

LLC OPERATING AGREEMENT

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This Operating Agreement (this "**Agreement**") of [LLC LEGAL NAME], a [STATE] limited liability company (the "**Company**"), is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and among the persons identified as members on **Exhibit A** (each a "**Member**" and together the "**Members**").

Recitals. The Members have formed, or will form, the Company by filing articles of organization (or a certificate of formation) under the limited liability company law of the State of [STATE] (the "**Act**"). The Members wish to set out the governance, economics, and operating rules of the Company in writing. This Agreement supplements the Act, which supplies default rules where this Agreement is silent. In consideration of the mutual promises in this Agreement, the Members agree as follows.

1. Formation and Purpose

1.1 Formation. The Company is a limited liability company formed under the Act. The Members or an authorized person will file the articles of organization and any other documents required to form and maintain the Company in good standing.

1.2 Name and offices. The Company's name is [LLC LEGAL NAME]. Its principal office is at [ADDRESS], and it will maintain a registered agent and registered office as required by the Act.

1.3 Purpose. The Company's purpose is to [DESCRIBE BUSINESS] and to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

1.4 Term. The Company began on the filing of its articles of organization and continues until dissolved under Section 9. Its existence is perpetual unless otherwise stated in its articles.

1.5 Limited liability. No Member or Manager is personally liable for the debts, obligations, or liabilities of the Company solely by reason of being a Member or Manager, except as required by the Act or as a result of that person's own wrongful conduct.

2. Members and Membership Interests

2.1 Members. The Members and their ownership percentages (each a "**Membership Interest**" or "**Percentage Interest**") are set out in **Exhibit A**.

2.2 No certificates required. Membership Interests need not be certificated. If the Company issues certificates, they are subject to the transfer restrictions in Section 7.

2.3 Admission of new members. A new Member may be admitted only with the consent required by Section 6.2 and on the new Member's signing a joinder agreeing to be bound by this Agreement.

2.4 Liability of members. A Member's liability is limited to its agreed Capital Contributions and its share of undistributed profits. A Member is not obligated to restore a negative capital account except as required by the

Act.

3. Capital Contributions and Accounts

3.1 Initial contributions. Each Member will contribute the cash, property, or services described for that Member in **Exhibit A** (each a "**Capital Contribution**"), on the schedule stated there.

3.2 Additional contributions. No Member is obligated to make additional Capital Contributions unless approved under Section 6. If additional capital is approved and a Member declines to fund its share, the other Members may fund the shortfall and the Percentage Interests may be adjusted as the Members agree in writing.

3.3 Capital accounts. The Company will maintain a capital account for each Member, credited with Capital Contributions and allocated profits and debited with allocated losses and distributions, maintained in a manner consistent with applicable tax rules.

3.4 No interest; no withdrawal. No Member is entitled to interest on its Capital Contribution or to withdraw or demand a return of capital except on distribution or dissolution under this Agreement.

4. Allocations and Distributions

4.1 Allocations. Net profits and net losses are allocated among the Members in proportion to their Percentage Interests, except as **Exhibit A** provides for any special allocation.

4.2 Distributions. The Company will distribute available cash to the Members in proportion to their Percentage Interests at the times the Members (or the Manager) reasonably determine, after retaining reserves for the Company's obligations.

4.3 Tax distributions. The Company may, and **[WILL / MAY]**, make distributions sufficient to enable Members to pay taxes attributable to their allocated share of Company income, to the extent of available cash, before other distributions.

4.4 Tax classification and reporting. The Company is treated as a **[PARTNERSHIP / DISREGARDED ENTITY / CORPORATION (by election)]** for tax purposes. The Company will file required returns and furnish each Member the information needed for its own returns. **[OPTIONAL: Designate a Partnership Representative.]**

5. Management

5.1 Management structure. The Company is **[MEMBER-MANAGED / MANAGER-MANAGED]**. *(Select one and delete the other; the clauses below assume member-managed and note manager-managed alternatives.)*

5.2 Member-managed authority. If member-managed, the Members manage the Company. Decisions in the ordinary course of business are made by Members holding a **[MAJORITY]** of Percentage Interests, except for Major Decisions under Section 6. Each Member is an agent of the Company in the ordinary course, but no Member may bind the Company outside the ordinary course or take a Major Decision without the required consent.

