# **Contents**

# PART I ORGANIZATION

CHA	PTER 1:	INTR	ODUCTION	1-1				
1.1.	Nature	and Use of	this Practice Manual	1-2				
1.2.	Compa	rison of the	LLC with Other Entities	1-2				
	Table 1	. Con	nparison of Entity Characteristics	1-4				
1.3.	History	of the LLC	he LLC					
1.4.	Classifi	cation of th	ne LLC as a Partnership for					
	Federal	Income Ta	x Purposes	1-20				
	1.4.1.	Introducti	on	1-20				
	1.4.2.	The "Chec	ck-the-Box" Rules (Post-1997)	1-21				
1.5.	The Ter	nnessee Re	vised LLC Act — An Overview	1-25				
1.6.	Compa	rison of the	Tennessee Act with Other LLC Acts	1-26				
1.7.	Tenness	see Taxatio	n of LLCs	1-26				
	1.7.1.	Overview	of the Excise Tax	1-28				
	1.7.2.	Overview	of the Franchise Tax	1-29				
	1.7.3.	Application	on to LLCs	1-29				
	1.7.4.	Specifical	ly Excluded Entities	1-32				
		1.7.4.1.	Farm and Residence LLCs	1-33				
		1.7.4.2.	Venture Capital Funds/Diversified					
			Investing Funds	1-33				
		1.7.4.3.	LLCs, All of Whose Members Are					
			Liable for Debts of the LLC	1-35				
		1.7.4.4.	Family-Owned Non-Corporate					
			Entities	1-36				
		1.7.4.5.	Historic Properties	1-37				
		1.7.4.6.	Low-Income Housing Entity	1-38				
1.8.			Tax Consequences of Partnership					
				1-38				
1.9.	-		pility Protection	1-40.1				
1.10.			aties	1-46				
1.11.	Series I	Limited Lia	bility Companies	1-47				
CHA	PTER 2:	FORM	MATION AND ORGANIZATION	2-1				
2.1.	Introdu	ction		2-2.1				
2.2.	Pre-For	mation Ma	tters	2-2.1				

	Form 2	2-0. Chec	klist for Formation of LLC	2-2.2
2.3.	Article		ation	2-3
	2.3.1.	Basic Requ	irements	2-3
		Form 2-1.	Articles of Organization without	
			Restrictions on the Authority of	
			Members — Optional Indemnification	
			Required — Signed by Organizer	2-5
	2.3.2.	Optional Pr	ovisions	2-6
		2.3.2.1.	Provisions Limiting Agency	
			Authority of Members	2-6
			Form 2-2. Articles of Organization of	
			Member-Managed LLC	
			Limiting Agency	2-7
		2.3.2.2.	Provision Granting Authority to	
			Transfer Real Property	2-8
			Form 2-3. Optional Provisions Regarding	
			Transfer of Real Estate	2-9
		2.3.2.3.	Provision Providing for Indemnification .	2-9
			Form 2-4. Articles of Organization	
			Providing for Indemnification	2-10
2.4.			on	2-11
	Form 2		les of Correction to Articles of	
o =		_	nization	2-11
2.5.			nent	2-12
	2.5.1.	-	nts	2-12
	2.5.2.	* *	f Amendments	2-13
		Form 2-6.	Written Consent of Members to Amend	0.10
			Articles of Organization	2-13
2 6		Form 2-7.	Articles of Amendment	2-15
2.6.			e	2-15
	Form 2		ication to Reserve Name	2-16
2.7.	_	_	ed Agent, Change of Address of	2.16
	_	_	Change of Address of Registered Office	2-16
	Form 2		ge of Registered Agent	2-17
• •	Form 2		ge of Address of Registered Agent	2-17
2.8.		-	ransparency Act	2-18
	2.8.1.			2-19
	2.8.2.		Companies	2-20
	2.8.3.		Required to be Reported	2-21
	2.8.4.		entifier	2-22
	205	Danafaial (	72220 0.000	2 22

	2.8.6.	Who Must File	2-24
	2.8.7.	When Must an Initial Report Be Filed With FinCEN	2-24
	2.8.8.	Company Applicants	2-25
	2.8.9.	Availability of Reported Information	2-25
		Penalties	2-26
2.9.		ance-related obligations in the Operating Agreement	
		the Subscription Agreement and Joinder Agreement	2-26
2.10.		for Company CTA Reporting Officer	2-27
	Form 2	-11. Corporate Transparency Act Operating Agreement Provisions	2-28
		Agreement Flovisions	2-20
		PART II OPERATION	
		OPERATION	
СНА	PTER 3:	THE OPERATING AGREEMENT	3-1
3.1.	Genera	1	3-2.1
3.2.	Form a	nd Required Content	3-2.2
3.3.	Formal	ity of Adoption	3-6.1
3.4.	Amend	ment	3-6.2
3.5.	Form C	Operating Agreements	3-6.2
3.6.	Partner	ship Audit Rules	3-6.2
	3.6.1.	Default Rule	3-8
	3.6.2.	Reduction of Partnership's Underpayment	•
	2.62	Amount	3-8
	3.6.3.	Alternative to Payment of Imputed Underpayment	
		by a Partnership — Irrevocable Election to Pass the Adjustments and Liability to the Partners	3-10
	3.6.4.	Provisions When a Partnership Has Ceased to	3-10
	3.0.4.	Exist Prior to the Issuance of an IRS Partnership	
		Adjustment	3-12
	3.6.5.	Small Partnership Exception	3-12
	3.6.6.	Partnership Adjustment Requested by the	0 12
		Partnership	3-14
	3.6.7.	Partner Participation in IRS Audit Process Will Be	
		Restricted	3-14
	3.6.8.	IRS Notices and Assessment	3-15
	3.6.9.	Period of Limitations on Making Adjustments	3-16
	3.6.10.		3-17
	3.6.11.	Interest and Penalties	3-18

