Drafting Issues in Partnership and LLC Agreements

Ladd Hirsch
Winstead PC
Dallas, Texas

Christina Marshall
Haynes and Boone, LLP
Dallas, Texas

haynesboone

© 2020 Haynes and Boone, LLP

1

Overview

- Capital contributions (initial and additional) and the failure to make them
- Allocations and substantial economic effect rules
- Avoiding phantom income
- Management
- Transfer Restrictions
- Exit strategies
- Dispute resolution
- Force majeure and Frustration under Texas law

haynesboone

© 2020 Haynes and Boone, LLP

2

Why Provisions Don't Achieve Intended Results

A. The Issue Wasn't Dealt With at Drafting Stage
B. Not Clear
C. Time
D. Not Enforceable
E. Bankruptcy
F. Insolvency

haynesboone

© 2020 Haynes and Boone, LLP

Capital Contributions and Consequences of the Failure to Make Them

haynesboone

© 2020 Haynes and Boone, LLP

Capital Contributions and Consequences of the Failure to Make Them

Initial Capital Contributions

A. Require at Closing

B. Agree on Fair Market Value of All Property Contributed to the Partnership

haynesboone

© 2020 Haynes and Boone, LLP

PLANNING TOOL



If You are the Non-General Partner, You May Need Right to Demand Additional Capital Contributions

haynesboone

© 2020 Haynes and Boone, LLP

UT LAW CLE THE UNIVERSITY OF TEXAS TEXASLAW

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the UT Law CLE eLibrary (utcle.org/elibrary)

Title search: Drafting Issues in Partnership and LLC Agreements

Also available as part of the eCourse
2020 LLCs, LPs, and Partnerships eConference

First appeared as part of the conference materials for the
29th Annual LLCs, LPs and Partnerships session
"Ambiguous, Omitted, and Inconsistent Provisions in Partnership and Company Agreements: Approaches and Examples (Plus Bonus Discussion: Force Majeure in Texas)"