

CALIFORNIA PRACTICE GUIDE PASS-THROUGH ENTITIES 2025 UPDATE

The 2025 softbound update completely replaces the 2024 update.

These Highlights summarize the most significant developments over the past year. The paragraph numbers are keyed to the 2025 edition of the Practice Guide where the topics are discussed in greater detail.

Our cut-off date for this Update was June 1, 2025. Some of the new cases cited were not final as of that date, so be sure to check the subsequent histories before citing or relying on them.

Thank you! A reminder that we welcome your comments and suggestions regarding this Practice Guide. If you see room for improvement, please let us know!

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2025 UPDATE HIGHLIGHTS

CHAPTER 4

LIMITED LIABILITY PARTNERSHIP

Available to limited professions

[4:3] **Architecture, engineering, and land surveying LLPs:** The termination date for an LLP to engage in the practice of architecture, engineering, or land surveying was extended to January 1, 2034. [Amended Corps.C. §16101(b), (c)]

Compliance with regulatory requirements for engineering and land surveying LLPs

[4:224] **Filing evidence of compliance with Board of Professional Engineers, Land Surveyors, and Geologists:** The Business & Organization Record Form filed by the LLP with the Board of Professional Engineers, Land Surveyors, and Geologists must be accompanied by documentary evidence that demonstrates compliance with Bus. & Prof.C. §§6738(a)(1) and (2) (engineers) or 8729(a)(1) and (2) (land surveyors). [Amended Bus. & Prof.C. §§6738(h)(2), 8729(h)(2)]

CHAPTER 6

LIMITED LIABILITY COMPANY

Operating agreement provisions

[6:109] **Modification of member's fiduciary duties:** An operating agreement may impose fiduciary duties on members in a manager-managed LLC. [*Samuelian v. Life Generations Healthcare, LLC* (2024) 104 CA5th 331, 362, 324 CR3d 596, 618]

Actions by members

[6:312] **Ratification:** Actions taken by the LLC may be later ratified by the members, notwithstanding the lack of express language in the California Revised Uniform Limited Liability Company Act permitting such a ratification. [*Camden Systems, LLC v. 409 North Camden, LLC* (2024) 103 CA5th 1068, 1081-1082, 323 CR3d 562, 572-573]

Member-managed company

[6:501] **Ability of operating agreement to expand members' statutory duty of loyalty:** *Samuelian v. Life Generations Healthcare, LLC* (2024) 104 CA5th 331, 358, 324 CR3d 596, 614 (citing text).

Ongoing operating matters

[6:660.1] **Disclaimer of proper authority related to unlawful use of personal identifying information in business entity filings:** Persons who learn their personal identifying information (PII) was used unlawfully in a business entity filing may pursue remedies, including filing a disclaimer of proper authority with the Secretary of State, which has been signed and verified under penalty of perjury and contains the information required by statute. [New Civ.C. §1798.203(a), (b)]