UT LAW CLE THE UNIVERSITY OF TEXAS SCHOOL OF LAW

Nuts and Bolts of LLC's, LP's and Partnerships

Model Company Agreements for Simple LLCs

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Introduction and Overview.

- Agreements for simple LLCs may not be so simple to draft.
  - Models are not forms to copy and fill in the blanks.
  - Use care and consideration.

Introductory Paragraph.

- Shelf LLCs.
  - Reasonable period until members are added. BOC § 101.101(b).
  - Admission of members after the formation requires member approval. BOC § 101.052, 101.103(c).
- Single member LLC.
  - Agreement of one allowed. BOC § 101.001(1).
- Manager-managed LLC.
  - Manager(s) a party to the company agreement?

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Article 1: Formation.

- Duration:
  - Until winding up and termination.
- Purpose:
  - Not "any lawful purpose."

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Article 2: Members and Membership Interests

- Initial members.
  - Admitted as of the date of formation.
  - What about "initial members" who sign later?
  - Definitions of "Percentages" is expansive.
- Additional members.
  - Admitted with approval of all members.
  - Approval to admit will include adjustment of percentages and terms of capital contributions.

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Article 2: Members and Membership Interests (cont'd.)

- Withdrawal or Expulsion.
  - Model agreement for manager-managed company follows BOC:
    - Member may not withdraw or be expelled. BOC § 101.051 & § 101.054
  - Model Agreement for member-managed company overrides the default rules of the BOC:
    - Member may withdraw and become an assignee.
    - Member may be expelled by unanimous vote of other members for cause.

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