

---

By: **Delegates Barve and Brown**  
Introduced and read first time: January 28, 2002  
Assigned to: Economic Matters

---

Committee Report: Favorable  
House action: Adopted  
Read second time: March 21, 2002

---

CHAPTER 514

1 AN ACT concerning

2 **Limited Liability Companies - Membership and Activities**

3 FOR the purpose of expanding the definition of a member of a limited liability  
4 company to include a person admitted as a member of a state or foreign limited  
5 liability company; authorizing a limited liability company to conduct certain  
6 lawful activities in any state whether for profit or not; authorizing a person to be  
7 a member of a limited liability company or to be the sole member of a limited  
8 liability company under certain circumstances; prohibiting a limited liability  
9 company from being dissolved within certain time periods under certain  
10 circumstances; permitting the operating agreement of a limited liability  
11 company to include a certain provision; prohibiting the termination of a person's  
12 membership in a limited liability company from causing the limited liability  
13 company to be dissolved or to wind up its affairs under certain circumstances;  
14 providing that a limited liability company continues to exist following the  
15 termination of a person's membership under certain circumstances; and  
16 generally relating to the membership and activities of limited liability  
17 companies.

18 BY repealing and reenacting, with amendments,  
19 Article - Corporations and Associations  
20 Section 4A-101(n), 4A-201, 4A-601, and 4A-902  
21 Annotated Code of Maryland  
22 (1999 Replacement Volume and 2001 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
24 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Corporations and Associations**

2 4A-101.

3 (n) (1) "Member" means a person with an interest in a limited liability  
4 company with the rights and obligations specified under this title.

5 (2) "MEMBER" INCLUDES A PERSON WHO HAS BEEN ADMITTED AS A  
6 MEMBER OF A LIMITED LIABILITY COMPANY ORGANIZED IN THE STATE OR A  
7 FOREIGN LIMITED LIABILITY COMPANY.

8 4A-201.

9 A limited liability company may be organized under this title and may conduct  
10 [business in any state for any lawful purpose,] ACTIVITIES IN ANY STATE RELATED  
11 TO ANY LAWFUL BUSINESS, PURPOSE, INVESTMENT, OR ACTIVITY, WHETHER OR NOT  
12 FOR PROFIT, except the business of acting as an insurer.

13 4A-601.

14 (a) A person becomes a member of a limited liability company:

15 (1) At the time the limited liability company is formed; or

16 (2) At any later time specified in the operating agreement.

17 (b) After the formation of a limited liability company, a person may be  
18 admitted as a member:

19 (1) In the case of a person acquiring a membership interest directly from  
20 the limited liability company, upon compliance with the operating agreement or, if the  
21 operating agreement does not so provide, upon the unanimous consent of the  
22 members; or

23 (2) In the case of an assignee of an interest of a member who has the  
24 power as provided in § 4A-604 of this subtitle to grant the assignee the right to  
25 become a member, upon the exercise of that power and compliance with any  
26 conditions limiting the grant or exercise of that power.

27 (C) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION OR  
28 THE OPERATING AGREEMENT OF A LIMITED LIABILITY COMPANY, A PERSON MAY BE  
29 ADMITTED AS A MEMBER OF A LIMITED LIABILITY COMPANY AND MAY BE THE SOLE  
30 MEMBER OF A LIMITED LIABILITY COMPANY WITHOUT:

31 (1) MAKING A CONTRIBUTION TO THE LIMITED LIABILITY COMPANY;

32 (2) BEING OBLIGATED TO MAKE A CONTRIBUTION TO THE LIMITED  
33 LIABILITY COMPANY; OR

34 (3) ACQUIRING AN INTEREST IN THE LIMITED LIABILITY COMPANY.

1 4A-902.

2 (A) A limited liability company is dissolved and shall commence the winding  
3 up of its affairs on the first to occur of the following:

4 (1) At the time or on the happening of the events specified in the articles  
5 of organization or the operating agreement;

6 (2) At the time specified by the unanimous consent of the members;

7 (3) At the time of the entry of a decree of judicial dissolution under §  
8 4A-903 of this subtitle; or

9 (4) Except as otherwise provided in the operating agreement OR AS  
10 PROVIDED IN SUBSECTION (B) OF THIS SECTION, at the time the limited liability  
11 company has had no members for a period of 90 consecutive days.

12 (B) A LIMITED LIABILITY COMPANY MAY NOT BE DISSOLVED OR REQUIRED TO  
13 WIND UP ITS AFFAIRS IF WITHIN 90 DAYS AFTER THERE ARE NO REMAINING  
14 MEMBERS OF THE LIMITED LIABILITY COMPANY OR WITHIN THE PERIOD OF TIME  
15 PROVIDED IN THE OPERATING AGREEMENT:

16 (1) THE LAST REMAINING MEMBER'S PERSONAL REPRESENTATIVE OR  
17 SUCCESSOR AGREES IN WRITING TO CONTINUE THE LIMITED LIABILITY COMPANY  
18 AND TO BE ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A MEMBER TO  
19 BE EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED TO BE A  
20 MEMBER; OR

21 (2) A MEMBER IS ADMITTED TO THE LIMITED LIABILITY COMPANY IN  
22 THE MANNER SET FORTH IN THE OPERATING AGREEMENT TO BE EFFECTIVE AS OF  
23 THE TIME THE LAST REMAINING MEMBER CEASED TO BE A MEMBER UNDER A  
24 PROVISION IN THE OPERATING AGREEMENT THAT PROVIDES FOR THE ADMISSION  
25 OF A MEMBER AFTER THERE ARE NO REMAINING MEMBERS.

26 (C) AN OPERATING AGREEMENT MAY PROVIDE THAT THE LAST REMAINING  
27 MEMBER'S PERSONAL REPRESENTATIVE OR SUCCESSOR SHALL BE OBLIGATED TO  
28 AGREE IN WRITING TO CONTINUE THE LIMITED LIABILITY COMPANY AND TO BE  
29 ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A MEMBER TO BE  
30 EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED TO BE A  
31 MEMBER.

32 (D) EXCEPT AS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT AND  
33 SUBJECT TO THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION, THE  
34 TERMINATION OF A PERSON'S MEMBERSHIP MAY NOT CAUSE A LIMITED LIABILITY  
35 COMPANY TO BE DISSOLVED OR TO WIND UP ITS AFFAIRS AND THE LIMITED  
36 LIABILITY COMPANY SHALL CONTINUE IN EXISTENCE FOLLOWING THE  
37 TERMINATION OF A PERSON'S MEMBERSHIP.

38 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
39 effect October 1, 2002.

