

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Limited Liability Company Act is amended by changing Sections 1-5, 1-40, 10-1, 10-10, 10-15, 13-15, 15-20, 30-1, 35-1, and 35-45 as follows:

(805 ILCS 180/1-5)

Sec. 1-5. Definitions. As used in this Act, unless the context otherwise requires:

"Anniversary" means that day every year exactly one or more years after: (i) the date the articles of organization filed under Section 5-5 of this Act were filed by the Office of the Secretary of State, in the case of a limited liability company; or (ii) the date the application for admission to transact business filed under Section 45-5 of this Act was filed by the Office of the Secretary of State, in the case of a foreign limited liability company.

"Anniversary month" means the month in which the anniversary of the limited liability company occurs.

"Articles of organization" means the articles of organization filed by the Secretary of State for the purpose of forming a limited liability company as specified in Article 5 and all amendments thereto, whether evidenced by articles of

amendment, articles of merger, or a statement of correction affecting the articles.

"Assumed limited liability company name" means any limited liability company name other than the true limited liability company name, except that the identification by a limited liability company of its business with a trademark or service mark of which it is the owner or licensed user shall not constitute the use of an assumed name under this Act.

"Bankruptcy" means bankruptcy under the Federal Bankruptcy Code of 1978, Title 11, Chapter 7 of the United States Code, as amended from time to time, or any successor statute.

"Business" includes every trade, occupation, profession, and other lawful purpose, whether or not carried on for profit.

"Company" means a limited liability company.

"Contribution" means any cash, property, services rendered, or other benefit, or a promissory note or other binding obligation to contribute cash or property, perform services, or provide any other benefit, that a person contributes to the limited liability company in that person's capacity as a member or in order to become a member.

"Court" includes every court and judge having jurisdiction in a case.

"Debtor in bankruptcy" means a person who is the subject of an order for relief under Title 11 of the United States Code, a comparable order under a successor statute of general application, or a comparable order under federal, state, or

foreign law governing insolvency.

"Distribution" means a transfer of money, property, or other benefit from a limited liability company to a member in the member's capacity as a member or to a transferee of the member's distributional interest.

"Distributional interest" means a member's right to receive distributions of the limited liability company's assets, but no other rights or interests of a member.

"Entity" means a person other than an individual.

~~"Federal employer identification number" means either (i) the federal employer identification number assigned by the Internal Revenue Service to the limited liability company or foreign limited liability company or (ii) in the case of a limited liability company or foreign limited liability company not required to have a federal employer identification number, any other number that may be assigned by the Internal Revenue Service for purposes of identification.~~

"Foreign limited liability company" means an unincorporated entity organized under laws other than the laws of this State that afford limited liability to its owners comparable to the liability under Section 10-10 and is not required to register to transact business under any law of this State other than this Act.

"Insolvent" means that a limited liability company is unable to pay its debts as they become due in the usual course of its business.

"Legal representative" means, without limitation, an executor, administrator, guardian, personal representative and agent, including an appointee under a power of attorney.

"Limited liability company" means a limited liability company organized under this Act.

"L3C" or "low-profit limited liability company" means a for-profit limited liability company which satisfies the requirements of Section 1-26 of this Act and does not have as a significant purpose the production of income or the appreciation of property.

"Manager" means a person, whether or not a member of a manager-managed company, who is vested with authority in an operating agreement as provided in Section 15-1.

"Manager-managed company" means a limited liability company that vests authority in a manager or managers in an operating agreement as provided in Section 15-1.

"Member" means a person who becomes a member of the limited liability company upon formation of the company or in the manner and at the time provided in the operating agreement or, if the operating agreement does not so provide, in the manner and at the time provided in this Act.

"Member-managed company" means a limited liability company other than a manager-managed company.

~~"Membership interest" means all of a member's rights in the limited liability company, including the member's right to receive distributions of the limited liability company's~~

~~assets.~~

"Operating agreement" means the agreement under Section 15-5, whether or not referred to as an operating agreement and whether oral, in a record, implied, or in any combination thereof, of all of the members of a limited liability company, including a sole member, concerning the relations among the members, managers, and limited liability company. The term "operating agreement" includes amendments to the agreement.

