plans	14-14
	14.4.2.	The LLC Context	14-14
		14.4.2.1. Equity Interests	14-15
		14.4.2.1.1. "Full Equity Interest"	14-15
		14.4.2.2. Unit System Compensation	14-17
		14.4.2.3. The Importance of Member	
		Involvement	14-18
		14.4.2.4. Loss Allocation and Debt	
		Guarantees	14-19
		14.4.2.5. Equity Interest vs. Non-Equity	
		Incentive Compensation	14-19
	14.4.3.	Compensation Comparison Chart	14-21
		14.4.3.1. Compensation Methods or Elements	14-22
14.5.		m Income and Distributions	14-24
	14.5.1.	Tax Effected Distributions	14-24
		14.5.1.1. Separate Calculations for Each	
		Economic Interest Holder	14-24
		14.5.1.2. Standard Distribution Rate	14-25
		14.5.1.3. Highest Incremental Tax Rate	14-26
	14.5.2.	Self-Employment Tax	14-28
		14.5.2.1. Calculating Self-Employment	
		Income	14-29
		14.5.2.2. Application of Self-Employment Tax	
		to LLC Economic Interest Holders	14-30
14.6.		Equity and Non-Equity-Based LLC	
	_	nsation Plans	14-30
	14.6.1.	Sample Unit Grant Agreement	14-30
		Form 14-1. Unit Grant Agreement	14-31
	14.6.2.	Sample Profits Interest Award Letter	14-36
		Form 14-1A. Profits Interest Award Letter	14-36
	14.6.3.	Non-Equity Incentives	4-36.13

Arrangements		Form	14-2. Communications, LLC: Employee	
Arrangements			1	14-36.14
CHAPTER 15 LEGAL OPINIONS. 15-1 15.1. Introduction. 15-3 15.2. Model Opinion Letter 15-3 Form 15-1. Model Opinion Letter 15-3 15.2.1. Status Opinion 15-9 15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures 15-11 15.2.2.1. Background and Meaning 15-12 15.2.2.1. Background and Meaning 15-12 15.2.2.2. Due Diligence Procedures 15-14 15.2.3. Acts Opinion 15-14 15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.6.2. Due Diligence Procedures 15-27 15.2.6.2. Due Diligence Procedures 15-35	14.7.	Economic Int	erest Holder Exit Strategies: Buyout	
15.1. Introduction. 15-3 15.2. Model Opinion Letter 15-3 Form 15-1. Model Opinion Letter 15-3 15.2.1. Status Opinion 15-9 15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures 15-11 15.2.2. Power Opinion. 15-12 15.2.2.1. Background and Meaning 15-14 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6. Remedies Opinion 15-27 15.2.6. Remedies Opinion 15-33 15.2.7. No Litigation Opinion 15-33 15.2.7. Due D		Arrangements	s	. 14-46
15.2. Model Opinion Letter 15-3 Form 15-1. Model Opinion Letter 15-3 15.2.1. Status Opinion 15-9 15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures 15-11 15.2.2. Power Opinion 15-12 15.2.2.1. Background and Meaning 15-12 15.2.2.2. Due Diligence Procedures 15-14 15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6.1. Background and Meaning 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7. No Litigation Opinion 15-39 15.3.1. Status Opinion 15-39 15.3.2. Power Opinion	CHAI	PTER 15 L	EGAL OPINIONS	. 15-1
Form 15-1. Model Opinion Letter 15-3 15.2.1. Status Opinion 15-9 15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures 15-11 15.2.2. Power Opinion 15-12 15.2.2.1. Background and Meaning 15-14 15.2.3. Acts Opinion 15-14 15.2.3. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4. Due Diligence Procedures 15-23 15.2.4. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6. Remedies Opinion 15-28 15.2.7. No Litigation Opinion 15-33 15.2.7.	15.1.	Introduction.		. 15-3
Form 15-1. Model Opinion Letter 15-3 15.2.1. Status Opinion 15-9 15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures 15-11 15.2.2. Power Opinion 15-12 15.2.2.1. Background and Meaning 15-14 15.2.3. Acts Opinion 15-14 15.2.3. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4. Due Diligence Procedures 15-23 15.2.4. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6. Remedies Opinion 15-28 15.2.7. No Litigation Opinion 15-33 15.2.7.	15.2.	Model Opinio	on Letter	. 15-3
15.2.1. Status Opinion. 15-9 15.2.1.1. Background and Meaning. 15-9 15.2.1.2. Due Diligence Procedures. 15-11 15.2.2. Power Opinion. 15-12 15.2.2.1. Background and Meaning. 15-12 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3. Acts Opinion. 15-14 15.2.3. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning. 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning. 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6. Remedies Opinion 15-28 15.2.6. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7. Lakeground and Meaning. 15-35 15.2.7. Status Opinion 15-38 15.3. Status Opinion 15-39 15.3. Status Opinion 15-39 15.3.2 Power Opinion 15-39 15.3.3 Power Opinion 15-41 Form		-		
