

LIMITED LIABILITY COMPANY (LLC) OPERATING AGREEMENT

This Operating Agreement (the "Agreement") is entered into as of _____, by and among the Members listed below.

ARTICLE I - COMPANY INFORMATION

LLC Name: _____

State of Formation: _____

Date of Formation: _____

Principal Office Address: _____

Registered Agent: _____

Registered Agent Address: _____

EIN: _____

ARTICLE II - PURPOSE OF THE COMPANY

The purpose of the Company shall be: _____

ARTICLE III - MEMBERS

Member 1

Name: _____

Address: _____

Initial Capital Contribution: \$ _____

Ownership Percentage: _____%

ARTICLE IV - MANAGEMENT STRUCTURE

This LLC shall be MEMBER-MANAGED. All Members shall have the authority to manage the day-to-day operations of the Company. Decisions requiring Member approval shall be made by: Majority Vote

ARTICLE V - CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

Section 5.1 Initial Capital Contributions

Initial Capital Contributions of Members are set forth above.

Section 5.2 No Obligation for Additional Contributions

No Member shall be required to make additional capital contributions without their written consent.

Section 5.3 Failure to Make Capital Contributions

If a Member fails to make a required capital contribution:

- The Company may pursue legal remedies;
- The non-contributing Member's ownership percentage may be diluted;
- The Company may treat the shortfall as a loan at _____ % annual interest.

Section 5.4 Capital Accounts

The Company shall maintain a separate capital account for each Member. Capital accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv).

ARTICLE VI - ALLOCATIONS AND DISTRIBUTIONS

Section 6.1 Profits and Losses

Profits and losses shall be allocated to Members in proportion to their Ownership Percentages.

Section 6.2 Distributions

Distributions shall be made as determined by the Members from time to time.

Section 6.3 Tax Distributions

Tax distributions are not required. Members are responsible for their own tax liabilities.

ARTICLE VII - MEMBER WITHDRAWAL AND BUYOUT

Section 7.1 Voluntary Withdrawal

A Member may withdraw from the Company upon _____ days written notice. Upon withdrawal: The Company has _____ days to decide whether to purchase the interest at fair market value. If the Company declines, the Member retains their interest as a non-voting economic interest.

Section 7.2 Buyout Valuation

The buyout price shall be determined by: An independent business appraiser mutually agreed upon by the Company and the departing Member. If agreement cannot be reached, each party selects an appraiser and those two appraisers select a third. The average of the three appraisals determines the value.

Section 7.3 Payment Terms

Buyout payments shall be made: Equal _____ installments over 3 years with _____ % annual interest. First payment due _____ days after valuation.

ARTICLE VIII - DEATH, DISABILITY, AND INVOLUNTARY TRANSFER

Section 8.1 Death of a Member

Upon death of a Member, the Company has option to purchase the deceased's interest.

Section 8.2 Disability

A Member shall be deemed disabled if unable to perform their duties for _____ consecutive days. Upon disability, company has option to purchase.

Section 8.3 Divorce or Creditor Claims

In case of divorce or creditor claims against a Member's interest, the Company shall have the first option to purchase the affected interest at fair market value.

ARTICLE IX - TRANSFER OF MEMBERSHIP INTERESTS

Section 9.1 General Restrictions

Before any Member may transfer their interest to a third party, they must first offer it to existing Members on the same terms. Members have _____ days to exercise this right.

Any transfer requires approval of _____.

ARTICLE X - ADMISSION OF NEW MEMBERS

Section 10.1 Admission Requirements

New Members may be admitted upon approval of _____.

Section 10.2 Dilution

Existing Members have pro-rata rights to maintain ownership percentage.

ARTICLE XI - MEETINGS AND VOTING

Section 11.1 Annual Meeting

An annual meeting shall be held on _____. The meeting shall cover approval of prior year financials, election of managers (if applicable), and planning for the upcoming year.

Section 11.2 Special Meetings

Special meetings may be called by _____.

Section 11.3 Notice

Written notice of _____ days shall be provided for all meetings.

Section 11.4 Major Decisions Requiring Supermajority

The following decisions require approval of _____:

- Borrowing over \$ _____
- Sale of assets over \$ _____
- Entering contracts over \$ _____ or longer than _____ years
- Hiring employees with compensation over \$ _____
- Changes to the business purpose
- Admission of new Members
- Merger or consolidation

Section 11.5 Deadlock Resolution

In case of deadlock: Mediation required

ARTICLE XII - FIDUCIARY DUTIES

Section 12.1 Duty of Loyalty

Members and Managers owe a duty of loyalty to act in the best interests of the Company and other Members.

Section 12.2 Duty of Care

Members and Managers shall discharge duties in good faith with the care an ordinarily prudent person would exercise.

Section 12.3 Conflicts of Interest

Members must disclose any conflicts of interest. Interested Member transactions require approval of disinterested Members.

Section 12.4 Company Opportunities

Members shall not usurp Company opportunities without offering them first to the Company.

ARTICLE XIII - CONFIDENTIALITY AND NON-COMPETE

Section 13.1 Confidentiality

Members shall maintain confidentiality of all Company proprietary information during membership and for _____ years after termination of their membership interest for any reason (including withdrawal, buyout, expulsion, or dissolution).

Section 13.2 Non-Compete

During membership and for _____ years after, Members shall not engage in competing businesses within _____ miles.

Section 13.3 Non-Solicitation

Members shall not solicit Company employees or customers for _____ years after leaving.

ARTICLE XIV - COMPENSATION AND EMPLOYMENT

Section 14.1 Member Compensation

Compensation for Members: Compensation as determined

Section 14.2 Employment

Members May be employed by Company

Section 14.3 Expense Reimbursement

Reasonable business expenses shall be reimbursed upon submission of documentation.