5.3 Manager-managed alternative. If manager-managed, the Members appoint one or more Managers in **Exhibit A**. The Managers have exclusive authority to manage the Company in the ordinary course, subject to Major Decisions reserved to the Members under Section 6. Managers serve until they resign or are removed by Members holding a **[MAJORITY]** of Percentage Interests.

5.4 Officers. The Members or Managers may appoint officers (such as President or Treasurer) with the authority delegated to them in writing.

5.5 Standard of conduct. Each Member or Manager with management authority will act in good faith, in a manner reasonably believed to be in the Company's best interests, and consistent with the duties owed under the Act.

5.6 Records. The Company will keep complete and accurate books and records, including the information the Act requires, accessible to each Member on reasonable notice.

6. Voting and Major Decisions

6.1 Voting. Except where this Agreement or the Act requires otherwise, Members vote in proportion to their Percentage Interests.

6.2 Major Decisions. The following require the consent of Members holding at least [PERCENTAGE, e.g. a majority or supermajority] of Percentage Interests: (a) admitting a new Member; (b) amending this Agreement or the articles; (c) selling, leasing, or pledging all or substantially all of the Company's assets; (d) incurring debt above [AMOUNT]; (e) merging, converting, or dissolving the Company; (f) making distributions other than pro rata; and (g) changing the Company's tax classification.

6.3 Meetings and written consent. Members may act at meetings or by written consent. Notice, quorum, and procedures are as stated in **Exhibit B** or, if not stated, as provided by the Act.

7. Transfers of Membership Interests

7.1 Restrictions. No Member may transfer all or part of its Membership Interest without the prior written consent of the other Members under Section 6.2, except as permitted in this Section, and any attempted transfer in violation is void.

7.2 Right of first refusal. Before transferring its Membership Interest to a third party, a selling Member must first offer it to the Company and then to the other Members on the same terms, by written notice, who have [NUMBER, e.g. 30] days to accept.

7.3 Permitted transferees and substitution. A transferee receives only economic rights and does not become a Member with voting and management rights unless admitted under Section 2.3. Permitted estate-planning or affiliate transfers may be allowed as stated in **Exhibit B**.

7.4 Death, disability, or dissociation. On a Member's death, disability, bankruptcy, or other dissociation, the Company or the remaining Members may purchase that Member's interest under the buyout terms in **Exhibit B**, and the dissociated Member retains only economic rights until purchase.

8. Indemnification and Liability

8.1 Indemnification. The Company will indemnify each Member, Manager, and officer against liabilities incurred in good faith in connection with the Company's business, to the extent permitted by the Act and limited to Company assets.

8.2 Limitation. No Member is personally liable for indemnification obligations beyond its Capital Contribution and undistributed profits. Indemnification does not cover fraud, willful misconduct, or knowing violation of law.

9. Dissolution and Winding Up

9.1 Events of dissolution. The Company dissolves on (a) the consent of Members under Section 6.2; (b) the sale of all or substantially all of its assets; or (c) any event requiring dissolution under the Act.

9.2 **Winding up.** On dissolution, the Members or a person they appoint will wind up the Company, liquidate its assets, and distribute the proceeds.

9.3 **Order of distribution.** Liquidation proceeds are applied, to the extent permitted by the Act, in the following order: (a) to creditors, including Members who are creditors; (b) to reserves the winding-up person reasonably establishes; and (c) to the Members in accordance with their positive capital account balances, then in proportion to Percentage Interests.

9.4 **Articles of dissolution.** The Company will file articles or a certificate of dissolution and any other documents required by the Act to terminate its existence.

10. General Provisions

10.1 **Governing law.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules, including the Act, which supplies default rules where this Agreement is silent.

10.2 **Venue.** The Members submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

10.3 **Notices.** Notices must be in writing and sent to the addresses on **Exhibit A** (or as updated in writing) and are effective on receipt.

10.4 **Entire agreement; amendment.** This Agreement, together with its Exhibits and the articles of organization, is the entire agreement among the Members on its subject and supersedes prior discussions. It may be amended only as provided in Section 6.2.

10.5 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Member's failure to enforce a provision is not a waiver.

10.6 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Members have executed this Agreement as of the Effective Date.

MEMBER 1	MEMBER 2
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [MEMBER / MANAGER]	Title: [MEMBER / MANAGER]
Date: _____	Date: _____

Additional Members execute by signing a counterpart signature page or joinder in the form attached to this Agreement.

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