"Organizer" means one of the signers of the original articles of organization.

"Person" means an individual, partnership, domestic or foreign limited partnership, limited liability company or foreign limited liability company, trust, estate, association, corporation, governmental body, or other juridical being.

"Professional limited liability company" means a limited liability company that provides professional services licensed by the Department of Financial and Professional Regulation and that is organized under the Professional Limited Liability Company Act and this Act.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Registered office" means that office maintained by the limited liability company in this State, the address, including street, number, city and county, of which is on file in the office of the Secretary of State, at which, any process,

notice, or demand required or permitted by law may be served upon the registered agent of the limited liability company.

"Registered agent" means a person who is an agent for service of process on the limited liability company who is appointed by the limited liability company and whose address is the registered office of the limited liability company.

"Restated articles of organization" means the articles of organization restated as provided in Section 5-30.

"Sign" means, with the present intent to authenticate or adopt a record:

(1) to execute or adopt a tangible symbol; or

(2) to attach to or logically associate with the record an electronic symbol, sound, or process.

"State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

"Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, and gift.

(Source: P.A. 99-637, eff. 7-1-17; 100-894, eff. 8-14-18.)

(805 ILCS 180/1-40)

Sec. 1-40. Records to be kept.

(a) Each limited liability company shall keep at the principal place of business of the company named in the articles of organization or other reasonable locations

specified in the operating agreement all of the following:

(1) A list of the full name and last known address of each member setting forth the amount of cash each member has contributed, a description and statement of the agreed value of the other property or services each member has contributed or has agreed to contribute in the future, and the date on which each became a member.

(2) A copy of the articles of organization, as amended or restated, together with executed copies of any powers of attorney under which any articles, application, or certificate has been executed.

(3) Copies of the limited liability company's federal, State, and local income tax returns and reports, if any, for the 3 most recent years.

(4) Copies of any then effective written operating agreement and any amendments thereto and of any financial statements of the limited liability company for the 3 most recent years.

(b) Records kept under this Section may be inspected and copied at the request and expense of any member or legal representative of a deceased member or member under legal disability during ordinary business hours.

(c) The rights under subsection (b) of this Section also extend to a transferee of a distributional interest, but only for a proper purpose. In order to exercise this right, a transferee must make written demand upon the limited liability

company, stating with particularity the records sought to be inspected and the purpose of the demand.

(d) Within 10 days after receiving a demand pursuant to subsection (c):

(1) the company shall provide the information demanded or, in a record, a description of the information the company will provide, stating a reasonable time within which it will be provided and the place where it will be provided; and

(2) if the company declines to provide any demanded information, the company shall state its reasons for declining to the transferee in a record.

A transferee may exercise the rights under this subsection through a legal representative.

(e) If the company fails to comply with this Section, the person making a request or demand may file an action to compel the company to permit the inspection and copying and to obtain such other legal or equitable relief as may be proper. If the court finds that the company failed to comply with the requirements of this Section and, in the case of subsection (c) or (d), the company acted unreasonably, the court may award the plaintiff its reasonable costs and attorney's fees incurred in bringing and prosecuting the action.

(Source: P.A. 99-637, eff. 7-1-17.)



Sec. 10-1. Admission of members.

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

(1) upon formation of the company, as provided in an agreement between the organizer and the initial member if there is only one member, or as provided in an agreement among initial members if there is more than one member;

(2) after the formation of the company,

(A) as provided in the operating agreement;

(B) as the result of a transaction effective under Article 37;

(C) with the consent of all the members; or

(D) if, within 180 consecutive days after the company ceases to have any members:

(i) the last person to have been a member, or the legal representative of that person, designates a person to become a member; and

(ii) the designated person consents to become a member.

More than one person may be designated to become a member under this clause (D).

(b) A person that acquires a distributional interest, but that does not become a member, has merely the rights of a transferee under Sections 30-5 and 30-10.

(c) A person may become a member without acquiring a distributional interest and without making or being obligated

to make a contribution to the limited liability company.

(Source: P.A. 99-637, eff. 7-1-17.)

(805 ILCS 180/10-10)

Sec. 10-10. Liability of members and managers.

