LLC OPERATING AGREEMENT

This Operating Agreement (this "Agreement") of _____ (the "Company"), a _____ limited liability company, takes effect on _____ (the "Effective Date"). It is made by the members listed in Schedule A (each a "Member").

In Texas this document is called a company agreement, and in Delaware a limited liability company agreement. Use your state's name for it if you prefer.

1. FORMATION

The Company was formed under the laws of the State of _____ when its articles of organization (or certificate of formation) were filed on _____. In this Agreement, the "Act" means that state's limited liability company law.

Principal office: _____. Registered agent: _____, at _____.

Purpose: _____ (leave blank to allow any lawful business). The Company continues until it is dissolved and wound up.

2. MEMBERS AND OWNERSHIP

The Members, their contributions and their ownership percentages (each a "Percentage Interest") are listed in Schedule A. The Percentage Interests always add up to 100%.

No Member is personally liable for the Company's debts just because that person is a Member or takes part in management. The Company will keep its money, contracts and records separate from those of any Member.

3. CAPITAL

Each Member has made the contribution shown in Schedule A. (Check one): [ ] no Member has to contribute more; [ ] the Members may require more capital, shared by Percentage Interest, if approved by _____ (majority / all Members). A Member who does not fund a required contribution may have its Percentage Interest reduced.

No Member earns interest on a contribution or may withdraw it except as this Agreement allows.

4. PROFITS, LOSSES AND DISTRIBUTIONS

Profits and losses are allocated among the Members in proportion to their Percentage Interests. Cash will be distributed (check one): [ ] when approved; [ ] each quarter; [ ] once a year, always in proportion to Percentage Interests.

The Company will not make a distribution if, afterward, it could not pay its debts as they come due or its liabilities would be more than its assets.

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5. TAX CLASSIFICATION

The Company will be taxed as (check one): [ ] the default (a disregarded entity with one Member, a partnership with two or more); [ ] an S corporation (IRS Form 2553), in which case every interest has identical rights to distributions and liquidation proceeds; [ ] a C corporation (IRS Form 8832).

Partnership representative, if taxed as a partnership: _____.

6. MANAGEMENT

The Company is (check one): [ ] managed by its Members; [ ] managed by the following Manager or Managers: _____.

Ordinary decisions are made by Members holding more than half of the votes. Votes are counted (check one): [ ] by Percentage Interest; [ ] one vote per Member. Admitting a Member, amending this Agreement and these other matters need the approval of _____ (majority / two-thirds / all Members): _____.

Each Member and Manager will act in good faith and in the Company's best interests. Members (check one): [ ] may run other businesses, even competing ones; [ ] may not run a competing business while a Member.

7. TRANSFERS AND BUYOUTS

No Member may sell, give or pledge its interest without the written approval of _____ (a majority / all) of the other Members. A buyer who is not admitted as a Member receives only distributions, with no vote.

[ ] Right of first refusal: before selling to an outsider, a Member must offer the interest to the Company (30 days) and then to the other Members (15 days) on the same price and terms.

On a Member's _____ (for example death, long-term disability, departure, divorce or bankruptcy), the Company and then the other Members may buy that Member's interest at a price fixed by _____ (agreed value / appraisal / book value), paid _____ (in cash within 90 days / in installments).

8. DISSOLUTION

The Company will be dissolved only by a vote of _____ (a majority / two-thirds / all Members), the sale of substantially all of its assets, having no members for the period the Act allows, or a court order. After paying creditors and setting aside reserves, remaining assets go to the Members in proportion to their _____ (capital accounts / Percentage Interests).

9. LIABILITY, RECORDS AND BANKING

The Company will indemnify each Member, Manager and officer for good-faith acts on its behalf, except for fraud, bad faith, willful misconduct, gross negligence or a knowing violation of law.

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The Company will keep its records at its principal office, and each Member may inspect them on reasonable notice. Company money will be kept in Company bank accounts, and _____ may sign checks.

10. GENERAL TERMS

This Agreement is governed by the laws of the State of _____. Disputes will be resolved (check one): [ ] in court; [ ] by mediation, then court; [ ] by mediation, then binding arbitration. This Agreement may be amended only in writing approved by _____ (majority / two-thirds / all Members), is the entire agreement on its subject, and may be signed in counterparts and electronically.

Additional terms: _____

Note: New York requires a written operating agreement and newspaper publication of the LLC's formation. In community property states, consider having each married Member's spouse sign a consent.

SIGNATURES

Member

Signature: _____ Date: _____

Printed Name: _____

Member

Signature: _____ Date: _____

Printed Name: _____

SCHEDULE A: MEMBERS, CONTRIBUTIONS AND PERCENTAGE INTERESTS

Member: _____. Address: _____. Initial contribution and agreed value: _____. Percentage Interest: _____%.

Member: _____. Address: _____. Initial contribution and agreed value: _____. Percentage Interest: _____%.

Member: _____. Address: _____. Initial contribution and agreed value: _____. Percentage Interest: _____%.

Total of all Percentage Interests: 100%.

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