

New LLC Act to Go Into Effect For All New Jersey Limited Liability Companies

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Greenbaum, Rowe, Smith & Davis LLP Client Alert

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New Jersey adopted its version of the Revised Uniform Limited Liability Company Act in September 2012. The Act became effective on March 18, 2013 for all LLCs formed in New Jersey on or after that date, as well as for pre-existing LLCs that opted to be governed by the new statute.

On March 1, 2014, the Act now becomes effective for all LLCs in New Jersey, whenever formed, and will supersede the prior LLC Act going forward. Our September 2012 Alert summarized the important changes made by the new Act, but the following points bear repeating.

- The new Act does away with the previous LLC Act's requirement that operating agreements must be in writing. As a result, among other things, courts may infer an oral agreement among the members based on prior conduct.
- Distributions are not allocated based on capital contributions or accounts, but rather in equal shares among the members. This may be overridden by an operating agreement.
- The new Act does not include the prior statute's right for a member to withdraw from the LLC and receive the fair value of his or her interest.

The new Act makes other important changes that may be relevant to your limited liability company.

Please contact any member of our Corporate Department should you wish to discuss this or any other aspect of limited liability companies.

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