

Article 2.

Purposes, Powers, Formation, Annual Report, Name, Registered Office, and Agent.

Part 1. Purposes and Powers.

§ 57C-2-01. Purposes.

(a) Every limited liability company formed under this Chapter has the purpose of engaging in any lawful business unless a more limited lawful purpose is set forth in its articles of organization.

(b) A domestic or foreign limited liability company engaging in a business that is subject to regulation under another statute of this State may be formed or authorized to transact business under this Chapter only if permitted by and subject to all limitations of the other statute giving effect to subsection (c) of this section.

(c) Subsections (a) and (b) of this section to the contrary notwithstanding and except as set forth in this subsection, a domestic or foreign limited liability company shall engage in rendering professional services only to the extent that a professional corporation acting pursuant to Chapter 55B of the General Statutes or a corporation acting pursuant to Chapter 55 of the General Statutes may engage in rendering professional services under the conditions and limitations imposed by an applicable licensing statute. Chapter 55B of the General Statutes and each applicable licensing statute are deemed amended to provide that professionals licensed under the applicable licensing statute may render professional services through a domestic or foreign limited liability company. For purposes of applying the provisions, conditions, and limitations of Chapter 55B of the General Statutes and the applicable licensing statute to domestic and foreign limited liability companies that engage in rendering professional services, (i) unless the context clearly requires otherwise, references to Chapter 55 of the General Statutes (the North Carolina Business Corporation Act) shall be treated as references to this Chapter, and references to a "corporation" or "foreign corporation" shall be treated as references to a limited liability company or foreign limited liability company, respectively, (ii) members shall be treated in the same manner as shareholders of a professional corporation, (iii) managers and directors shall be treated in the same manner as directors of a professional corporation, (iv) the persons signing the articles of organization of a limited liability company shall be treated in the same manner as the incorporators of a professional corporation, and (v) the name of a domestic or foreign limited liability company so engaged shall comply with Article 3 of Chapter 55D of the General Statutes and, in addition, shall contain the word "Professional" or the abbreviation "P.L.L.C." or "PLLC". For purposes of this subsection, "applicable licensing statute" shall mean those provisions of the General Statutes referred to in G.S. 55B-2(6).

Nothing in this Chapter shall be interpreted to abolish, modify, restrict, limit, or alter the law in this State applicable to the professional relationship and liabilities between the individual furnishing the professional services and the person receiving the professional services, the standards of professional conduct applicable to the rendering of the services, or any responsibilities, obligations, or sanctions imposed under applicable licensing statutes. A member, manager, director, or executive of a professional limited liability company is not individually liable, directly or indirectly, including by indemnification, contribution, assessment, or otherwise, for debts, obligations, and liabilities of, or chargeable to, the professional limited liability company that arise from errors, omissions, negligence, malpractice, incompetence, or malfeasance committed by another member, manager, director, executive, employee, agent, or other representative of the professional limited liability company; provided, however, nothing in this Chapter shall affect the liability of a member, manager, director, or executive of a professional limited liability company for his or her own

errors, omissions, negligence, malpractice, incompetence, or malfeasance committed in the rendering of professional services.

(d) L3C. – Formation and operation of a limited liability company as a low-profit limited liability company is a lawful purpose. A low-profit limited liability company is a limited liability company whose articles of organization state that the company is formed for both a business purpose and a charitable purpose that requires operation of the company in accordance with the requirements of this subsection. A company that operates in accordance with these requirements is considered a for-profit entity and not a charitable entity for all tax purposes. A company's failure to operate in accordance with these requirements does not affect its status as a limited liability company. The charitable purpose requirements are as follows:

- (1) To accomplish one or more charitable or educational purposes within the meaning of section 170(c)(2)(B) of the Code, as defined in G.S. 105-228.90.
- (2) To operate so that no significant purpose of the company is the production of income or the appreciation of property. The fact that a company produces significant income or capital appreciation is not, in the absence of other factors, conclusive evidence of a significant purpose to produce income or accumulate capital.
- (3) To operate so that no purpose of the company is to accomplish one or more political or legislative purposes within the meaning of section 170(c)(2)(D) of the Code, as defined in G.S. 105-228.90. (1993, c. 354, s. 1; 1995, c. 351, s. 21; 1999-362, s. 3; 2001-358, s. 26; 2001-387, ss. 55, 173, 175(a); 2001-413, s. 6; 2010-187, s. 1.)