

# Nuts and Bolts of LLCs and Partnerships

## Elements of an LLC Company Agreement

CLIFF ERNST

McGINNIS LOCHRIDGE LLP, AUSTIN, TX

1

## Introduction and Overview.

- Agreements for LLCs may not be so simple to draft.
  - Models are not forms to copy and fill in the blanks.
  - Use care and consideration.
- Model Agreements.
  - Manager-Managed, Multi-Member LLC.
  - Member-Managed, Multi-Member LLC.
  - Single Member LLC.

2

## Introductory Paragraph.

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

## Article 1: Formation.

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

## 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” – must equal 100%.
- Additional members.
  - Admitted with approval of all members.
  - Approval to admit will include adjustment of percentages and terms of capital contributions.

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

- Withdrawal or Expulsion.
  - Model agreement for manager-managed company follows TBOC:
    - ✦ Member may not withdraw or be expelled. TBOC § 101.107
  - Model Agreement for member-managed company overrides the default rules of the TBOC:
    - ✦ Member may withdraw and become an assignee.
    - ✦ Member may be expelled by unanimous vote of other members for cause.

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 \(utcle.org/elibrary\)](https://utcle.org/elibrary)

## Title search: Elements of an LLC Company Agreement

Also available as part of the eCourse

[2019 Nuts and Bolts of LLCs, LPs and Partnerships eConference](#)

First appeared as part of the conference materials for the  
2019 Nuts and Bolts of LLCs, LPs and Partnerships session  
"Primer: Nuts and Bolts of LLCs and Partnerships Part Two"