(a) Except as otherwise provided in subsection (d) of this Section, the debts, obligations, and liabilities of a limited liability company, whether arising in contract, tort, or otherwise, are solely the debts, obligations, and liabilities of the company. A member or manager is not personally liable for a debt, obligation, or liability of the company solely by reason of being or acting as a member or manager.

(a-5) Nothing in subsection (a) or subsection (d) limits the personal liability of a member or manager imposed under law other than this Act, including, but not limited to, agency, contract, and tort law. The purpose of this subsection (a-5) is to overrule the interpretation of subsections (a) and (d) set forth in Dass v. Yale, 2013 IL App (1st) 122520, and Carollo v. Irwin, 2011 IL App (1st) 102765, and clarify that under existing law a member or manager of a limited liability company may be liable under law other than this Act for its own wrongful acts or omissions, even when acting or purporting to act on behalf of a limited liability company. This subsection is therefore intended to be applicable to actions with respect to which all timely appeals have not exhausted before the effective date of this amendatory Act of the 101st General

Assembly as well as to all actions commenced on or after the effective date of this amendatory Act of the 101st General Assembly.

(b) (Blank).

(c) The failure of a limited liability company to observe the usual company formalities or requirements relating to the exercise of its company powers or management of its business is not a ground for imposing personal liability on the members or managers for liabilities of the company.

(d) All or specified members of a limited liability company are liable in their capacity as members for all or specified debts, obligations, or liabilities of the company if:

(1) a provision to that effect is contained in the articles of organization; and

(2) a member so liable has consented in writing to the adoption of the provision or to be bound by the provision.

(Source: P.A. 90-424, eff. 1-1-98.)

(805 ILCS 180/10-15)

Sec. 10-15. Right of members and dissociated members to information.

(a) A company shall furnish information when any member demands it in a record concerning the company's activities, financial condition, and other circumstances of the company's business necessary to the proper exercise of a member's rights and duties under the operating agreement or this Act or that is

otherwise material to the member's membership interest in the company ~~of a member~~, unless the company knows that the member already knows that information.

(b) The following rules apply when a member makes a demand for information under this Section:

(1) During regular business hours and at a reasonable location and time specified by the company, a member may obtain from the company, inspect, and copy information for a purpose consistent with subsection (a).

(2) Within 10 days after receiving a demand pursuant to subsection (a):

(A) the company shall provide the information demanded or, in a record, a description of the information the company will provide, stating a reasonable time within which it will be provided and the place where it will be provided; and

(B) if the company declines to provide any demanded information, the company shall state its reasons for declining to the member in a record.

(c) Whenever this Act or an operating agreement provides for a member to give or withhold consent to a matter, before the consent is given or withheld, the company shall, without demand, provide the member with all information that is known to the company that is material to the member's decision.

(d) Within 10 days after a demand made in a record received by the limited liability company, a dissociated member may have

access to information to which the person was entitled while a member if the information pertains to the period during which the person was a member, and the person seeks the information in good faith for a purpose consistent with subsection (a). The company shall respond to a demand made pursuant to this subsection in the manner provided in subdivisions (A) and (B) of paragraph (2) of subsection (b).

(e) A limited liability company may charge a person that makes a demand under this Section the reasonable costs of copying, limited to the costs of labor and material.

(f) A member or dissociated member may exercise rights under this Section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under subsection (h) applies both to the agent or legal representative and the member or dissociated member.

(g) The rights under this Section do not extend to a person as transferee.

(h) In addition to any restriction or condition stated in its operating agreement, the limited liability company, as a matter within the ordinary course of its activities, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this Section including, but not limited to, the designation of information such as trade secrets or information subject to confidentiality agreements with third parties as confidential with appropriate

nondisclosure and safeguarding obligations. In a dispute concerning the reasonableness of a restriction or designation under this subsection, the company has the burden of proving reasonableness.

(i) This Section does not limit or restrict the right to inspect and copy records as provided in subsection (b) of Section 1-40.

(j) If the company fails to provide any information required to be provided by this Section, the person entitled to the information may file an action to compel the company to provide the information and to obtain such other legal or equitable relief as may be proper. If the court finds that the company failed to comply with the requirements of this Section, the court may award the plaintiff its reasonable costs and attorney's fees incurred in bringing and prosecuting the action. The court may, in connection with any information described in subsection (h), impose such restrictions and conditions on access to and use of such information as it deems appropriate based on the reasonable needs of the company and the member in question.