	3.6.12. Judicial Review of Partnership Adjustment	3-1
	3.6.13. No Deduction for Any Payment Required to Be	
	Made by a Partnership	3-1
	3.6.14. State Tax Potential Ramifications	3-1
	3.6.15. Attorneys Drafting Disclosure Documents	3-2
	3.6.16. Attorneys Drafting Partnership and Operating	
	Agreements	3-2
	3.6.17. Rules and Process for Making New Audit	
	Rule Elections	3-2
	Form 3-1. Provisions Regarding BBA Partnership	
	Audit Rules — Inserts for Definitions	
	Section	3-2
3.7.	Waiver of Partition	3-2
	Form 3-2. Waiver of Right of Partition	3-2
CTT 1	PER A ORGANIZATION	
СНА	APTER 4: ORGANIZATION	4
4.1.	Drafting LLC Organization Provisions	4
4.2.	Introductory Paragraph	4
	Form 4-1. Introductory Paragraph — Names the Parties	4
	Form 4-2. Introductory Paragraph — Does Not Name	
	Parties	4
4.3.	Background to Agreement	4
	Form 4-3. Explanatory Statement	4
4.4.	Confirmation of Agreement	4
	Form 4-4. Confirmation of Agreement	4
4.5.	Definitions	4
	4.5.1. "Financial Rights," "Governance Rights,"	
	"Membership Interest," and "Holder of Financial	
	Rights" Defined	4
	4.5.2. Other Definitions	4
	Form 4-5. General Definitions	4
4.6.	Transfer of Financial Rights, Membership Interests,	
	and Governance Rights	4
4.7.	Agreement to Form LLC	4-1
	Form 4-6. General Agreement to Form LLC	4-1
	Form 4-7. Organizational Provision Confirming that	
	Articles of Organization Have Been Filed	4-1
4.8.	Name	4-
	Form 4-8. Name Provision for LLC	4-1
4.9.	Purpose	4-1
	Form 4.0 Any Lawful Purpose	4 1

	Form 4	-10.	Speci	fic Purpose
	Form 4	-11.	_	ose Limited to Real Estate
4.10.	Term .		_	
	Form 4	-12.	Term	Commences on Date of Filing of
				les
4.11.	Principa	al Exe	ecutive	Office
	Form 4	-13.	Princ	ipal Executive Office of LLC
4.12.	Registe	red O	ffice ar	nd Agent
	Form 4	-14.	Regis	stered Office and Agent
	Form 4	-15.	State	ment of Change of Registered Agent
	Form 4	-16.	State	ment of Change of Registered Agent
4.13.	Membe	ers		
	Form 4	-17.	Scheo	dule of Members Set Forth in
			Scheo	lule
	Form 4	-18.	Scheo	dule of Members Set Forth in Text of
			_	ement
4.14.	Miscell	aneou		isions
	Form 4	-19.	Misce	ellaneous Provisions
СПУ	PTER 5:	т	IMIT	ED LIABILTY COMPANY
СПА	FIER 5:			AL
				all
5.1.	Draftin	g Cap	ital Pro	ovisions
5.2.				ributions
	Form 5			l Capital Contributions in Cash
	Form 5	-2.		l Capital Contributions — Partly in Cash
			and P	Partly in Services
	5.2.1.	Expl	anatior	of the Taxation of a Partnership Interest
		Rece	eived in	Return for Services
	5.2.2.	Tran	sfer of	Stock by Corporation in Return for
		Serv	ices	
	5.2.3.			Profits Interest by Partnership in
				Services
			n 5-3.	[Reserved]
	5.2.4.			n of Property or Cash in Return for
				hip Interest
		Forn	n 5-4.	Initial Capital Contributions — Partly in
				Cash and Partly in Property
		Forn	n 5-5.	Representation in Connection with
				Contribution of Property
5.3.				Contributions
	Form 5	-6.		tional Capital Contributions at Discretion
			of Di	rectors — Limit on Amount

