

FORMATION AGREEMENT (LIMITED LIABILITY COMPANY)

THIS AGREEMENT made effective as of the ____ day of _____, _____.

AMONG:

[NAME OF MEMBER #1]

- and -

[NAME OF MEMBER #2]

- and -

[NAME OF MEMBER #3]

{list all Members in this manner}

(hereinafter individually referred to as a "Member" and collectively as the "Members")

- and -

[NAME OF LIMITED LIABILITY COMPANY]

a limited liability company in the process of formation with a registered office address in the State of _____
(hereinafter referred to as the "LLC")

RECITALS

WHEREAS each of the Members have determined that it is their desire to form the LLC for the purpose of engaging in the trade or business of _____ *[insert description of business the LLC will be engaged in]* (the "Business");

AND WHEREAS the parties hereto wish to set out in writing the terms and conditions which will govern the formation of the LLC and the operation of the Business;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained in this Agreement, the parties hereby agree as follows:

1. Confirmation of Formation of Business Entity

Each of the Members has consulted with legal, tax, accounting and business advisors and has evaluated the benefits, costs, risks, requirements and other relevant considerations of forming a limited liability company, rather than any other form of corporate or business entity, for the purposes of organizing and conducting the Business, and the Members concur that the formation of a limited liability company is in the best interests of the Members and the Business.

2. Operation of the Business

The Members agree that the affairs and operations of the Business shall be conducted generally in the following manner:

- (a) The period of duration of the LLC shall be _____ from the date of filing of the Articles of Organization with the appropriate state filing office, unless sooner dissolved by the Members or as provided by law;
- (b) *[set out the key issues regarding the general operation of the business which have been agreed upon among the members];*

3. Preliminary Agreement Only

The Members acknowledge that this Agreement is only a preliminary agreement among the parties hereto, and that it is the intention of the parties to execute a more comprehensive Operating Agreement at some future date, and in any event no later than *[insert either a date OR _____ days following the filing of the Articles of Organization with the appropriate state filing office]*. The terms and provisions of this Formation Agreement shall govern until such Operating Agreement is executed.

4. Business Purpose and Business Plan of the LLC

In addition to the foregoing description of the Business, the Members acknowledge and agree as follows:

- (a) *[set out a brief description of the business purpose, mission statement, goals and objectives for the LLC];*

Each of the Members further acknowledges that he/she has received, reviewed and accepted in general the draft Business Plan and Pro Forma Financial Projections, a copy of which attached to this Agreement as Schedule A and made a part hereof by reference.

THIS IS A 3-PAGE FORM.