15.2.1.1. Background and Meaning 15-9 15.2.1.2. Due Diligence Procedures. 15-11 15.2.2. Power Opinion. 15-12 15.2.2.1. Background and Meaning 15-12 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3. Acts Opinion 15-14 15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.3.1. Status Opinion 15-39 15.3.3. Power Opinion 15-39 15.3.4. Power Opinion 15-39 15.3.3. Acts Opinion 15-41 15.3.4. No Violation Opinion 15-42 <td></td> <td>15.2.1. Statu</td> <td>-</td> <td></td>		15.2.1. Statu	-	
15.2.1.2. Due Diligence Procedures. 15-11 15.2.2. Power Opinion. 15-12 15.2.2.1. Background and Meaning. 15-12 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3. Acts Opinion. 15-14 15.2.3.1. Background and Meaning. 15-14 15.2.3.2. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning. 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning. 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3.3. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist <td></td> <td></td> <td>=</td> <td></td>			=	
15.2.2. Power Opinion. 15-12 15.2.2.1. Background and Meaning. 15-12 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3. Acts Opinion. 15-14 15.2.3.1. Background and Meaning. 15-14 15.2.3.2. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning. 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning. 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.4. No Violation Opinion 15-42 Form 15-5. No Violation Opini				
15.2.2.1. Background and Meaning. 15-12 15.2.2.2. Due Diligence Procedures. 15-14 15.2.3. Acts Opinion 15-14 15.2.3.1. Background and Meaning. 15-14 15.2.3.2. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning. 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning. 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7.1. Background and Meaning. 15-35 15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3.1. Status Opinion 15-39 15.3.2. Power Opinion 15-39 15.3.3. Acts Opinion 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion <td></td> <td></td> <td>•</td> <td></td>			•	
15.2.2.2. Due Diligence Procedures 15-14 15.2.3. Acts Opinion 15-14 15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.7. No Litigation Opinion 15-33 15.2.7. Background and Meaning 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3.1 Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion 15-42.2 15.3.5. No				
15.2.3 Acts Opinion 15-14 15.2.3.1 Background and Meaning 15-14 15.2.3.2 Due Diligence Procedures 15-16 15.2.4 No Violation Opinion 15-18 15.2.4.1 Background and Meaning 15-18 15.2.4.2 Due Diligence Procedures 15-23 15.2.5 No Consent Opinion 15-25 15.2.5.1 Background and Meaning 15-25 15.2.5.2 Due Diligence Procedures 15-27 15.2.6 Remedies Opinion 15-27 15.2.6.1 Background and Meaning 15-28 15.2.6.2 Due Diligence Procedures 15-33 15.2.7 No Litigation Opinion 15-35 15.2.7.1 Background and Meaning 15-35 15.2.7.2 Due Diligence Procedures 15-38 15.3.1 Status Opinion 15-39 15.3.2 Power Opinion 15-39 15.3.2 Power Opinion 15-41 Form 15-2 Status Opinion Checklist 15-41 15.3.3 Acts Opinion 15-42 Form 15-4 Acts Opinion C				
15.2.3.1. Background and Meaning 15-14 15.2.3.2. Due Diligence Procedures 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3.1 Status Opinion 15-39 15.3.2. Power Opinion 15-39 15.3.2. Power Opinion 15-41 Form 15-2. Status Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44				
15.2.3.2. Due Diligence Procedures. 15-16 15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3.1 Status Opinion 15-39 15.3.2 Power Opinion 15-39 15.3.3. Power Opinion 15-41 15.3.3. Acts Opinion 15-41 15.3.4. No Violation Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44			_	
15.2.4. No Violation Opinion 15-18 15.2.4.1. Background and Meaning 15-18 15.2.4.2. Due Diligence Procedures 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2				
15.2.4.1. Background and Meaning. 15-18 15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning. 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2			2	
15.2.4.2. Due Diligence Procedures. 15-23 15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 15.3.2. Power Opinion 15-39 15.3.3. Acts Opinion 15-41 15.3.3. Acts Opinion 15-41 15.3.4. No Violation Opinion 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-42.2			<u> •</u>	
15.2.5. No Consent Opinion 15-25 15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 15.3.2. Power Opinion 15-39 15.3.3. Acts Opinion 15-41 15.3.3. Acts Opinion 15-41 15.3.4. No Violation Opinion Checklist 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-42.2				
15.2.5.1. Background and Meaning 15-25 15.2.5.2. Due Diligence Procedures 15-27 15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3.1. Status Opinion 15-39 15.3.2. Power Opinion 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.				