	Form 5-7	1	
		of Members or Manager — Limit on	
		Amount	5-12
	Form 5-8	, , , , , , , , , , , , , , , , , , ,	
		Contribution	5-13
	Form 5-9	No Liability beyond Additional Capital	
		Contributions	5-13
	5.3.1. F	Preemptive Rights	5-13
	I	Form 5-10. Preemptive Rights Provision	5-14
5.4.	Default in	n Payment of Contributions	5-15
	Form 5-1	1A. Remedy of Reduction of Member or Holder's	
		Membership Interest in Event of Failure to	
		Make Contribution to Board-Managed,	
		Manager-Managed, or Member-Managed	
		LLC	5-16
	Form 5-1	1B. Creditors	5-17
5.5.	Interest o	on Capital Accounts	5-17
	Form 5-1		
	Form 5-1		
5.6.	Return of	f Capital Contributions	
	Form 5-1	•	
		LLC Act Required	5-19
5.7.	Form of I	Distribution	
	Form 5-1		
	10111101	Anything but Cash	5-20
	Form 5-1		
	1 01111 0 1	Discretion of Manager in Manager-Managed	
		LLC	5-20
5.8.	Capital A	accounts	
		7A. Capital Accounts — Simple Definition	
		7B. Capital Accounts — Long Form Definition	
5.9.		7B. Capital recounts Long Form Demintion	
J.J.		Loans from Members or Holders	
		Form 5-18. Loans — General Authority of LLC to	
	1	Borrow Money from Members on Term	
		to Be Agreed upon in Future	
	т		
	Г	Form 5-19. Loans — Authority to Make Specific L	
		with General Authority to Borrow Mor	iey
		from Members on Terms to Be	5.24
	500	Agreed upon in Future	5-24
		Other Loans, Including Loans to Members,	E 0.4
	N	Managers, and Directors	5-24

5.10.			om a Person Not Already a Member	5-25
	Form 5		ertible Promissory Note	5-25
5.11.			Options	5-29
			nsatory Options Defined	5-30
	5.11.2.		nsatory Options Treated as a	
			Interest	5-30
		5.11.2.1.	Rights Substantially Similar to Rights Afforded a Partner	5-30.1
		5.11.2.2.	Substantial Tax Reduction Requirement	5-30.2
	5 11 3	Noncompa	nsatory Option Not Treated as a	3-30.2
	3.11.3.		Interest	5-30.2
		5.11.3.1.	Treatment of Grant of Noncompensatory	3-30.2
		3.11.3.1.	Options	5-30.2
		5.11.3.2.	Treatment of Lapse of Noncompensatory	3-30.2
		3.11.3.2.	Options	5-30.3
		5.11.3.3.	Treatment of Exercise of	2 20.2
		0.11.0.0.	Noncompensatory Options	5-30.3
			Form 5-21. Option Agreement	5-30.4
CHA	PTER 6:		CATION AND DISTRIBUTION	
		PROVI	SIONS	6-1
6.1.	Taxatio	on of the LLC	, , , , , , , , , , , , , , , , , , , ,	6-3
6.2.	Genera	l Allocation a	and Distribution Concepts	6-3
6.3.	Distrib	ution Restric	tions under the Revised LLC Act	6-4
6.4.			ons — Code Section 704(b)	6-4
	6.4.1.	Overview.	• • • • • • • • • • • • • • • • • • • •	6-4
	6.4.2.	The Three A	Alternative Allocation Tests	6-5
		6.4.2.1.	The First Test: Partners' Interests	6-5
		6.4.2.2.	The Second Test: Substantial	
			Economic Effect and Capital	
			Accounts	6-6
		6.4.2.3.	The Third Test: Nonrecourse Debt	6-7
		6.4.2.4.	Noncompensatory Options	6-8
	6.4.3.	Allocations	to Holders of Financial Rights	6-10
6.5.	Definit	ions		6-10.1
	6.5.1.	Distribution	n-Related Definitions	6-10.1
		П (1	D' - '' - D - C - '-'	6-10.1
		Form 6-1.	Distribution Definitions	0-10.1
	6.5.2.		Related Definitions	6-10.1

6.6.	Basic D	Distribution Provisions	6-14
	6.6.1.	In General	6-14
	6.6.2.	Cash Flow from Operations	6-15
		Form 6-3. Distributions of Cash Flow	6-15
	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 Termination — Deficit	
		Restoration Obligation	6-19
6.7.	Basic A	Illocation Provisions	6-20
	6.7.1.	Basic Allocations of Income and Loss	6-20
		Form 6-7. Net Profit or Net Loss	6-21
	6.7.2.	Qualified Income Offset and Minimum Gain	
		Chargeback	6-22
		Form 6-8. Minimum Gain Chargeback and	
		Qualified Income Offset	6-23
	6.7.3.	Other Regulatory Allocations	6-24
		Form 6-9. Regulatory Allocations	6-25
6.8.		ex and Disproportionate Distribution and	<i>-</i> 20
		ion Provisions	6-30
	6.8.1.	Distribution Preferences	6-30
	600	Form 6-10. Distribution Preference	6-31
	6.8.2.	Disproportionate Allocation of Losses	6-32
	600	Form 6-11. Disproportionate Allocation of Loss	6-33
	6.8.3.	Shifting Allocations	6-33
	6.8.4.	Non-Safe Harbor Agreements	6-34
		Form 6-12. Allocation of Profits and Losses	6-35
CHAI	PTER 6A	A: LLCS ELECTING TO BE TAXED AS S	
		CORPORATIONS	6A-1
6A.1.	Genera	l Considerations	6A-2
6A.2.		se an LLC for S Corp Treatment?	6A-2
	-	Advantages Associated with Using the LLC Form	6A-2
		Disadvantages Associated with Using the LLC Form	6A-2
6A.3.		ures for LLC Electing S Corp Status	6A-4
		Operating Agreement; Ownership Interests	6A-4
		Protecting the Election	6A-4
		Making the Election	6A-5
		Obtaining Relief for Inadvertent Termination of	
		S Elections due to Multiple Classes of Stock	6A-5
	6A.3.5.	Operating Agreement	6A-7