(Source: P.A. 99-637, eff. 7-1-17.)

(805 ILCS 180/13-15)

Sec. 13-15. Statement of authority.

(a) A limited liability company may deliver to the Secretary of State for filing a statement of authority. The

statement shall be executed and filed in accordance with Section 5-45 of this Act and:

(1) must include the name of the company and the address of its principal place of business; and

(2) may state the authority, or limitations on the authority, of any member or manager of the company or any other person to:

(A) execute an instrument transferring real property held in the name of the company; or

(B) enter into other transactions on behalf of, or otherwise act for or bind, the company.

(b) To amend or cancel a statement of authority, a limited liability company must deliver to the Secretary of State for filing a statement of amendment or cancellation. The statement shall be executed and filed in accordance with Section 5-45 of this Act and must include:

(1) the name of the limited liability company and the address of its principal place of business;

(2) the date the statement of authority being amended or cancelled became effective; and

(3) the contents of the amendment or a declaration that the statement of authority is canceled.

(c) Except as otherwise provided in subsections (e) and (f), a limitation on the authority of a member or manager of the limited liability company contained in a statement of authority is not by itself evidence of knowledge or notice of

the limitation by any person.

(d) A grant of authority not pertaining to transfers of real property and contained in a statement of authority is conclusive in favor of a person that is not a member and that gives value in reliance on the grant, except to the extent that when the person gives value, the person has knowledge to the contrary.

(e) A certified copy of a statement of authority that grants authority to transfer real property held in the name of the limited liability company and that is recorded in the office for recording transfers of the real property is conclusive in favor of a person that is not a member and that gives value in reliance on the grant without knowledge to the contrary.

(f) If a certified copy of a statement of authority containing a limitation on the authority to transfer real property held in the name of a limited liability company is recorded in the office for recording transfers of that real property, all persons that are not members are deemed to know of the limitation.

(g) Unless previously cancelled by a statement of cancellation, a statement of authority expires as of the date, if any, specified in the statement of authority.

(h) If the articles of organization state the authority or limitations on the authority of any person on behalf of a company, the authority stated or limited shall not bind any



person who is not a member or manager until that person receives actual notice in a record from the company that agency authority is stated or limited in the articles. If the authority stated or limited in the articles of organization conflicts with authority stated or limited in a statement of authority filed with the Secretary of State under this Section on behalf of the company, the statement of authority is the effective statement and a person who is not a member or manager may rely upon the terms of the filed statement of authority notwithstanding conflicting terms in the articles of organization.

(Source: P.A. 99-637, eff. 7-1-17.)

(805 ILCS 180/15-20)

Sec. 15-20. Actions by members.

(a) A member may maintain an action against a limited liability company, a manager, or another member for legal or equitable relief, with or without an accounting as to the company's business, to enforce all of the following:

(1) The member's rights under the operating agreement.

(2) The member's rights under this Act.

(3) The rights and otherwise protect the interests of the member, including rights and interests arising independently of the member's relationship to the company.

(b) The accrual, and any time limited for the assertion, of a right of action for a remedy under this Section is governed

by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

(Source: P.A. 90-424, eff. 1-1-98.)

(805 ILCS 180/30-1)

Sec. 30-1. Member's distributional interest.

(a) A member is not a co-owner of, and has no transferable interest in, property of a limited liability company.

(b) A distributional interest in a limited liability company is personal property and, subject to Sections 30-5 and 30-10, may be transferred in whole or in part.

(c) An operating agreement may provide that a distributional interest may be evidenced by a certificate of the interest issued by the limited liability company and, subject to Section 30-10, may also provide for the transfer of any interest represented by the certificate.

(d) Except as provided in subsection (b), the rights, powers, and interest of a member, including a member described in subsection (c) of Section 10-1, may not be transferred except in accordance with authority described in the operating agreement or if all other members consent.

(Source: P.A. 90-424, eff. 1-1-98.)

(805 ILCS 180/35-1)

Sec. 35-1. Events causing dissolution and winding up of company's business.