Section 14.4 Benefits

ARTICLE XV - INTELLECTUAL PROPERTY

Section 15.1 Work Product

All work product created by Members in scope of Company business belongs to the Company.

Section 15.2 Prior IP

Members retain ownership of pre-existing IP but grant Company a license to use if needed for business.

Section 15.3 Inventions Assignment

Members assign all Company-related inventions, patents, and copyrights to the Company.

ARTICLE XVI - BANKING AND FINANCIAL CONTROLS

Section 16.1 Bank Accounts

Bank accounts shall be maintained at _____.

Section 16.2 Signatory Authority

- Checks under \$_____ require one authorized signature
- Checks over this amount require _____ signatures
- Electronic transfers over \$_____ require approval of _____

Section 16.3 Authorized Signatories

All Members are authorized signatories on Company accounts.

Section 16.4 Credit and Loans

Company credit cards and loans require approval per Section 11.4.

ARTICLE XVII - BOOKS, RECORDS, AND ACCOUNTING

Section 17.1 Books and Records

Complete and accurate books shall be maintained at the principal office. All Members have inspection rights upon reasonable notice.

Section 17.2 Fiscal Year

The Company's fiscal year shall be the calendar year unless otherwise determined by the Members. Any change to the fiscal year must be properly documented and comply with applicable tax regulations.

Section 17.3 Accounting Method

The Company shall use Accrual basis accounting.

Section 17.4 Financial Statements

Quarterly financial statements shall be provided to Members.

Section 17.5 Audit Rights

Members holding _____% or more ownership may request an independent audit at Company expense once per year.

ARTICLE XVIII - TAX MATTERS

Section 18.1 Tax Classification

The Company shall elect to be taxed as a Partnership.

Section 18.2 Tax Representative

_____ shall serve as Tax Matters Partner/Partnership Representative.

Section 18.3 Tax Allocations

Tax allocations shall comply with Code Section 704(b) and Treasury Regulations.

ARTICLE XIX - INSURANCE

The Company's insurance requirements shall be determined by the Members. The Members shall meet within ninety (90) days of the effective date of this Agreement to establish appropriate insurance coverage based on the Company's activities, assets, and risk profile.

Insurance decisions shall be made according to the voting provisions set forth in Article XI of this Agreement. The Company shall maintain any insurance coverage required by applicable law.

ARTICLE XX - DISSOLUTION AND LIQUIDATION

Section 20.1 Dissolution Events

The Company shall dissolve upon the occurrence of any of the following events: (a) the unanimous vote of all Members to dissolve the Company; (b) the sale or other disposition of substantially all of the Company's assets; (c) the entry of a judicial decree of dissolution pursuant to applicable law; (d) the occurrence of any event that makes it unlawful for the business of the Company to be continued; or (e) any other event causing dissolution under the laws of the state of its incorporation.

Section 20.2 Liquidation

Upon dissolution, assets shall be distributed in the following order:

1. Payment of Company debts to creditors
2. Payment of liquidation expenses
3. Setting up reserves for contingent liabilities
4. Return of capital contributions
5. Distribution of remaining assets per ownership percentages

Section 20.3 Certificate of Cancellation

Upon completion of liquidation, Articles of Cancellation shall be filed.

ARTICLE XXI - INDEMNIFICATION

Section 21.1 Indemnification

The Company shall indemnify Members, Managers, officers, and agents for actions taken in good faith on behalf of the Company, except for gross negligence, willful misconduct, or breach of this Agreement.

Section 21.2 Advancement of Expenses

Legal expenses may be advanced pending final determination of right to indemnification.

Section 21.3 Insurance

The Company may purchase D&O insurance for Members and Managers.

ARTICLE XXII - DISPUTE RESOLUTION

Section 22.1 Good Faith Negotiation

The Members agree to first attempt to resolve any disputes arising under this Agreement through good faith negotiation and discussion among themselves.

Section 22.2 Mediation

If the Members cannot resolve a dispute through negotiation within thirty (30) days, the dispute shall be submitted to mediation before a neutral mediator mutually agreed upon by the parties. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association then in effect. The costs of mediation shall be shared equally by the parties involved in the dispute.

Section 22.3 Arbitration

If mediation does not resolve the dispute within sixty (60) days of commencement, the dispute shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted by a single arbitrator mutually agreed upon by the parties, or if they cannot agree, appointed according to AAA rules. The arbitrator's decision shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction.

Section 22.4 Venue

All dispute resolution proceedings shall take place in the city where the Company's principal office is located, in the State of _____.

Section 22.5 Attorneys' Fees

The prevailing party in any dispute resolution proceeding shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party.

Section 22.6 Provisional Remedies

Nothing in this Article shall prevent any party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction, including temporary restraining orders or preliminary injunctions.

ARTICLE XXIII - GENERAL PROVISIONS

Section 23.1 Amendments

This Agreement may be amended only by written consent of _____.

Section 23.2 Governing Law

This Agreement shall be governed by the laws of _____.

Section 23.3 Severability

Invalid provisions shall be severed without affecting remaining provisions.

Section 23.4 Entire Agreement

This Agreement constitutes the entire agreement between parties.

Section 23.5 Notices

All notices shall be in writing to addresses listed above.

Section 23.6 Waiver

No waiver is effective unless in writing.

Section 23.7 Counterparts

This Agreement may be executed in counterparts.

SIGNATURES

By signing below, each Member acknowledges and agrees to be bound by the terms of this Operating Agreement.

Member 1: _____

Print Name: _____

Date: _____