

Table 1

Comparison of Creditor's Rights Provisions
Of the Uniform LP Act and the Uniform LLC Act

<p>Creditor's rights statute derived from §703 of the Revised Uniform Limited Partnership Act (1976)</p>	<p>On application to a court of competent jurisdiction by any judgment creditor of a member, the court may charge the member's limited liability company interest with the payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of an assignee of the member's limited liability company interest. [This Act] does not deprive any member of the benefit of any exemption laws applicable to his limited liability company interest.</p>
<p>Uniform Limited Liability Company Act (1996)</p>	<p>§ 504. Rights of creditor.</p> <p>(a) On application by a judgment creditor of a member of a limited liability company or of a member's transferee, a court having jurisdiction may charge the distributional interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances may require to give effect to the charging order.</p> <p>(b) A charging order constitutes a lien on the judgment debtor's distributional interest. The court may order a foreclosure of a lien on a distributional interest subject to the charging order at any time. A purchaser at the foreclosure sale has the rights of a transferee.</p> <p>(c) At any time before foreclosure, a distributional interest in a limited liability company which is charged may be redeemed:</p> <ul style="list-style-type: none">(1) by the judgment debtor;(2) with property other than the company's property, by one or more of the other members; or(3) with the company's property, but only if permitted by the operating agreement. <p>(d) This [Act] does not affect a member's right under exemption laws with respect to the member's distributional interest in a limited liability company.</p> <p>(e) This section provides the exclusive remedy by which a judgment creditor of a member or a transferee may satisfy a judgment out of the judgment debtor's distributional interest in a limited liability company.</p> <p>§ 503 Rights of transferee.</p> <p>. . . (e) A transferee who does not become a member is entitled to: . . .</p> <ul style="list-style-type: none">(3) seek . . . a judicial determination that it is equitable to dissolve and wind up the company's business.

Table 2

States with Creditor's Rights Provisions
Based on the Uniform LLC Act, with Dissolution Provision

State	Statutory Citation	Notes
Hawaii	H.R.S. §428-504 H.R.S. §428-503	Hawaii's LLC Act deletes the last part of second sentence of subsection (a), which allows a court to "make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances may require to give effect to the charging order."
Illinois	805 I.L.C.S. §180/30-20 805 I.L.C.S. §180/30-10	There is pending legislation to delete the "exclusive remedy" language of subsection (e) from Illinois' statute. 2007 IL S.B. 213.
Montana	M.C.A. §35-8-705 M.C.A. §35-8-902	Substantially similar to Uniform LLC Act provision.
South Carolina	SC Code §33-44-504 SC Code §33-44-503	Same as Uniform LLC Act provision.
Vermont	11 V.S.A. §3074 11 V.S.A. §3073 11 V.S.A. §3081	Vermont's dissolution provision provides that the transferee may seek dissolution only if the company failed to cause the distributional interest to be purchased if the member was dissociated and the dissociation did not cause a dissolution of the company. The entry of a charging order is not an event of dissociation under Vermont's LLC Act, but the following are events of dissociation: (1) foreclosure of a member's interest, (2) the member's becoming a debtor in bankruptcy, or (3) the member's making an assignment for the benefit of creditors.
West Virginia	W.Va. Code §31B-5-504 W.Va. Code §31B-5-503	Same as Uniform LLC Act provisions.

Table 3

States with Creditor's Rights Provisions
Similar to the Uniform LLC Act

The states in this table have not passed the Uniform LLC Act, but their creditor's rights statutes are similar in substance and organization to the Uniform LLC Act's provision.

State	Statutory Citation	Notes
California	Cal. Corp. Code §17302	
Colorado	C.R.S.A. §7-80-703	Colorado's statute does not include the final sentence of the Uniform LLC Act provision, which states that "this section provides the exclusive remedy by which a judgment creditor of a member . . . may satisfy a judgment out of the judgment debtor's [LLC interest]."
Kentucky	K.R.S. §275.260	In 2007, Kentucky (which formerly had a statute based on the Uniform LP Act's creditor's rights provision) amended its statute to look similar to the Uniform LLC Act's creditor's rights provision. However, Kentucky's amended statute states that a judgment creditor "shall have no right to . . . cause the dissolution of the limited liability company."
Utah	U.C.A. §48-2c-1103	Utah's creditor's rights statute has the following noteworthy provisions: "If a member whose interest is charged under the Act is the sole member of the company when the charging order was entered: (1) the purchaser at a foreclosure sale acquires all rights of the member, including voting rights; and (2) the member is deemed to have consented to the admission of the purchaser as a member of the company." [For practical purposes, this would allow the assignee of a single-member LLC to dissolve the entity.] <i>And</i> "No creditor of a member shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the company."