СНА	PTER 7:	MANAGEMENT PROVISIONS	7-1		
7.1.	Draftin	g LLC Management Provisions	7-2		
	7.1.1.	Managers and Directors	7-4		
	7.1.2.	Standards of Conduct	7-5		
		Form 7-1. Conflict of Interest Provisions	7-11		
7.2.	Meeting	gs	7-12		
	7.2.1.	Meetings of Members	7-12		
		Form 7-2. Meetings of Members	7-13		
	7.2.2.	Meetings of Managers	7-14		
		Form 7-2A. Meetings of Managers	7-14		
	7.2.3.	Meetings of Directors	7-15		
		Form 7-3. Meetings of Directors	7-16		
	7.2.4.	Actions on Written Consent	7-17		
		Form 7-4. Actions on Written Consent	7-17		
		Form 7-5. Another Form for Actions on Written			
		Consent	7-18		
СНА	PTER 8:	TRANSFER AND BUY-SELL			
		PROVISIONS	8-1		
8.1.	Introdu	ction	8-4		
8.2.	Difference between Transfer Governance Rights, Financial				
		Holders, and Members	8-4		
	8.2.1.	Involuntary Transfer Provisions	8-5		
	8.2.2.	Statutory Transfer Provisions	8-5		
		8.2.2.1. Transfer of Financial Rights	8-5		
		8.2.2.2. Transfer of Membership			
		Interest or Governance Rights	8-6		
	8.2.3.	Statutory Termination Provisions	8-6.1		
8.3.	Tax As <sub>1</sub>	pects of Transfer Restrictions	8-13		
	Form 8	-1. Provisions Regarding Section 754 Election	8-14		
	Form 8	-2. [Reserved]	8-14.1		
8.4.	Prelimi	nary Drafting Considerations	8-14.1		
	Form 8	-3. Definitional Provision — Transfer	8-15		
	Form 8	-4. Definitional Provisions — Financial			
		Rights, Governance Rights and Membership			
		Interests	8-15		
8.5.	Draftin	g Transfer Provisions That Permit Free			
		rability of Interests	8-16		
	Form 8				
		Interests	8-16		

8.6.	Drafting Transfer Provisions That Absolutely					
				Any Kind	8-16	
	Form 8			tte Prohibition of Transfers	8-16	
8.7.		_		ovisions That Permit	0.45	
				ertain Conditions	8-17	
	8.7.1.				8-17	
		Form	8-7.	Transfer Permitted on Satisfaction		
				of Certain Conditions	8-17	
	8.7.2.			Rights	8-19	
		Form	8-8.	Right of First Refusal to LLC	0.20	
		_		Rather than Members or Holders	8-20	
		Form	18-9.	Right of First Refusal to Members	0.21	
	0.7.0	D: 1		[and/or Holders]	8-21	
	8.7.3.	_		t Offer	8-22	
			8-10.	Right of First Offer to the LLC	8-23	
		Form	8-11.	Right of First Offer to the	0.24	
	0.7.4			Other Members or Holders	8-24	
	8.7.4			f Transferee as a Member or Holder	8-25	
			8-12.	Admission of Substituted Member	8-26	
		Form	8-13.	Transferee Automatically Admitted	0.24	
	0.7.5	TT.	C	as Member	8-26	
	8.7.5.			Members' Affiliates and Family	8-27	
		Form	8-14.	Definitional Provisions — Affiliate		
				and Immediate Family Member	8-27	
		Form	8-15.	or Holder	0-21	
		гопп	16-13.	Transfers to Affiliates, Immediate Family Members, and Others	8-28	
8.8.	Withdrawal (Termination of Interest)			8-28.1		
0.0.				Form Version on Resignation	0-20.1	
	1 01111 0			ndrawal of a Member	8-29	
	Form 8	_17		Long Form Version on Resignation or		
	1 01111 0			rawal of a Member	8-30	
	Form 8	Form 8-18. Anot		er Short Form Version on	0.50	
	1 OIIII O			ation or Withdrawal of a		
			_	er	8-32	
8.9.	Creatin	g Buy		ghts	8-33	
	Form 8		•	Throat" Buy-Sell Provision	8-33	
	Form 8			tory Purchase in the Event of		
				Disability or Divorce Provision	8-34	
	Form 8	-21.		to Purchase upon Death or Disability of		
				er, Dissolution in the Event of Disagree-		
			ment if	f a Sale Cannot Be Agreed upon	8-36	