(a) A limited liability company is dissolved and its business must be wound up upon the occurrence of any of the following events:

(1) An event or circumstance that causes the dissolution of a company by the express terms of the operating agreement.

(2) The consent of all members.

(3) The passage of 180 consecutive days during which the company has no members.

(4) On application by a member or a dissociated member, upon entry of a judicial decree that:

(A) the economic purpose of the company has been or is likely to be unreasonably frustrated;

(B) the conduct of all or substantially all of the company's activities is unlawful;

(C) it is not otherwise reasonably practicable to carry on the company's business in conformity with the articles of organization and the operating agreement.

(5) On application by a member or transferee of a distributional interest, upon entry of a judicial decree that the managers or those members in control of the company:

(A) have acted, are acting, or will act in a manner that is illegal or fraudulent; or

(B) have acted or are acting in a manner that is oppressive and was, is, or will be directly harmful to

the applicant.

(6) Administrative dissolution under Section 35-25.

(b) In a proceeding under subdivision (4) or (5) of subsection (a), the court may order a remedy other than dissolution including, but not limited to, a buyout of the applicant's distributional ~~membership~~ interest.

(Source: P.A. 99-637, eff. 7-1-17.)

(805 ILCS 180/35-45)

Sec. 35-45. Events causing member's dissociation. A member is dissociated from a limited liability company upon the occurrence of any of the following events:

(1) The company's having notice of the member's express will to dissociate ~~withdraw~~ upon the date of notice or on a later date specified by the member.

(2) An event agreed to in the operating agreement as causing the member's dissociation.

(3) Upon transfer of all of a member's distributional interest, other than a transfer for security purposes or a court order charging the member's distributional interest that has not been foreclosed.

(4) The member's expulsion pursuant to the operating agreement.

(5) The member's expulsion by unanimous vote of the other members if:

(A) it is unlawful to carry on the company's

business with the member;

(B) there has been a transfer of substantially all of the member's distributional interest, other than a transfer for security purposes or a court order charging the member's distributional interest that has not been foreclosed;

(C) within 90 days after the company notifies a corporate member that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, the member fails to obtain a revocation of the certificate of dissolution or a reinstatement of its charter or its right to conduct business; or

(D) a partnership or a limited liability company that is a member has been dissolved and its business is being wound up.

(6) On application by the company or another member, the member's expulsion by judicial determination because the member:

(A) engaged in wrongful conduct that adversely and materially affected the company's business;

(B) willfully or persistently committed a material breach of the operating agreement or of a duty owed to the company or the other members under Section 15-3; or

(C) engaged in conduct relating to the company's business that makes it not reasonably practicable to carry on the business with the member.

(7) The member's:

(A) becoming a debtor in bankruptcy;

(B) executing an assignment for the benefit of creditors;

(C) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of the member or of all or substantially all of the member's property; or

(D) failing, within 90 days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the member or of all or substantially all of the member's property obtained without the member's consent or acquiescence, or failing within 90 days after the expiration of a stay to have the appointment vacated.

(8) In the case of a member who is an individual:

(A) the member's death;

(B) the appointment of a guardian or general conservator for the member; or

(C) a judicial determination that the member has otherwise become incapable of performing the member's duties under the operating agreement.

(9) In the case of a member that is a trust or is

acting as a member by virtue of being a trustee of a trust, distribution of the trust's entire rights to receive distributions from the company, but not merely by reason of the substitution of a successor trustee.

(10) In the case of a member that is an estate or is acting as a member by virtue of being a personal representative of an estate, distribution of the estate's entire rights to receive distributions from the company, but not merely the substitution of a successor personal representative.

(11) Termination of the existence of a member if the member is not an individual, estate, or trust other than a business trust.

(12) In the case of a company that participates in a merger under Article 37, if:

(A) the company is not the surviving entity; or

(B) otherwise as a result of the merger, the person ceases to be a member.

(13) The company participates in a conversion under the Entity Omnibus Act.

(14) The company participates in a domestication under the Entity Omnibus Act, if, as a result, the person ceases to be a member.

(Source: P.A. 99-637, eff. 7-1-17; 100-561, eff. 7-1-18.)