
OPERATING AGREEMENT

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This Limited Liability Company Operating Agreement (“Agreement”) is for

_____ (“Company”),

organized under the laws of the State of _____, by the filing of its

Articles of Organization on _____, 20 _____.

The parties to this agreement agree to operate the company under the following terms and conditions:

1. The members have the power to determine the location of the company's principal office/place of business. The members also have the power to designate the company's registered agent, who may be a member.

The company's principal office/place of business shall be:

The name and address of the company's registered agent shall be:

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2. The initial members of the company include:

Name	Address

(Included additional members on a separate page attached to this agreement)

3. No members or managers of the company shall be personally liable for any debts, obligations, expenses, liabilities, or any claims made against the company.

4. The members of the company elect to have the company treated as a:

Corporation

Partnership

Single Member, Disregarded Entity Filing a Schedule C

for state and federal income tax purposes. The members agree to execute and file any documents necessary to secure this tax treatment.

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5. The start-up capital for the company will total \$_____ .

Each member of the company agrees to contribute the following cash, property or services to this total amount on or before the date indicated:

Member	Cash, Property or Services	(\$) Value	Due Date

(Included additional members on a separate page attached to this agreement)

6. If additional contributions are required by the company, as determined by a:

Majority Unanimous

Vote of the members, then each member shall be required to contribute to such additional contributions in such proportions and by a certain date as determined by such vote.

7. If any member shall fail to make his or her initial or additional contributions as indicated by this agreement, any amendment to this agreement, or any additional agreement between the members, then this company shall continue as a company of only those members who have satisfied their contribution requirements. Any member who has failed to satisfy his or her contribution requirements will not be a member of this company. Each member who has made a contribution shall then be entitled to a share of company profits and losses in proportion to the amount of their contribution to the total contributions. If any additional contributions are necessary, such additional contributions shall be determined by the remaining members.

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8. Interest, at the rate of _____ percent (%), per annum shall be paid on each member's capital contributions that were paid in cash. The interest shall be an expense of the company and paid on an annual basis to the member who is entitled to it.
9. In addition to capital contributions, the following cash or property will be loaned to the company under the terms specified:

Member	Cash or Property Loaned	Terms of Loan

(Included additional members on a separate page attached to this agreement)

10. Each member's proportionate share of the profits and losses of the company shall be as follows:

Member	Ownership Percentage (%)

(Included additional members on a separate page attached to this agreement)

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11. Any profits or losses of the company shall be determined and distributed to the members on a quarterly a semi-annual an annual basis, according to their proportionate share of the profits and losses of the company.

However, the first:

5% 10% _____ (%) of the profits for each such period shall be retained by the company for reinvestment in the company.

12. The actual person(s) to manage the company and the salary of any such person(s) shall be determined by a majority unanimous vote of the members of the company, and the management may be removed at any time, with or without cause, by a like vote.

13. One or more managers may be selected under the terms of this agreement. If a single individual is selected to manage the company, such person shall have exclusive authority to make all management decisions. Otherwise, all company decisions will be made by majority unanimous vote among the persons selected to manage the company, except the major company decisions noted below, which must be decided by unanimous vote of the persons selected to manage the company. The manager(s) shall have the authority to conduct the day-to-day business of the company, without consultation with the other members. This shall include hiring and firing employees, signing company checks, withdrawing funds from company accounts, borrowing money up to the amount of \$ _____, and maintaining the books and records of the company.

Major decisions are defined as follows:

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14. The annual meeting of the company will be held on the _____ of every year at _____ a.m. p.m. This meeting is for the purpose of assessing the current status of the company and transacting any necessary business. If this day is a legal holiday, the meeting will be held on the next business day.
15. The place for the annual meeting of the members will be the principal office of the company.
16. A quorum for a members meeting will be a majority of the members. Once a quorum is present, business may be conducted at the meeting, even if members leave prior to adjournment.
17. At all meetings of members, a member may vote by signed proxy or by power of attorney. To be valid, a proxy must be filed with the company prior to the stated time of the meeting. No proxy may be valid for more than 11 months, unless the proxy specifically states otherwise. A proxy may always be revoked prior to the meeting for which it is intended. Attendance at the meeting for which a proxy has been authorized always revokes the proxy.
18. A majority unanimous vote of the members entitled to vote will be sufficient to decide any matter, unless a greater number is required by this agreement or by state law. Adjournment shall be by majority vote of those shares entitled to vote.
19. Any action that may be taken at a company meeting may be taken instead without a meeting if an agreement is consented to, in writing, by all members who would be entitled to vote.
20. The members will, jointly, have all powers available under state law, including the power to appoint and remove managers and employees; change the offices; borrow money on behalf of the company, including the power to execute any evidence of indebtedness on behalf of the company; and enter into contracts on behalf of the company. Such powers may be exercised by a single member only upon unanimous approval of all of the members.
21. Each member and manager owes a fiduciary duty of good faith and reasonable care with regard to all actions taken on behalf of the company. Each member and manager must perform his or her duties in good faith in a manner that he or she reasonably believes to be in the best interests of the company, using ordinary care and prudence.