8.10.	Valuation Pr	ovisions		8-38			
	Form 8-22.	Agree	d Value Prior to Event with a				
		_	Up Method of Valuation	8-39			
	Form 8-23.	Agree	d Purchase Price at the Time				
		of the	of the Event with Appraised Value if				
		No Ag	greement	8-40			
	Form 8-24.	Agree	d Price at the Time of the Event				
			Baseball Arbitration" if No				
			ment	8-40			
	Form 8-25.	Book	Value	8-42			
	Form 8-26.	Appra	ised Value	8-43			
8.11.	Miscellaneo	ıs Trans	fer Provisions	8-44			
	Form 8-27.	Form	to Set Date of Closing and				
		Defen	red Payout	8-44			
8.12.	Charging Or	ders		8-45			
	8.12.1. Cha	rging Oı	rders and the Single-Member LLC	8-46			
	8.12	.1.1.	Olmstead v. Federal Trade Commission,				
			So. 3d, 2010 WL				
			2518106 (Fla. Jun 24, 2010)	8-47			
	8.12	.1.2.	The Bankruptcy Cases	8-48			
	8.12	.1.3.	Tennessee Statutory Provisions	8-50			
8.13.	Determination	on of a N	Member's Distributive Share on Transfer	8-52			
CHA	PTER 9: 1	DISSOI	LUTION	9-1			
9.1.	Dissolution (	Generall	ly	9-3			
9.2.	Termination upon Dissolution or Continuation by Substitution						
	upon Termination of the Membership Interest of the Last						
				9-4			
	Form 9-1. Dissolution and Termination upon the						
	Occurrence of Certain Events						
	Form 9-2.	Desig	nation of Successor to Last Remaining				
		Memb	oer	9-5			
9.3.	Methods of l	Dissolut	ion	9-5			
	9.3.1. Diss	olution	upon the Consent of the Members	9-5			
	Forr	n 9-3.	Vote Required for Dissolution and				
			Termination by Members	9-6			
	Forr	n 9-4.	Written Consent of the Members to				
			Dissolve the LLC	9-6			
	Forr	n 9-5.	Written Consent of the [Board of				
			Director(s)] [Manager(s)] to				
			Dissolve the LLC	9-8			

	9.3.2.	Non-Judicial	Termination by the Organizer(s)	9-8.1
		Form 9-6.	Articles of Termination by Organizer	9-9
		Form 9-7.	Request for Certificate of Existence/	
			Authorization (Good Standing)	9-11
	9.3.3.	Administrati	ve Dissolution	9-12
		Form 9-8.	Articles of Termination following	
			Administrative Dissolution	9-13
	9.3.4.	Judicial Diss	solution	9-14
9.4.	Proced	ure for Dissolu	ution	9-17
	9.4.1.	Notice of Di	ssolution	9-17
		Form 9-9.	Notice of Dissolution	9-18
	9.4.2.	Revocation of	of Dissolution	9-19
		Form 9-10.	Articles of Revocation of	
			Dissolution	9-20.1
	9.4.3.	Notice to Kn	own and Unknown Creditors	9-20.2
		Form 9-11.	Notice to Known Creditors	9-21
		Form 9-12.	Notice to Unknown Creditors	9-22
	9.4.4.	Winding Up	Process of the LLC	9-23
	9.4.5.	Articles of T	ermination	9-24
		Form 9-13.	Articles of Termination	9-25
9.5.	Distrib	ution of the As	ssets	9-26
9.6.	Cancel	lation of Certi	ficate of Authority for a	
	Foreign	n LLC		9-27
	9.6.1.	Cancellation	of Certificate of Authority	
		Generally		9-28
		Form 9-14.	Certificate of Cancellation of	
			Certificate of Authority	9-28.1
	9.6.2.		of Certificate of Authority	
		by Administr	rative Proceeding	9-30
		Form 9-15.	Certificate of Cancellation of	
			Certificate of Authority following	0.21
			Administrative Revocation	9-31
CHA	PTER 1	0: BOOKS	S, RECORDS, AND ACCOUNTING	10-1
10.1.	Introdu	iction		10-2
10.2.	Bankin	ıg		10-2
	Form 1	0-1. Bank A	Accounts — Member-Managed LLC	10-2
	Form 1	0-2. Bank A	Accounts — Director-Managed LLC	10-3
	Form 1	0-3. Bank A	Accounts — Manager-Managed LLC	10-3
10.3.	Record			10-3
	Form 1	0-4. Mainte	enance of Records — Member-Managed	
				10-5

	Form 10-		enance of Records — Director-Managed	10-
	Form 10-	6. Mainte	enance of Records — Manager-Managed	
				10-
10.4.				10-
	Form 10-		dar Year Accounting Period Specified	10-
10.5.			pers	10-
			nand	10-
	10.5.2. U	Jpon Writte	n Demand	10-
	I	Form 10-8.	Reports for Member-Managed LLC	10-
	I	Form 10-9.	Reports for Director-Managed LLC	10-
	I	Form 10-10.	Reports for Manager-Managed LLC	10-1
10.6.	"Tax Mat	ters Partner	,,	10-1
	Form 10-	11. [Reser	ved]	10-1
10.7.	Tax Elect	ions		10-1
			atus: Elections — For Use in	
		Direct	or-Managed LLC	10-1
	Form 10-		atus: Elections — For Use in	
		Memb	er-Managed LLC	10-1
	Form 10-		atus: Elections — For Use in	
			ger-Managed LLC	10-1
			PART III MISCELLANEOUS	
СНА	PTER 11:	REORG	GANIZATION OF THE LLC	11-
CIII	I ILK II.	REORG		11-
11.1.	In Genera	al		11-
11.2.	Admissio	on of New M	lembers	11-
			of a Membership Interest from the	
		_		11-
			embership Interests, Procedure for	
			s, and Specific Terms	11-
		_	Agreements/Contribution	
		-		11-
		Form 11-1.	Simple Contribution Agreement for	
			LLC Membership Interest	11-
	F	Form 11-2.	Long Form Contribution Agreement for	
			LLC Membership Interest	11-
	F	Form 11-3.	First Amendment to Operating Agreement	
			Admitting Subscriber of a Membership	
			Interest as a Member	11-1

