

Information

Termination of Limited Liability Company - Kit

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This kit provides the tools for terminating the existence of a limited liability company.

In many limited liability companies, there will come a time when the members will desire that the company cease to exist. In order for the dissolution of the limited liability company to proceed as amicably as possible, it is wise to carefully consider all aspects of the impending end of the company and to draft a comprehensive Termination of Limited Liability Company Agreement that will cover each aspect of dissolution of the business to each member's satisfaction. The termination of a business limited liability company is, perhaps, one of the most difficult business situations to confront. This kit is designed to assist you in understanding the factors that will be important as you proceed to terminate your business limited liability company.

Included in this kit are the following:

- Termination Worksheet
- Sample Termination of Limited Liability Company Agreement

Note: This kit includes materials that will aid you in deciding how to best terminate your limited liability company. In order to actually dissolve your limited liability company, you must file Articles of Dissolution with your state limited liability company department. Please see your Secretary of State's website for further information on LLC dissolution in your state.

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An attorney should be consulted for all serious legal matters.

Termination Worksheet

Date proposed for termination: _____

Reason for termination: _____

Valuation of limited liability company business: \$ _____

Appraisal of limited liability company property: \$ _____

Who will appraise the limited liability company property? _____

Does anyone hold a right of first refusal or option to purchase the business? _____

Is an outside purchase or lease of the business involved? _____

If so, what are the proposed terms of the outside purchaser's offer to buy or lease the business?

Are these terms unanimously acceptable to the members? _____

Is the business to be sold or leased to an existing member? _____

If so, what are the proposed terms of the existing purchaser's offer to buy or lease the business?

Are these terms unanimously acceptable to the members? _____

Will the limited liability company business be discontinued with no purchase of limited liability company assets? _____

What disposition will be made of the limited liability company name? _____

What date is set for the sale/lease/liquidation of the limited liability company? _____

What are the proportionate shares of profits and losses of each member? _____

What is the liquidation or sale value of all of the limited liability company assets? _____

What is the value of all of the limited liability company liabilities, other than to members? _____

What will be the remaining limited liability company assets after all limited liability company liabilities have been met? _____

How much will be distributed to each member's income account? _____

How much will be distributed to each member's capital account? _____

How much additional limited liability company funds will be distributed to each member?

Who will wind up the limited liability company business? _____

What is the estimated date for the distribution of the final limited liability company assets?

Termination of Limited Liability Company Agreement

This Termination of Limited Liability Company Agreement is made on _____, 20____, by and between _____, of _____, City of _____, State of _____, and _____, of _____, City of _____, State of _____. It is intended to permanently terminate the limited liability company that was created by the Articles of Organization between the above parties that was dated _____, 20____, and filed with the State of _____, on _____, 20____.

The above noted members agree to terminate their limited liability company under the following terms and conditions:

1. After _____, 20____, no member shall engage in any further limited liability company business nor incur any further limited liability company obligations, other than to liquidate the assets of the limited liability company and, in general, wind up the limited liability company's affairs.
2. The members agree that each asset of the limited liability company has a present fair market value equal to the asset's value as shown on the financial records of the limited liability company. However, if an asset is sold, the members agree that that asset shall be deemed to have a fair market value equal to its sale price.
3. The members agree that their proportionate shares of the assets and liabilities of the limited liability company are as follows:
4. The limited liability company shall proceed to have an accounting made of all of the assets and liabilities of the limited liability company. The equities of the limited liability company creditors and members shall be determined on the date of the accounting, which shall be no later than _____, 20____. Any liabilities incurred or funds received by the limited liability company after this date shall be distributed to the members according to their proportionate shares.
5. Any limited liability company assets shall be sold. Any member shall have the right to purchase any limited liability company asset before any sale to an outside purchaser. The proceeds from the sale of the limited liability company assets, along with any limited liability company funds shall be applied to the limited liability company liabilities in the following order:
 - a. To pay all the debts and obligations of the limited liability company
 - b. To the members' income accounts to the members in their proportionate share
 - c. To the members' capital accounts to the members in their proportionate share
 - d. To any remaining assets to the members in their proportionate share.
6. Every member hereby represents that he or she has not obligated the limited liability company in any way that does not appear on the records of the limited liability company, nor

has he or she received any funds or assets that do not appear on the records of the limited liability company.

7. The limited liability company name shall be disposed of as follows:

8. No modification of this Agreement shall be effective unless it is in writing and signed by a majority of the members. This Agreement binds and benefits all members and any successors, inheritors, assigns, or representatives of the members. Time is of the essence of this Agreement. This document is the entire Agreement between the members. Any attached papers that are referred to in this Agreement are part of this Agreement. Any alleged oral agreements shall have no force or effect. This Agreement is governed by the laws of the State of _____. If any portion of this Agreement is held to be invalid, void, or unenforceable by any court of law of competent jurisdiction, the rest of the Agreement shall remain in full force and effect.

Dated _____, 20__

Signature of Member

Printed Name of Member

Signature of Member

Printed Name of Member