15.2.5.2. Due Diligence Procedures. 15-27 15.2.6. Remedies Opinion. 15-27 15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion. 15-35 15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3.1. Status Opinion. 15-39 15.3.1. Status Opinion. 15-39 15.3.2. Power Opinion. 15-41 Form 15-2. Status Opinion Checklist. 15-41 15.3.3. Acts Opinion. 15-41 15.3.4. No Violation Opinion Checklist 15-42 Form 15-5. No Violation Opinion Checklist 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.			_	
15.2.6. Remedies Opinion 15-27 15.2.6.1. Background and Meaning 15-28 15.2.6.2. Due Diligence Procedures 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44				
15.2.6.1. Background and Meaning. 15-28 15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion. 15-35 15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion. 15-39 Form 15-2. Status Opinion Checklist. 15-39 15.3.2. Power Opinion. 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44			•	
15.2.6.2. Due Diligence Procedures. 15-33 15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2				
15.2.7. No Litigation Opinion 15-35 15.2.7.1. Background and Meaning 15-35 15.2.7.2. Due Diligence Procedures 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2				
15.2.7.1. Background and Meaning. 15-35 15.2.7.2. Due Diligence Procedures. 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion. 15-39 Form 15-2. Status Opinion Checklist. 15-39 15.3.2. Power Opinion. 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.			•	
15.2.7.2. Due Diligence Procedures. 15-38 15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2				
15.3. Due Diligence Checklists 15-39 15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2				
15.3.1. Status Opinion 15-39 Form 15-2. Status Opinion Checklist 15-39 15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44.2	15.3.		•	
Form 15-2. Status Opinion Checklist. 15-39 15.3.2. Power Opinion. 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion. 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44		_		
15.3.2. Power Opinion 15-41 Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44				
Form 15-3. Power Opinion Checklist 15-41 15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44				
15.3.3. Acts Opinion 15-42 Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44			•	
Form 15-4. Acts Opinion Checklist 15-42 15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44			•	
15.3.4. No Violation Opinion 15-42.2 Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion 15-44			-	
Form 15-5. No Violation Opinion Checklist 15-42.2 15.3.5. No Consent Opinion			1	
15.3.5. No Consent Opinion			_	
1			÷	
Form 15-6. No Consent Opinion Checklist 15-44			÷	

	15.3.6. R	emedies Opinion	15-45
	F	orm 15-7. Remedies Opinion Checklist	15-45
	15.3.7. N	o Litigation Opinion	15-46
	F	orm 15-8. No Litigation Opinion Checklist	15-46
15.4.	Glossary		15-47
		PART IV	
		APPENDICES	
APPE	NDIX A:	[MEMBER-MANAGED] OPERATING AGREEMENT OF, LLC	APP A-1
APPE	ENDIX B1:	[MANAGER-MANAGED, TAX PROVISIONS INCLUDED] OPERATING AGREEMENT OF, LLC.	APP B1-1
APPE	NDIX B2:	[MANAGER-MANAGED, SEPARATE TAX EXHIBIT] OPERATING AGREEMENT OF, LLC	APP B2-1
APPE	ENDIX B3:	[MANAGER-MANAGED SINGLE MEMBER S CORPORATION ELECTION] OPERATING AGREEMENT OF, LLC	r
APPE	ENDIX C:	[SINGLE-MEMBER] OPERATING AGREEMENT OF, LLC	APP C-1
APPE	NDIX D:	CHECK-THE-BOX REGULATIONS	APP D-1
APPE	NDIX E:	PRIOR LAW ON FEDERAL TAX CLASSIFICATION	APP E-1
APPE	NDIX F:	IRS FORM 8832	APP F-1
APPE	ENDIX G:	REPORT OF THE JOINT SUBCOMMITTEE ON LIMITED LIABILITY COMPANIES OF THE BUSINESS LAW SECTION AND TAX SECTION TO THE BOARD OF GOVERNORS OF THE NORTH CAROLINA BAR ASSOCIATION	APP G-1
APPE	ENDIX H:	CHAPTER 57D NORTH CAROLINA LIMITED LIABILITY COMPANY ACT	APP H-1

APPENDIX I:	CHAPTER 55D OF THE NORTH CAROLINA GENERAL STATUTES	APP I-1
APPENDIX J:	COMPARISON OF STATE LLC FEES AND FILING INFORMATION	APP J-1
APPENDIX K:	NORTH CAROLINA LLC CASES: 2010-2018	APP K-1
	PART V LLP AND LLC CASES	
LLP and LLC Ca	ses LL	C Cases-1
	PART VI INDICES	
Cumulative Table	of North Carolina Limited Liability	
Company	Act Sections	INDEX-1
Cumulative Table	of Internal Revenue Code Citations	INDEX-8
Cumulative Table	of Treasury Regulations I	NDEX-11
	of Revenue Rulings and Revenue	
Procedure	es	NDEX-13
	I	
•	I	