

WFG Informational Bulletin

To: All Indiana Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: December 13, 2019
Bulletin No: IN 2019-08
Subject: Series LLCs - Indiana

To All WFG Agents doing business in Indiana,

A Series Limited Liability Company (LLC) is a legal fiction created by the states' statutes. In recent years, the statutory ability to create a Series Limited Liability Company has been steadily expanding. Fifteen states, the District of Columbia and Puerto Rico have statutes authorizing the creation of series LLCs. Also, a Series LLC can only act and hold property in a state where it is statutorily permitted, much like when limited liability companies were originally created.

A Series LLC is formed when a Master LLC creates children LLCs, known as Series. The Master LLC operates as a form of holding company but can operate independently. The intent is to provide both vertical and horizontal liability shields.

The Series LLCs are not required to have their own operating agreements. Some states require the Series to file separate articles of organization. WFG requires the filing of distinct articles of organization for each Series, regardless of statutory requirements.

You will need to review the articles of organization of the Master to verify whether they either allow for the creation of a Series. If the articles indicate the Master is not organized to create a Series, the articles will need to be amended. The operating agreement for the Master LLC must allow for the creation of multiple series. The operating agreement will also need to detail the management of the created Series, if the Series does not have its own operating agreement. Often the management structure of the series will be structured by amendment to the Master's operating agreement. The management authority needs to contain the same level of detail expected in authority granted in a Master LLC's operating agreement. A Series LLC is typically identified by its name. I have included some examples below:

ABC Properties LLC (Master/Parent LLC)
ABC Properties LLC, State Street Series (Series/Child LLC)
ABC Properties LLC, Washington Street Series (Series/Child LLC)

WFG does not advise relying on your Secretary of State to correctly identify a Series LLC. Typically, Series will be in the name, but not always. Regardless, it will become evident when you review the operating agreement. Often when you request the operating agreement, you will be given the Master LLC's operating agreement which instantly identifies the LLC as a Series.

Series LLCs can be formed in Indiana. The articles of organization of the Master LLC must authorize the designation of one or more Series. If a Master LLC must amend its articles to allow for the formation of one or more Series, the amendment must be adopted by unanimous consent of the members. The Master must contain "-S" after "LLC". A foreign Series must contain the name of the Master and the word "series". Any transaction involving a foreign Series must be approved by WFG's Underwriting Department.

We truly value your business and the relationship that we have with you. Please let us know if there is anything that we can do for you.

If you have any questions at all pertaining to this Bulletin or with Indiana transactions in general, please do not hesitate to contact your Indiana state underwriter, Stanley J. Czaja, at (773) 706-3779 or via email at SCzaja@wfgnationaltitle.com.