	11.2.4.	Assignment	of Full Membership Interest	11-16
		Form 11-4.	Assignment of Membership	
			Interest	11-16
		Form 11-5.	First Amendment to Operating Agreement	t
			Admitting Assignee of Membership	
			Interest as a Member	11-22
	11.2.5.	Assignment	of Financial Rights	11-23
	11.2.6.	Assignment	of Governance Rights	11-24
		11.2.6.1.	Assignment to Another Member	11-24
		11.2.6.2.	Assignment to Non-Member	11-25
		11.2.6.3.	Effect of Assignment of Governance	
			Rights	11-25
11.3.	Conver	sion of an Ex	isting Entity into an LLC	11-26
	11.3.1.	In General .		11-26
	11.3.2.	Conversion	of a General or Limited Partnership	
		into an LLC		11-26
		Form 11-6.	Certificate of Conversion of a General	
			Partnership into an LLC	11-29
		Form 11-7.	[Reserved]	11-30
	11.3.3.	Conversion	of a Limited Partnership into an	
		LLC		11-31
	11.3.4.	Merger of a	General Partnership or a Limited	
		Partnership	into an LLC	11-31
		11.3.4.1.	The Old Act	11-32
			Form 11-8. Certificate of Merger for a	
			Tennessee Limited Partners	hip
			into a Tennessee Limited	
			Liability Company	
			(Old Act)	11-37
		11.3.4.2.	The New Act	11-38
			Form 11-8A. Certificate of Merger for a	
			Tennessee Limited Partners	hip
			into a Tennessee Limited	
			Liability Company	
			(New Act)	11-38.1
			of a Corporation into an LLC	11-38.3
11.4.			C into a Corporation	11-46
11.5.	-	-	LC	11-46.3
	Form 1		of Amendment of Operating	
		Agree	ment	11-47

11.6.	Mergers Involving a Tennessee LLC	11-48 11-48 11-52
	11.6.2. State Law Aspects of LLC Mergers Form 11-10. Merger of Two Tennessee Member-	
	Managed LLCs	11-53
	LLCs	11-55
11.7.	Conversion of an LLC to Another Form of Entity	11-57
11.8.	Contractual Appraisal Rights	11-57
СНА	PTER 12: DOING INTERSTATE BUSINESS	12-1
12.1.	Foreign LLCs Transacting Business in Tennessee	12-2
	12.1.1. Governing Law	12-2
	12.1.2. Definitions	12-2
	12.1.2.1. Transacting Business	12-3
	12.1.2.2. Interstate Commerce	12-4
	12.1.3. Procedure for Registration	12-4
	<ul><li>12.1.4. Filing Fee</li><li>12.1.5. Issuance of Certificate of Authority and Cancellation</li></ul>	12-6
	of Certificate of Authority	12-6
	Limited Liability Company	12-7
	Authority	12-8
	12.1.7. Revocation and Reinstatement	12-10
	Dissolution/Revocation	12-12
	12.1.8. Merger	12-15
12.2.	Tennessee LLCs Doing Business Outside of Tennessee	12-15
	12.2.1. Alabama	12-15
	12.2.2. Arkansas	12-16
	12.2.3. Georgia	12-18
	12.2.4. Kentucky	12-19
	12.2.5. Mississippi	12-21
	12.2.6. North Carolina	12-23
	12.2.7 Virginia	12-25

CHA	PTER 13: PROFESSIONAL LIMITED LIABILITY	
	COMPANIES	13-1
13.1.	Overview	13-2
13.2.	Comparison of PLLCs and Professional Corporations	13-4
13.3.	Comparison of PLLCs and Limited Liability Partnerships	13-7
13.4.	Mechanics of Registering as and Remaining an LLP	13-10.1
	Form 13-1. Application for Registration of Limited	
	Liability Partnership — Domestic	13-12
13.5.	Issues Pertaining to the Use of PLLCs by Attorneys	13-13
13.6.	Foreign Professional Limited Liability Companies	13-14
	Form 13-2. Application for Certificate of Authority for a Foreign Professional Limited Liability	
	Company	13-15
13.7.	Form of Operating Agreement for PLLC Conducting	
	a Professional Practice	13-17
CHA	PTER 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 an LLC	14-2
14.2.	Responsibility for Losses Derived from Guarantees of	
	LLC Obligations	14-9
	Form 14-2. Indemnity and Contribution Agreement —	
	Obligation Guaranteed Only by Members	14-11
14.3.	Pledges of LLC Interests	14-14
	Form 14-3. Membership Interests Pledge Agreement	14-17
	Form 14-4. Exhibit to Financing Statement	14-31
14.4.	Engagement Letter	14-31
	Form 14-5. Engagement Letter	14-31
14.5.	Series LLCs	14-37
	14.5.1. General	14-37
	14.5.2. What is a Series LLC?	14-38
	14.5.3. Observations	14-40
	14.5.4. Potential Benefits vs. Multiple LLCs	14-41
	14.5.5. Potential Uses of Series LLCs	14-43
	14.5.6. Potential Risks and Open Issues	14-44
	14.5.7. Practical Considerations and Drafting Series LLC	1 4 45
	Agreements	14-47 14-49
	14.5.8. Employment of a Member by an LLC	14-49

