

**LLC OPERATING AGREEMENT**  
**OF**  
**[NAME OF LLC]**  
**a \_\_\_\_\_ 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 \_\_\_\_\_

**RECITALS**

- A. The Members desire to form a limited liability company (the "Company") under the laws of the State of \_\_\_\_\_.
- B. The Members desire to enter into this Agreement in order to form and provide for the governance of the Company and the conduct of its business, and to set out their respective rights and obligations with respect thereto.

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

**ARTICLE I - DEFINITIONS**

Wherever used throughout this Agreement, the following terms shall have the means specified in this Article or elsewhere in this Agreement:

- 1.1 **"Act"** means the legislation enacted in the State of \_\_\_\_\_ applicable and pertaining to the formation and operation of limited liability companies, as amended, replaced or re-enacted from time to time.
- 1.2 **"Agreement"** means this Operating Agreement, and any amendments, modifications or replacements thereto or thereof.

- 1.3 **“Articles of Organization”** means the Articles of Organization required to be filed under the Act in order to establish a limited liability company in the State of \_\_\_\_\_.
- 1.4 **“Assignee”** means a person who has acquired a Member’s Financial Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.
- 1.5 **“Assigning Member”** means a Member who, by means of a Transfer, has transferred his/her Financial Interest in the Company to an Assignee.
- 1.6 **“Capital Account”** means, as to any Member, a separate account maintained and adjusted in accordance with Section 3.3.
- 1.7 **“Capital Contribution”** means, with respect to any Member, the total amount of money, forgiveness of debt, and Fair Market Value of any services or property other than money contributed to the Company (net of liabilities secured by such contributed property that the Company shall assume) in consideration of a Percentage Interest held by such member. A Capital Contribution shall not be deemed to be a loan.
- 1.8 **“Capital Event”** means a sale or disposition of any of the Company’s capital assets, the receipt of insurance or other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of any Company property, or any similar event with respect to any of the Company’s property or assets.
- 1.9 **“Company”** means [NAME OF LIMITED LIABILITY COMPANY].
- 1.10 **“Encumbrance”** means, with respect to any Membership Interest or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option or preferential right to purchase.
- 1.11 **“Fair Market Value”** means, with respect to any item of the Company’s property, such item’s adjusted basis for income tax purposes, except as follows:
- (a) the Fair Market Value of any property contributed by a Member to the Company shall be the value of such property, as mutually agreed upon between the Company and such contributing Member;
  - (b) the Fair Market Value of any item of the Company’s property distributed to any Member shall be the value of such item on the date of distribution, as mutually agreed upon between the Company and such distributee Member; and
  - (c) Fair Market Value for purposes of Section 8.7 and Section 9.3 shall be as set out in such sections.
- 1.12 **“Financial Interest”** means a Member’s right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.
- 1.13 **“Initial Member”** or **“Initial Members”** means any one or more of those Persons who are set forth in the preamble of this Agreement.
- 1.14 **“Involuntary Transfer”** means, with respect to any Membership Interest or any element thereof, any Transfer or Encumbrance, whether by way of operation of law, court order, foreclosure, execution of a judgment or other legal process or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver or assignee for the benefit of creditors.
- 1.15 **“Majority of Members”** means one or more Members whose total Percentage Interest represents more than fifty percent (50%) of the Percentage Interests of all Members.

- 1.16 **"Manager"** means the person or persons named in Section 2.6 as the person(s) who will manage the business and day-to-day operations of the Company.
- 1.17 **"Meeting"** shall have the meaning set out in Section 5.4.
- 1.18 **"Member"** means an Initial Member or a Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who remains a Member.
- 1.19 **"Membership Interest"** means a Member's Financial Interest together with his/her Voting Interest.
- 1.20 **"Notice"** means any written notice required or permitted to be given under this Agreement. A Notice shall be deemed given (a) if hand delivered or sent by prepaid overnight delivery, on the date of delivery, or (b) if sent by prepaid certified mail, \_\_\_ days following deposit of same in the [insert name of country] mail, or (c) if sent by facsimile transmission or other electronic means, when such transmission is electronically confirmed as having been successfully transmitted.
- 1.21 **"Percentage Interest"** of each Member in the Company is the same percentage as each such Member's allocation of profits and Losses is to all Profits and Losses, as set forth in Section 4.1.
- 1.22 **"Person"** means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or any other entity, whether domestic or foreign.
- 1.23 **"Profits and Losses"** means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period.
- 1.24 **"Regulations"** means the income tax regulations promulgated by the United States Treasury Department, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.
- 1.25 **"Substituted Member"** shall have the meaning set out in Section 8.8.
- 1.26 **"Successor in Interest"** means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.
- 1.27 **"Transfer"** means any sale, assignment, gift, Involuntary Transfer or other disposition of a Membership Interest or any element thereof, either directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.
- 1.28 **"Triggering Event"** shall have the meaning set out in Section 8.3.
- 1.29 **"Vote"** means a written consent or approval, a ballot cast at a Meeting, or a voice vote.
- 1.30 **"Voting Interest"** means a Member's right to Vote or participate in management and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest.

## ARTICLE II - ARTICLES OF ORGANIZATION

2.1 The Members have filed Articles of Organization in accordance with the provisions of the Act. A copy of the Articles of Organization are attached to this Agreement as Exhibit A.

2.2 The name of the Company shall be [NAME OF LIMITED LIABILITY COMPANY]. The Company may also conduct its business under one or more assumed names. The principal executive office of the Company shall be at \_\_\_\_\_ [insert full street address], or such other place or places as may be determined by the Members from time to time.