

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 13.1-1027 of the Code of Virginia, relating to contributions of members*
3 *of certain limited liability companies.*

[S 1194]

Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 13.1-1027 of the Code of Virginia is amended and reenacted as follows:**

8 § 13.1-1027. Contributions.

9 A. The contributions of a member to a limited liability company may be in cash, property, or
10 services rendered or a promissory note or other binding obligation to contribute cash or property or to
11 perform services.

12 B. Except as provided in the articles of organization or an operating agreement, a member is
13 obligated to the limited liability company to perform any enforceable promise to contribute cash or
14 property or to perform services, even if he is unable to perform because of death, disability or any other
15 reason. If a member does not make the required contribution of property or services, he is obligated at
16 the option of the limited liability company to contribute cash equal to that portion of the value, as stated
17 in the limited liability company records required to be kept by § 13.1-1028, of such contribution that has
18 not been made.

19 C. Unless otherwise provided in the articles of organization or an operating agreement, the obligation
20 of a member to make a contribution or return money or other property paid or distributed in violation of
21 this chapter may be compromised only by consent of all the members. Notwithstanding the compromise,
22 a creditor of a limited liability company who extends credit or otherwise acts in reliance on the original
23 obligation may enforce the original obligation to the extent that, in extending credit, the creditor
24 reasonably relied on the obligation of a member to make a contribution or return. A conditional
25 obligation of a member to make a contribution or return money or other property to a limited liability
26 company may not be enforced unless the conditions of the obligation have been satisfied or waived as
27 to or by such member. Conditional obligations include contributions payable upon a discretionary call of
28 a limited liability company prior to the time the call occurs.

29 D. The articles of organization or an operating agreement may provide in writing that the interest of
30 any member who fails to make any contribution that he is obligated to make shall be subject to
31 specified penalties for, or specified consequences of, such failure. Such penalty or consequence may take
32 the form of reducing or eliminating the defaulting member's proportionate interest in a limited liability
33 company, subordinating his interest in the limited liability company to that of nondefaulting members, a
34 forced sale of his interest in the limited liability company, forfeiture of his interest in the limited
35 liability company, the lending by other members of the amount necessary to meet his commitment, a
36 fixing of the value of his interest in the limited liability company by appraisal or by formula and
37 redemption or sale of his interest in the limited liability company at such value, or other penalty or
38 consequence.

39 E. No promise by a member to contribute to a limited liability company is enforceable unless set out
40 in a writing signed by the member.

41 F. *The contributions of a professional business entity, as defined in § 13.1-1102, to a limited liability*
42 *company of which such professional business entity is a member may be in the form of an asset for*
43 *which an application for a project requiring a certificate has been approved by the Commissioner*
44 *pursuant to the provisions of Title 32.1. No further approval by such Commissioner shall be required as*
45 *a condition to the validity of the member's contribution of such an asset to the limited liability company*
46 *if (i) both the member and the limited liability company have their principal offices within the same city*
47 *or county of the Commonwealth, (ii) such contributing member owns at least one-third of the*
48 *membership interests of the limited liability company, and (iii) the assets contributed by such member to*
49 *the limited liability company comprise not less than ten percent of such assets of the member.*

ENROLLED

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