	Form 14-6. Employment Agreement Provision for Member who is an Employee	14-50
СНАР	PTER 15: FAMILY LIMITED LIABILITY COMPANY AGREEMENTS	15-1
15.1.	Introduction	15-2
15.2.	Overview of a Family LLC	15-2
	15.2.1. Code Section 704(e), Code Chapter 14, and Annual Gift Tax Exclusion	15-2
15.3.	Special Rules Regarding Taxation of Family LLCs	15-2
10.0.	15.3.1. Code Section 704(e)	15-3
	15.3.2. Gift Tax Annual Exclusion Issues	15-6
	15.3.3. Code Chapter 14 and Other Estate Tax Issues	15-7
15.4.	Form of Family LLC	15-10
СНАР	PTER 16: TENNESSEE SINGLE-MEMBER LLCS AND	
	NONPROFIT SINGLE-MEMBER LLCS	16-1
16.1.	Introduction	16-2
16.2.	Tennessee Single-Member LLCs	16-2
	16.2.1. Tennessee Single-Member LLC	16-2
	16.2.2. Tennessee Nonprofit Single-Member LLC	16-2
16.3.	Federal Income Taxation of Single-Member LLCs	16-4
16.4.	Tennessee Taxation of Single-Member LLCs	16-6
16.5.	Operating Agreement for Single-Member LLC	16-16.1
16.6.	Employment Agreement for Single-Member LLC	16-17
465	Form 16-1. Employment Agreement	16-17
16.7.	Form of Articles and Operating Agreement for Single- Member LLCs and Contract to Transfer Real Estate	
	Owned by a Single-Member LLC	16-23
СНАЕ	PTER 17: BANKRUPTCY ISSUES CONCERNING	
011111	LLCS	17-1
17.1.	Overview	17-3
17.2.	Eligibility of LLCs for Voluntary Relief under	
	the Bankruptcy Code	17-4
17.3.	Property of the Estate	17-5
	Capital Contributions	17-6

17.4.		per Commence an Involuntary Case	17.6	
17.5		LC?	17-6	
17.5.	What Approval Is Needed to Approve the Filing			
		y Case by an LLC?	17-8	
	Form 17-2.	Operating Agreement Provision — Unanimous		
		Consent of Members to Filing a Voluntary		
		Case	17-9	
	Form 17-3.	Operating Agreement Provision — Consent		
		of Majority of Members to Filing a Voluntary		
		Case	17-10	
	Form 17-4.	Operating Agreement Provision —		
		[Manager][Director] Vote Required		
		for Filing a Voluntary Case	17-10	
	Form 17-5.	Operating Agreement Provision — Member		
		and Manager Vote Required for Filing		
		a Voluntary Case	17-11	
	Form 17-6.	Resolutions of Members in Member-Managed		
		LLC — Consenting to Filing a Voluntary		
		Case under Chapter 7	17-12	
	Form 17-7.	Resolutions of [Board of Directors in		
		Director-Managed LLC][Managers in		
		a Manager-Managed LLC] — Consent		
		to Filing a Voluntary Case under		
		Chapter 11	17-13	
17.6.	Creating Lim	itations on the Ability of an		
	_	mence a Voluntary Case —		
		se Bankruptcy Remote LLCs	17-14	
	Form 17-8.	Operating Agreement Provision —		
		Purpose Clause for a SPBR LLC	17-16	
	Form 17-9.	Operating Agreement Provision —		
	101111 17 ).	Management of Business and Affairs of the		
		Company	17-16	
	Form 17-10.	Operating Agreement Provision —	1, 10	
	101111 17 10.	Special Amendment Provision	17-21	
17.7.	Other Bankri	aptcy Issues from the LLC's Perspective	17-23	
17.7.		C or Remaining Members to Terminate	17-23	
17.0.	-	Rights of a Bankrupt Member	17-24	
17.0				
17.9.		ankruptcy as an Event of Dissolution	17-29	
17.10.	•	Member's Interest in the Event of the	17.01	
17.11		ankruptcy	17-31	
17.11.		lication of Corporate-Like	17.00	
	Characteristic	CS	17-32	

