

**Managing-Member Extinction: How Florida's new  
Revised LLC Act is providing sweeping changes to all LLCs  
in existence on January 1, 2015**

**By: Matthew E. Livesay, Esq. ([Bio](#))**

With the passing of the Chapter 605 Florida Revised LLC Act, dramatic changes have been made which will impact the status of all Florida LLCs.

Chapter 605 (or the "Revised Act") was passed in May of 2013, with a one year election window for all Florida LLCs in existence before the effective date of January 1, 2014. **Despite this one year election window for previously formed LLCs, all Florida LLCs will be subject to the new rules of Chapter 605 on January 1, 2015.** Chapter 608 (or the "Old Act") has been completely phased out.

Here are some quick explanations of a few (among many) significant changes of which your LLC should be aware:

- Of the now 69 definitions in the Revised Act (only 26 found in the old act), the term **"Managing-Member" was intentionally deleted.** This term was commonly used by LLCs, but no longer holds an operative effect under the Revised Act. This omission came as a result of confusion sparked by the use of the term, and whether drafters intended for their LLCs to be "Member-Managed" or "Manager Managed." Now, by default, all LLCs will be Member-Managed unless specific terms of art are used which dictate a clear intent to be Manager-Managed. Without this evidence of a clear intent to be Manager-Managed, an LLC will be Member-Managed.
  - This means that in situations where an LLC still has the term "Managing-Member" on their books, that named Managing Member is simply another member of the LLC, who has the same rights and distinctions as all other members. This is particularly significant because on January 1, 2015, LLCs need to contemplate their newly defaulted management structure and potentially make changes to reflect their actual wishes. These changes can be accomplished through an amendment to the Articles of Organization and/or Operating Agreement. It is critically important that in all cases you consult with our office so we can guide you through the process and provide you with options to suit your company best.
- **Statements of Authority** were newly introduced by Chapter 605, and are a significant departure from the Old Act. Statements of Authority can provide LLCs a great tool in shaping their companies. These instruments give LLCs the opportunity to grant, limit, and define the authority and power of specific members and managers in the LLC. Not seen explicitly in the old act, these Statements of Authority can provide clarity as to what specific members and managers actually have the authority and power to do. These Statements of Authority can also provide a formidable layer of liability insulation if drafted and filed in a prudent manner. Feel free to contact our offices, and we can expound upon these options.

There are many other significant changes found in the Revised Act. These include:

- The scope of Operating Agreements;
- Service of Process;
- Correction Filings with the Department of State;
- Limitations on Distributions, Improper Distributions, and Solvency Tests;
- Voting Requirements;
- Record Keeping;
- Transferable Interests;
- Rights of Creditors;
- Member Dissociation;
- Dissolution and Winding up Procedures;
- Derivative Actions;
- The Introduction of Interest Exchanges and in-bound Domestications; and
- Appraisal Rights

It is critically important that you understand that these changes to Florida's LLC law impact how you or your company are operating as an LLC. In understanding these changes and applying them to your company, our offices can provide further guidance on questions you may or should have. Please contact our offices if you are in need of a consultation. Pavese Law Firm, 1833 Hendry Street, Ft. Myers, FL 33901; (239) 336-2195; fax (239) 332-2243.