322C.0707 DISTRIBUTION OF ASSETS IN WINDING UP LIMITED LIABILITY COMPANY'S ACTIVITIES.

Subdivision 1. **Application of assets to discharge obligations.** In winding up its activities, a limited liability company must apply its assets to discharge its obligations to creditors, including members that are creditors.

Subd. 2. **Distributions of surplus.** After a limited liability company complies with subdivision 1, any surplus must be distributed in the following order, subject to any charging order in effect under section 322C.0503:

(1) to each person owning a transferable interest that reflects contributions made by a member and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) in equal shares among members and dissociated members, except to the extent necessary to comply with any transfer effective under section 322C.0502.

Subd. 3. **Proportionate distribution.** If a limited liability company does not have sufficient surplus to comply with subdivision 2, clause (1), any surplus must be distributed among the owners of transferable interests in proportion to the value of their respective unreturned contributions.

Subd. 4. **Form of distribution.** All distributions made under subdivisions 2 and 3 must be paid in money.

History: *2014 c 157 art 1 s 53*