

MODEL COMPANY AGREEMENTS FOR CLOSELY HELD LLCs

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New Texas Business Entity Filings

| | <u>2020</u> | <u>2021</u> | <u>% Change</u> |
|---|-------------|-------------|-----------------|
| For-Profit Corporations | 22,249 | 25,102 | +12.82 |
| Professional Corporations | 518 | 565 | +9.07 |
| Professional Associations | 268 | 254 | -5.22 |
| Limited Liability Companies | 257,294 | 350,146 | +36.09 |
| Limited Partnerships | 4,134 | 5,722 | +38.41 |
| Limited Liability Partnerships (initial registrations) | 454 | 478 | +5.29 |

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Texas Business Entity Filings (A Look Back)

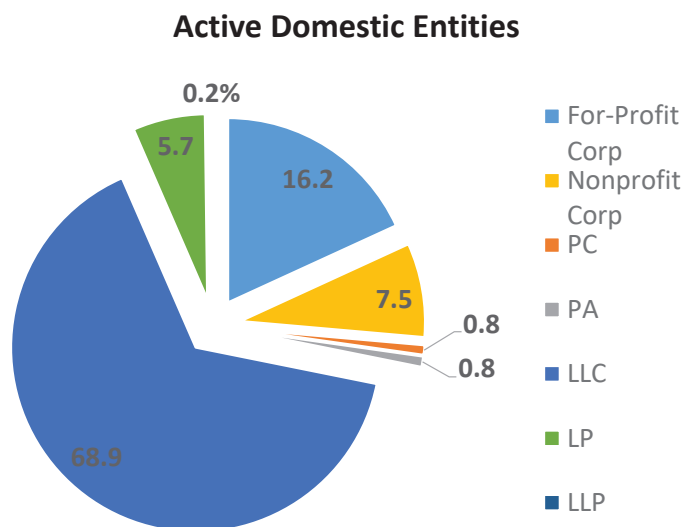
| | <u>2013</u> | <u>2021</u> | <u>% Change</u> |
|---|-------------|-------------|-----------------|
| For-Profit Corporations | 22,803 | 25,102 | +10.08 |
| Professional Corporations | 846 | 565 | -33.21 |
| Professional Associations | 833 | 264 | -68.31 |
| Limited Liability Companies | 108,815 | 350,146 | +221.78 |
| Limited Partnerships | 7,441 | 5,722 | -23.10 |
| Limited Liability Partnerships (initial registrations) | 754 | 364 | -51.72 |

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SOS Census January 1, 2022

| | |
|-----------------|-----------|
| For-Profit Corp | 363,404 |
| Nonprofit Corp | 168,335 |
| Prof. Corp | 17,069 |
| Prof. Ass'n | 17,872 |
| LLC | 1,547,639 |
| LP | 127,958 |
| LLP | 4,030 |



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Introduction and Overview

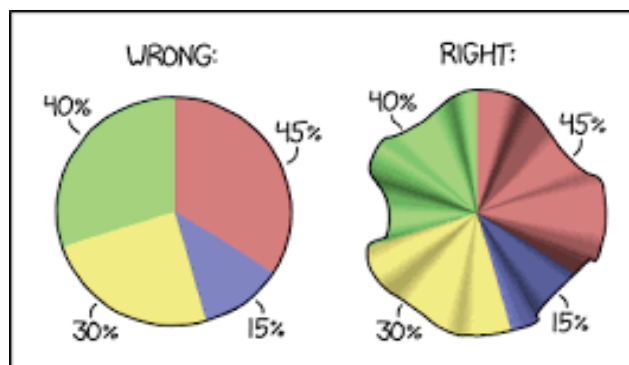
- Anecdotal evidence and analogies to IRS statistics indicate most LLCs have one or two members
- Program materials
 - Agreements for “simple” LLCs may not be so simple to draft; models are not forms to copy and fill in blanks
 - Narrative discussion of drafting issues and explanation of provisions in model agreements
 - Three model agreements:
 - Manager-managed, multi-member
 - Member-managed, multi-member
 - Member-managed, single-member
 - Models are not forms to copy and fill in the blanks

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Members, Percentages, and Assignees

There are three kinds of people in this world, those that are good at math and those that are not.

(Member A has 40%, member B has 45%, member C has 30%, member D has 15%...)



HOW TO MAKE A PIE CHART IF YOUR PERCENTAGES DON'T ADD UP TO 100

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Title search: Model Company Agreements for Closely Held LLCs

Also available as part of the eCourse

[2022 LLCs, LPs and Partnerships eConference](#)

First appeared as part of the conference materials for the

31st Annual LLCs, LPs and Partnerships session

"Updated Model LLC Agreements"