

**275.260 Member's transferable interest subject to charging order.**

- (1) This section provides the exclusive remedy by which the judgment creditor of a member or the assignee of a member may satisfy a judgment out of the judgment debtor's limited liability company interest.
- (2) On application to a court of competent jurisdiction by a judgment creditor of a member or a member's assignee, a court may charge the judgment debtor's interest in the limited liability company with payment of the unsatisfied amount of the judgment. To the extent so charged, the judgment creditor has only the rights of an assignee and shall have no right to participate in the management or to cause the dissolution of the limited liability company. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the limited liability company interest and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.
- (3) A charging order constitutes a lien on and the right to receive distributions made with respect to the judgment debtor's limited liability company interest. A charging order does not of itself constitute an assignment of the limited liability company interest.
- (4) The court may order a foreclosure upon the limited liability company interest subject to the charging order at any time. The purchaser of the limited liability company interest at the foreclosure sale has the rights of an assignee. At any time before foreclosure, the charged limited liability company interest may be redeemed:
  - (a) By the judgment debtor;
  - (b) With property other than limited liability company property, by one (1) or more of the other members; and
  - (c) With limited liability company property, by the limited liability company with the consent of all members whose interest are not so charged.
- (5) This section does not deprive a member or a member's assignee of the benefit of any exemption laws applicable to the member's or assignee's limited liability company interest.
- (6) The limited liability company is not a necessary party to an application for a charging order. Service of the charging order on a limited liability company may be made by the court granting the charging order or as the court should otherwise direct.
- (7) This section does not apply to the enforcement of a judgment by a limited liability company against a member of that company.
- (8) This section does apply to the issuance of a charging order against the interest of a member or assignee of a member of a foreign limited liability company.

**Effective:** June 29, 2017

**History:** Amended 2017 Ky. Acts ch. 193, sec. 13, effective June 29, 2017. -- Amended 2011 Ky. Acts ch. 29, sec. 23, effective June 8, 2011. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 117, effective July 15, 2010; and amended ch. 133, sec. 35, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 117, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 341, sec. 35, effective July 15, 1998. -- Created 1994 Ky. Acts ch. 389, sec. 52, effective July

15, 1994.

**Legislative Research Commission Note (7/15/2010).** This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.

**Legislative Research Commission Note (7/15/2010).** 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."