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22. The company will maintain accounting records that will be open to any member for inspection at any reasonable time. These records will include separate income and capital accounts for each member. The capital account of each member will consist of no less than the value of the property, cash, or services that the member shall have contributed with his or her initial or additional contributions to the company.
23. The accounting will be on the cash accrual basis.
24. The fiscal year will be on a calendar year basis or a 12-month period beginning on _____ and ending _____ .
25. All notes, mortgages, or other evidence of indebtedness shall be signed by all of the members of the company, unless otherwise allowed under the terms of this agreement.
26. The company will maintain at least one (1) two (2) business bank checking accounts.
27. The company may not lend any money to a manager or member of the company unless the loan has been approved by a majority unanimous vote of members of the company.
28. All members are entitled to draws from the expected profits of the company. The draws will be debited against the income account of the member.
29. All members are eligible to be paid reasonable salaries for work or services they perform for the company, unless such work is in the capacity of a manager or is a contribution to the company.
30. Each member shall receive an expense account for up to \$_____ per month for the payment of reasonable and necessary business expenses in the regular course of company business. Each member shall provide the company with a written record of such expenses in order to obtain reimbursement.
31. A member may transfer all or part of his or her interest in the company to any other party only with the unanimous consent of the other members. In addition, the company has the right of first refusal to purchase the member's interest on the same terms and conditions as the

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member's offer from the third party. This option to buy must be exercised by the company within thirty (30) days from notice of the offer to buy by a third party.

32. A member may be expelled from the company at any time by the unanimous consent of the other members. Upon expulsion, the expelled member shall cease to be a member and shall have no interest, rights, authority, power, or ownership in the company or any company property. The expelled member shall be entitled to receive value for his or her interest in the company as determined by the terms of this agreement. The company shall continue in business without interruption without the expelled member.
33. A member is automatically expelled from the company at any time upon the occurrence of any of the following:
- a. A member files a petition for or becomes subject to an order for relief under the Federal Bankruptcy Code;
 - b. A member files for or becomes subject to any order for insolvency under any state law;
 - c. A member makes an assignment for the benefit of creditors;
 - d. A member consents to or becomes subject to the appointment of a receiver over a substantial portion of his or her assets; or
 - e. A member consents to or becomes subject to an attachment or execution of a substantial portion of his or her assets.

On the date of any of the above events, the expelled member shall cease to be a member and shall have no interest, rights, authority, power, or ownership in the company or any company property. The expelled member shall be entitled to receive value for his or her interest in the company as determined by the terms of this agreement. The company shall continue in business without interruption without the expelled member.

34. The expulsion of a member shall be final and shall not be subject to mediation, arbitration, or review by any court of any jurisdiction.

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35. The company shall buy and maintain life insurance on the life of each member in the amount of \$_____. The company shall also buy and maintain disability insurance on each other member in the amount of \$_____. Such life and disability insurance shall be considered assets of the company. On the withdrawal, termination, or expulsion of any member for any reason other than his or her death or disability, any insurance policies on the member's life or health on which the company paid premiums shall become the personal property of the departing member and the cash value (if any) of such policy shall be considered as a draw against the departing member's income account.
36. Except as otherwise provided by this agreement, the members agree that any dispute arising related to this agreement will be settled by arbitration. The person hired for such dispute resolution shall be chosen by a majority vote of the members. All costs of such dispute resolution will be shared equally by all members involved in the dispute.
37. A new member may be admitted to the company by majority unanimous consent of the members. Admission of a new member shall not cause the termination of the original company entity, but rather, it shall continue with the additional member.
38. Any new member to the company shall be responsible for and assume full personal liability equal to all other members for all company debts, liabilities and obligations whenever incurred for which the other members of the company have assumed personal liability.
39. If any member withdraws from the company for any reason (including the death or disability of the member), the company shall continue and be operated by the remaining members. The withdrawing member, or his or her personal representative, will be obligated to sell that member's interest to the remaining members and those remaining members will be obligated to buy that interest, if that interest has not been transferred to a beneficiary or beneficiaries through a will upon the member's death. The value of the withdrawing member's interest will be his or her proportionate share of the total value of the company. If necessary, the total value of the company will be assessed by an independent appraisal made within ninety (90) days of the member's withdrawal. The costs of the appraisal will be shared equally by all members, including the withdrawing member.

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40. No member, during or after the operation of the company, shall engage in any business that is in competition in any manner with the company. The prohibition against competition shall continue for a period of two (2) years after the member leaves the company and for any business within 100 miles of the company's principal place of business. This non-compete agreement shall end with the termination of the company.
41. The company may be terminated at any time by unanimous consent of the members. Upon termination, the members agree to apply the assets of the company in the following order:
- a. To pay all the debts and obligations of the company;
 - b. To distribute the members' income accounts to them in their proportionate share;
 - c. To distribute the members' capital accounts to them in their proportionate share; and
 - d. To distribute any remaining assets to them in their proportionate share.
42. The Articles of Organization and this Operating Agreement may be amended in any manner by majority vote of the members.
43. The following additional provisions are part of this agreement:
- a. No modification of this agreement shall be effective unless it is in writing and approved by the required number of members set forth in this agreement;
 - b. This agreement binds and benefits all members and any successors, inheritors, assigns, or representatives of the members;
 - c. Any attached papers that are referred to in this agreement are part of this agreement; This document is the entire agreement between the members;
 - d. Any alleged oral agreements shall have no force or effect; and
 - e. If any portion of this agreement is held to be invalid or unenforceable by any court of law or legal jurisdiction, the rest of the agreement shall remain in full force and effect.

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44. This agreement, dated and signed on _____, is governed by the laws of the State of _____ and supersedes all previous versions of this agreement.

Signature of Member

Printed Name of Member

_____	_____
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