

## Utah Adopts New LLC Law

On April 1, 2013, Governor Gary R. Herbert signed into law a new Limited Liability Company (LLC) statute that will apply to all LLCs formed in Utah after Jan. 1, 2014. This new LLC law is the product of the collaborative efforts by D|J|P attorneys: Russell Smith and Mark Astling. Over the past four years, they have worked with Utah legislators and concerned business owners to develop this business-friendly LLC law.

### WHY WAS UTAH'S LLC LAW CHANGED?

Utah's old LLC law had not been modified for a long time and had not kept up with judicial decisions and other legal and business developments.

D|J|P attorneys recognized an opportunity to enhance the LLC law to make it more detailed, up-to-date and business friendly.

### WHAT ARE ADVANTAGES OF THE LLC LAW?

The new LLC law offers many advantages to LLCs formed in Utah, including:

- **Allows for More Flexible Management Structures.**

The law provides greater flexibility for members to determine the management structure for their LLCs, including the ability to adopt modern governing structures like a board of managers.

- **Increases Freedom of Contract.** The law increases freedom of contract by giving business owners flexibility to define, alter, or even limit certain fiduciary duties.

- **Enhances Asset Protection.** The law provides

LLC owners with greater protection against judgment creditors and limits the ability of a court to interfere with the internal affairs of a Utah LLC.

- **Protects LLC Owners Who Lend Money to their LLCs.** The law protects LLC members that chose to lend money to their own LLCs by not subrogating their claims during the winding-up of an LLC.

- **Provides Robust Rules for Business Transactions.** The law contains comprehensive provisions for mergers, interest exchanges, conversions and domestications that will greatly enhance the ability of Utah businesses to grow and expand in a changing business environment.

- **Recognizes Oral and Implied Agreements.**

Recognizing that members of LLCs may fail to put their business agreement into writing, the new LLC law recognizes the validity of oral and implied agreements.

### WHAT SHOULD YOU DO?

The new law provides that any existing LLC may chose to "opt-in" and have the new LLC law apply as early as Jan. 1, 2014. For those existing LLCs that do not "opt in," the new LLC law will apply starting Jan. 1, 2016.

If you have questions about the new LLC law or need LLC consulting regarding the change, contact Russell Smith or Mark Astling at (801) 415-3000 or e-mail them at: [rsmith@djplaw.com](mailto:rsmith@djplaw.com) or [mastling@djplaw.com](mailto:mastling@djplaw.com).

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