Table 4

States with Creditor's Rights Provisions
Similar to the Uniform LP Act

State	Statutory Citation	Notes
Arkansas	A.C.A. §4-32-705	
Connecticut	C.G.S.A. §34-171	
Florida	F.S.A. §608.433(4)	
Georgia	O.C.G.A. §14-11-504	Adds a final sentence: "The remedy conferred by this Code section shall not be deemed exclusive of others which may exist, including, without limitation, the right of a judgment creditor to reach the limited liability company interest of the member by process of garnishment served on the limited liability company."
Indiana	I.C. §23-18-6-7	
Iowa	I.C.A. §490A.904	
Louisiana	LA R.S. §12:1331	
Maine	31 M.R.S.A. §686	
Maryland	MD Corp & Assns §4A-607	
Massachusetts	M.G.L.A. ch. 156C §40	
Michigan	M.C.L.A. §450.4507	Adds a final subsection: "Unless otherwise provided in an operating agreement, the member remains a member and retains all rights and powers of membership except the right to receive distributions to the extent charged."
Mississippi	MS Code §79-29-703	
Missouri	V.A.M.S. §347.119	
New Hampshire	N.H. Rev. Stat. §304-C:47	
New Mexico	N.M.S.A. §53-19-35	
New York	NY Limit. Liab. Co. §607	Adds a subsection: "No creditor of a member shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the limited liability company."
North Carolina	N.C.G.S.A. §57C-5-03	
Ohio	OH R.C. §1705.19	

State	Statutory Citation	Notes
Oregon	O.R.S. §63.259	Legislation is pending in Oregon to add a provision that “this section provides the exclusive remedy by which a judgment creditor of a member may satisfy a judgment out of the judgment debtor’s membership interest in the limited liability company.” However, this legislation also adds a provision which states that “a charging order . . . constitutes a lien on the judgment debtor’s distributional interest and has priority over other charging order liens according to the date and time of entry of the charging order.” 2007 OR H.B. 2310
Rhode Island	RI Gen. Laws §7-16-37	
Washington	R.C.W.A. §25.15.255	
Wisconsin	W.S.A. §183.0705	
District of Columbia	DC Code §29-1038	

Table 5“Exclusive Remedy” States

State	Statutory Citation	Notes
Alabama	Ala. Code §10-12-35	Alabama’s statute is similar to the Uniform LP Act provision, but it adds: “This section shall be the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor’s membership interest.”
Alaska	A.S. §10.50.380	Alaska’s statute is similar to the Uniform LP Act provision, but it adds: “This section provides the exclusive remedy that a judgment creditor of a member or a member’s assignee may use to satisfy a judgment out of the judgment debtor’s interest in the limited liability company. Other remedies, including foreclosure on the member’s limited liability company interest and a court order for directions, accounts, and inquiries that the debtor member might have made, are not available to the judgment creditor attempting to satisfy a judgment out of the judgment debtor’s interest in the limited liability company and may not be ordered by a court.”
Arizona	A.R.S. §29-655	Arizona’s statute is similar to the Uniform LP Act provision, but it adds: “This section provides the exclusive remedy by which a judgment creditor of a member may satisfy a judgment out of the judgment debtor’s interest in the limited liability company.” However, relevant to single-member LLCs, Arizona’s LLC Act contains the following provision: “If on dissolution the limited liability company has no manager and no member and none is admitted . . . the assignees by unanimous written consent may appoint an agent, which may be an assignee or any other person or entity, including a liquidating trustee, to wind up the business and affairs of the limited liability company. Any such agent is authorized to sign and file on behalf of the limited liability company articles of termination . . . and to liquidate its business and affairs.” A.R.S. §29-781.01.
Idaho	ID Code §53-637	Idaho’s statute is similar to the Uniform LP Act provision, but it adds: “The charging order is the exclusive remedy by which a judgment creditor of the member or transferee may satisfy a judgment against the member’s interest in a limited liability company.”