# PART IV APPENDICES

APPENDIX A	[MEMBER-MANAGED] OPERATING	
	AGREEMENT OF LIMITED	
	LIABILITY COMPANY WITH	
	DISTRIBUTIONS IN ACCORDANCE	
	WITH CAPITAL ACCOUNT BALANCES	APP A-1
APPENDIX A2	[MEMBER-MANAGED] OPERATING	
	AGREEMENT WITH DISTRIBUTIONS	
	USING TARGETED CAPITAL ACCOUNTS .	<b>APP A2-1</b>
APPENDIX B	[MANAGER-MANAGED] OPERATING	
	AGREEMENT OF	
	LIMITED LIABILITY COMPANY	APP B-1
APPENDIX B2	[MANAGER-MANAGED] OPERATING	
	AGREEMENT OF LIMITED	
	LIABILITY COMPANY WITH TARGETED	
	CAPITAL ACCOUNT ALLOCATIONS	<b>APP B2-1</b>
APPENDIX C	[DIRECTOR-MANAGED] OPERATING	
	AGREEMENT OF	
	LIMITED LIABILITY COMPANY	APP C-1
APPENDIX D	SERIES LIMITED LIABILITY COMPANY	
	ARTICLES AND OPERATING	
	AGREEMENT	APP D-1
APPENDIX E		
	FAMILY INVESTMENT, LLC	APP E-1
APPENDIX F1	TENNESSEE NONPROFIT LIMITED	
	LIABILITY COMPANY ACT AND	
	PROVISIONS OF THE TENNESSEE	
	NONPROFIT CORPORATION ACT	<b>APP F1-1</b>
APPENDIX F2	TENNESSEE LIMITED LIABILITY	
	COMPANY ACT	<b>APP F2-1</b>
APPENDIX F3	PROVISIONS OF TENNESSEE	
	FRANCHISE AND EXCISE TAX LAW	APP F3-1
APPENDIX F4	PROVISIONS OF THE TENNESSEE	
	BUSINESS CORPORATION ACT	<b>APP F4-1</b>

APPENDIX F5	PROVISIONS OF THE TENNESSEE	
	LIMITED LIABILITY PARTNERSHIP ACT	APP F5-1
APPENDIX F6	PROVISIONS OF THE TENNESSEE PROFESSIONAL CORPORATION ACT	APP F6-1
APPENDIX F7	PROVISIONS FOR QUALIFICATION AS A FOREIGN LIMITED LIABILITY COMPANY IN ALABAMA, ARKANSAS, GEORGIA, KENTUCKY, MISSISSIPPI, NORTH CAROLINA, AND VIRGINIA	APP F7-1
APPENDIX F8	PROVISIONS OF THE TENNESSEE CODE OF PROFESSIONAL RESPONSIBILITY	APP F8-1
APPENDIX G	LLC OPERATING AGREEMENT	APP G-1
APPENDIX G1	SHORT FORM SYNDICATED LLC OPERATING AGREEMENT	APP G1-1
APPENDIX H1	ARTICLES OF ORGANIZATION OF [SINGLE-MEMBER], LLC	APP H1-1
APPENDIX H2	OPERATING AGREEMENT OF [SINGLE-MEMBER], LLC [DIRECTOR-MANAGED SINGLE-MEMBER LLC]	APP H2-1
APPENDIX H3	OPERATING AGREEMENT OF [SINGLE-MEMBER], LLC [MEMBER-MANAGED SINGLE-MEMBER LLC]	APP H3-1
APPENDIX H4	OPERATING AGREEMENT OF [SINGLE-MEMBER], LLC [MANAGER-MANAGED SINGLE-MEMBER LLC]	APP H4-1
APPENDIX H5	ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT OF CHARITABLE ENTITY, LLC [MEMBER-MANAGED, SINGLE-MEMBER, NONPROFIT LLC]	APP H5.1

APPENDIX H6	CONTRACT OF SALE OF THE MEMBERSHIP INTERESTS OF A	
	SINGLE-MEMBER LLC OWNING REAL ESTATE	<b>APP H6-1</b>
APPENDIX H7	TENANCY IN COMMON AGREEMENT OF SINGLE-MEMBER LLCS	APP H7-1
APPENDIX H8	BANKRUPTCY REMOTE SPECIAL OR SINGLE PURPOSE ENTITY USING A SINGLE MEMBER LLC	APP H8-1
APPENDIX I	INTERNAL REVENUE SERVICE REGULATIONS ON THE NONCOMPENSATORY PARTNERSHIP OPTIONS	APP I-1
APPENDIX J	OPERATING AGREEMENT OF, PLLC	APP J-1
APPENDIX K	"CHECK-THE-BOX" REGULATIONS	APP K-1
APPENDIX L	IRS FORM 8832	APP L-1
APPENDIX M	COMPARISON OF STATE LLC FEES AND OTHER INFORMATION	APP M-1
APPENDIX N	OPERATING AGREEMENT (FOR USE IF S CORPORATION TAX TREATMENT IS TO BE ELECTED)	APP N-1
APPENDIX O	PROPOSED FORM LETTER TO NEW (POST 2023) CLIENTS	APP O-1
	PART V LLP AND LLC CASES	
LLP and LLC Ca	ses LI	LC Cases-1
	PART VI INDICES	
Cumulative Table	of Internal Revenue Code Citations of Bankruptcy Code Citations of Treasury Regulations	INDEX-1 INDEX-5 INDEX-6

Cumulative Table of Revenue Rulings and Revenue Procedures	INDEX-10
Cumulative Table of Tennessee Code Annotated Sections	INDEX-12
Subject Index	INDEX-25
Forms Index	INDEX-41