

## 31 §705. DISTRIBUTION OF ASSETS

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**1. Priority.** Upon the winding up of a limited liability company, the assets must be distributed as follows:

A. To the creditors, including members who are creditors, in satisfaction of liabilities of a limited liability company whether by payment or the making of reasonable provision for payment, other than liabilities for which reasonable provision for payment has been made and liabilities for distributions to members under section 671 or 672; [1993, c. 718, Pt. A, §1 (NEW).]

B. Unless otherwise provided in the operating agreement or articles of organization, to members and former members in satisfaction of liabilities for distributions under section 671 or 672; and [1993, c. 718, Pt. A, §1 (NEW).]

C. Unless otherwise provided in the operating agreement or articles of organization, to members:

(1) For the return of their contributions; and

(2) Respecting their membership interests, in the proportions in which the members share in distributions. [1993, c. 718, Pt. A, §1 (NEW).]

[ 1993, c. 718, Pt. A, §1 (NEW) .]

**2. Payment or provisions for payment for liabilities.** A limited liability company that has dissolved shall pay or make reasonable provision to pay all claims and obligations, including all contingent, conditional or unmatured claims and obligations, known to that limited liability company and all claims and obligations that are known to that limited liability company but for which the identity of the claimant is unknown. If there are sufficient assets, the claims and obligations must be paid in full and any such provision for payment made must be made in full. If there are insufficient assets, the claims and obligations must be paid or provided for according to priority and among claims and obligations of equal priority ratably to the extent of assets available. Unless otherwise provided in an operating agreement or the articles of organization, any remaining assets must be distributed as provided in this chapter. Any liquidating trustee winding up a limited liability company's affairs who has complied with this section is not personally liable to the claimants of the dissolved limited liability company by reason of that person's actions in winding up a limited liability company.

[ 1993, c. 718, Pt. A, §1 (NEW) .]

#### SECTION HISTORY

1993, c. 718, §A1 (NEW).

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