

House Bill 2310

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Judiciary)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes rights of judgment creditors and judgment debtors relating to distributional interests in limited liability companies.

A BILL FOR AN ACT

1
2 Relating to distributional interests in limited liability companies; creating new provisions; and
3 amending ORS 63.259.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 63.259 is amended to read:

6 63.259. (1) On application to a court of competent jurisdiction by any judgment creditor of a
7 member, the court may:

8 (a) Charge the membership interest of the member with payment of the unsatisfied amount of
9 the judgment with interest. [*To the extent so charged, the judgment creditor has only the rights of an*
10 *assignee of the membership interest. This chapter shall not deprive any member of the benefit of any*
11 *exemption laws applicable to the member's membership interest.*]

12 (b) **Appoint a receiver of the share of the distributions due or to become due to the**
13 **judgment debtor and make all other orders, directions, accounts and inquiries the judgment**
14 **debtor might have made or that the circumstances of the case may require.**

15 (2) **A charging order made under subsection (1) of this section constitutes a lien on the**
16 **judgment debtor's distributional interest and has priority over other charging order liens**
17 **according to the date and time of entry of the charging order.**

18 (3) **The court may order a foreclosure of the distributional interest subject to the**
19 **charging order at any time. A purchaser at the foreclosure sale has the rights of a**
20 **transferee.**

21 (4) **At any time before foreclosure, a distributional interest charged may be redeemed by:**

22 (a) **The judgment debtor;**

23 (b) **One or more of the other members with property other than the limited liability**
24 **company's property; or**

25 (c) **One or more of the other members with the limited liability company's property, if**
26 **permitted by the operating agreement.**

27 (5) **This section does not deprive a member of a right under exemption laws with respect**
28 **to the member's distributional interest in the limited liability company.**

29 (6) **This section provides the exclusive remedy by which a judgment creditor of a member**
30 **or member's transferee may satisfy a judgment out of the judgment debtor's transferable**
31 **interest in the limited liability company.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 2.** The amendments to ORS 63.259 by section 1 of this 2007 Act apply to
2 charging orders entered on or after the effective date of this 2007 Act.
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