

Part 5
Transferable Interest and Rights of Transferees and Creditors

Renumbered 10/1/2026

48-3a-501 Nature of transferable interest.

A transferable interest is personal property.

Renumbered and Amended by Chapter 93, 2026 General Session
Enacted by Chapter 412, 2013 General Session

Renumbered 10/1/2026

48-3a-502 Transfer of transferable interest.

- (1) Subject to Subsection 48-3a-503(6), a transfer, in whole or in part, of a transferable interest:
 - (a) is permissible;
 - (b) does not by itself cause a member's dissociation or a dissolution and winding up of the limited liability company's activities and affairs; and
 - (c) subject to Section 48-3a-504, does not entitle the transferee to:
 - (i) participate in the management or conduct of the limited liability company's activities and affairs; or
 - (ii) except as otherwise provided in Subsection (3), have access to records or other information concerning the limited liability company's activities and affairs.
- (2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.
- (3) In a dissolution and winding up of a limited liability company, a transferee is entitled to an account of the limited liability company's transactions only from the date of dissolution.
- (4) A transferable interest may be evidenced by a certificate of the interest issued by the limited liability company in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.
- (5) A limited liability company need not give effect to a transferee's rights under this section until the limited liability company knows or has notice of the transfer.
- (6) A transfer of a transferable interest in violation of a restriction on transfer contained in the operating agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.
- (7) Except as otherwise provided in Subsection 48-3a-602(5)(b), if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest transferred and retains all the duties and obligations of a member.
- (8) If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under Section 48-3a-403 and Subsection 48-3a-406(3) known to the transferee when the transferee becomes a member.

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48-3a-503 Charging order.

- (1) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. Except as otherwise provided in Subsection (6), a charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited liability company has been served with the charging order, requires the limited liability company to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.
- (2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:
 - (a) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and
 - (b) make all other orders necessary to give effect to the charging order.
- (3) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. Except as otherwise provided in Subsection (6), the purchaser at the foreclosure sale only obtains the transferable interest, does not thereby become a member, and is subject to Section 48-3a-502.
- (4) At any time before foreclosure under Subsection (3), the member or transferee whose transferable interest is subject to a charging order under Subsection (1) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.
- (5) At any time before foreclosure under Subsection (3), a limited liability company or one or more members whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.
- (6) If a court orders foreclosure of a charging order lien against the sole member of a limited liability company:
 - (a) the court shall confirm the sale;
 - (b) the purchaser at the sale obtains the member's entire interest, not only the member's transferable interest;
 - (c) the purchaser thereby becomes a member; and
 - (d) the person whose interest was subject to the foreclosed charging order is dissociated as a member.
- (7) This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the transferable interest of the member or transferee.
- (8) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a member or transferee may, in the capacity of judgment creditor, satisfy the judgment from the judgment debtor's transferable interest.

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48-3a-504 Power of legal representative of deceased member.

If a member dies, the deceased member's legal representative may exercise:

- (1) the rights of a transferee provided in Subsection 48-3a-502(3); and
- (2) for the purposes of settling the estate, the rights the deceased member had under Section 48-3a-410.

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