State	Statutory Citation	Notes
Kansas	K.S.A. §17-76,113	<p>Kansas’s statute is similar to the Uniform LP Act provision, but it adds: “The rights provided by this section to the judgment creditor shall be the sole and exclusive remedy of a judgment creditor with respect to the member's limited liability company interest.”</p>
Minnesota	M.S.A. §322B.32	<p>Minnesota’s statute is similar to the Uniform LP Act provision, but it adds: “This section is the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's membership interest.”</p> <p>Section 322B.31 of Minnesota’s LLC Act disallows a transferee’s ability to cause a dissolution of the company.</p>
Nevada	N.R.S. §86.401	<p>Nevada’s statute is similar to the Uniform LP Act provision, but it adds: “This section provides the exclusive remedy by which a judgment creditor of a member or an assignee of a member may satisfy a judgment out of the member's interest of the judgment debtor.”</p>
New Jersey	N.J.S.A. §42:2B-45	<p>New Jersey’s statute is similar to the Uniform LP Act provision, but it adds: “A court order charging the limited liability company interest of a member pursuant to this section shall be the sole remedy of a judgment creditor, who shall have no right under [this Act] or any other State law to interfere with the management or force dissolution of a limited liability company or to seek an order of the court requiring a foreclosure sale of the limited liability company interest. Nothing in this section shall be construed to affect in any way the rights of a judgment creditor of a member under federal bankruptcy or reorganization laws.”</p> <p>Section 42:2B-44(e) of New Jersey’s LLC Act disallows a transferee’s ability to cause a dissolution of the company.</p>
North Dakota	N.D.C.C. §10-32-34	<p>North Dakota’s statute is similar to the Uniform LP Act provision, but it adds: “This section is the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's membership interest.”</p>
Oklahoma	18 Okl. St. Ann. §2034	<p>Oklahoma’s statute is similar to the Uniform LP Act provision, but it adds: “A charging order entered by a court pursuant to this section shall in no event be convertible into a membership interest through foreclosure or other action. . . . This section shall be the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's membership interest.”</p>

State	Statutory Citation	Notes
Tennessee	T.C.A. §48-218-105	<p>Tennessee's statute is similar to the Uniform LP Act provision, but it adds: "This section is the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's membership interest."</p> <p>Section 48-218-101 of Tennessee's LLC Act disallows a transferee's ability to cause a dissolution of the company.</p>
Wyoming	W.S. §17-15-145	<p>Wyoming's statute is similar to the Uniform LP Act provision, but it adds: "The charging order is the exclusive remedy by which a judgment creditor of the member or transferee may satisfy a judgment against the member's interest in a limited liability company."</p>

Table 6“Ambiguous Exclusive Remedy” States

State	Statutory Citation	Notes
Delaware	6 Del. C. §18-703	In 2005, Delaware amended its LLC statute to make a charging order the “exclusive remedy” against an LLC interest and deleting the statute’s references to foreclosure. However, the legislature preserved the portion of subsection (b) of the statute that makes a charging order a “lien on the judgment debtor’s limited liability company interest.” Despite legislative history indicating that a creditor may obtain only a charging order, this ambiguity nonetheless gives creditors an argument that foreclosure is still a remedy in Delaware.
South Dakota	S.D.C.L. §47-34A-504 S.D.C.L. §47-34A-503	<p>South Dakota’s statute is similar to the Uniform LLC Act, but it adds:</p> <p>“This section provides the exclusive remedy that a judgment creditor of a member’s distributional interest or a member’s assignee may use to satisfy a judgment out of the judgment debtor’s interest in a limited liability company. No other remedy, including foreclosure on the member’s distributional interest or a court order for directions, accounts, and inquiries that the debtor, member might have made, is available to the judgment creditor attempting to satisfy the judgment out of the judgment debtor’s interest in the limited liability company, and no other remedy may be ordered by a court.”</p> <p>However, the statute also provides that “a charging order constitutes a lien on the judgment debtor’s distributional interest.” Additionally, South Dakota’s LLC Act contains the Uniform LLC Act’s provision that allows a transferee who has not become a member to “seek a judicial determination that it is equitable to dissolve and wind up the company’s business,” although this remedy may only be sought upon the expiration of the LLC’s stated term. S.D.C.L. §47-34A-801.</p>
Texas	TX Bus. Org. §101.112	In 2007, Texas (which formerly had a statute based on the Uniform LP Act’s creditor’s rights provision) amended its statute to add a provision that “this section provides the exclusive remedy by which a judgment creditor of a member may satisfy a judgment out of the judgment debtor’s membership interest” in the limited liability company. However, this legislation also adds a provision which states that “a charging order constitutes a lien on the judgment debtor’s membership interest.” Like Delaware’s statute, this ambiguity gives creditors an argument that foreclosure is a remedy in Texas.

State	Statutory Citation	Notes
Virginia	VA Code Ann. §13.1-1041.1	In 2006, Virginia amended its LLC statute to make a charging order the “exclusive remedy” against an LLC interest and deleting the statute’s references to foreclosure. However, the legislature preserved the portion of subsection (b) of the statute that makes a charging order a “lien on the judgment debtor’s limited liability company interest.” Like Delaware’s statute, this ambiguity gives creditors an argument that foreclosure is still a remedy in Virginia.