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This agreement does not form the LLC. The company is formed by filing articles of organization (or your state's equivalent) with the state. State LLC laws differ, and where this agreement is silent, your state's law applies. For a single-member LLC, delete the references to Member 2, the voting thresholds in Section 5.2 and the right of first refusal in Section 8.2, and add a clause naming who takes over if the sole member dies or can't act.

LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF [LLC NAME]

This Operating Agreement ("Agreement") is made effective [date] by the members listed in Schedule A (each a "Member").

1. Formation

1.1 **Name.** The company's name is [exact LLC name as filed] (the "Company").

1.2 **Formation.** The Company was formed as a limited liability company under the laws of the State of [State] by filing articles of organization with the [state filing office] on [date], filing number [number].

1.3 **Registered agent and office.** Registered agent, [name], at [address]. Principal office, [address].

1.4 **Purpose.** The Company may carry on [describe the business] and any other lawful business the Members approve.

1.5 **Term.** The Company continues until dissolved under Section 10.

2. Members, Contributions and Percentages

2.1 **Members.** The Members, their initial capital contributions, the agreed value of those contributions, and their percentage interests ("Percentages") are listed in Schedule A.

2.2 **Additional contributions.** No Member must contribute more capital unless Members holding at least [percentage]% of the Percentages approve it, and then each Member contributes in proportion to its Percentage.

2.3 **No interest; no withdrawal.** Capital contributions earn no interest, and no Member may withdraw capital except as this Agreement provides.

3. Profits, Losses and Distributions

3.1 **Allocations.** Profits and losses are allocated among the Members in proportion to their Percentages, unless the tax rules require otherwise.

3.2 Distributions. The Company will distribute available cash ☐ quarterly ☐ annually ☐ when the Members decide, in proportion to Percentages, after keeping reasonable reserves for operating costs and debts.

3.3 Tax distributions. ☐ Not included. ☐ If cash is available, the Company will distribute to each Member, at least [number] days before each estimated tax due date, enough to cover the estimated tax on that Member's share of Company income at an assumed rate of [percentage]%.

3.4 Limit. No distribution may be made if it would leave the Company unable to pay its debts as they come due, or would otherwise break the law.

4. Management

Choose one:

☐ **Member-managed.** The Company is managed by its Members. Each Member may act for the Company in the ordinary course of business, subject to Section 5.

☐ **Manager-managed.** The Company is managed by [name(s)] (the "Manager"), who may act for the Company in the ordinary course of business, subject to Section 5. Members may remove or replace the Manager by a vote of Members holding [percentage]% of the Percentages.

5. Voting and Major Decisions

5.1 Ordinary decisions. Unless this Agreement says otherwise, decisions are made by Members holding more than 50% of the Percentages.

5.2 Major decisions. The following need approval of Members holding at least [percentage, e.g. 75% or 100%] of the Percentages:

- selling, leasing or mortgaging all or substantially all of the Company's assets;
- merging, converting or dissolving the Company;
- borrowing or guaranteeing debt over [\$ amount];
- any single expense or contract over [\$ amount];
- admitting a new Member or issuing new interests;
- changing the Company's tax classification;
- amending this Agreement or the articles of organization;
- any transaction between the Company and a Member or a Member's relative or affiliate; and
- [other].

5.3 Meetings and written consent. Members may act at a meeting (including by video or phone) or by written consent, which may be given by email or electronic signature.

6. Duties and Other Activities

6.1 Standard of conduct. Each Member and any Manager will act in good faith, with reasonable care, and in the Company's best interests, and will not use Company property or opportunities for personal gain.

6.2 Other businesses. Members ☐ may ☐ may not engage in other businesses that compete with the Company. Other business activities that don't compete are allowed.

6.3 Compensation. Members are not paid for services to the Company except: [e.g. "Member 2 receives a fixed payment of [\$ amount] per month for managing daily operations," or "None"].

7. Books, Records and Banking

The Company will keep complete books at its principal office, a separate bank account in its own name, and will not mix Company funds with any Member's funds. Each Member may inspect the books on reasonable notice. The Company's fiscal year is the calendar year unless the Members decide otherwise. Within [number] days after each year ends, the Company will give each Member the tax information needed for that Member's return.

8. Transfers of Interests

8.1 Restriction. No Member may sell, give, pledge or otherwise transfer any part of its interest without approval under Section 5.2, except as this Section allows.

8.2 Right of first refusal. A Member who receives a good-faith offer from an outsider must first offer the interest to the other Members on the same terms. They have [number] days to accept, in proportion to their Percentages. If they decline, the Member may sell to the outsider on the same terms within [number] days, and the buyer becomes a Member only with approval under Section 5.2.

9. Leaving the Company

9.1 Triggering events. If a Member dies, becomes permanently disabled, files for personal bankruptcy, or gives [number] days' written notice of withdrawal, the Company and the other Members have the option to buy that Member's interest.

9.2 Price. The price is ☐ the fair market value of the interest, as agreed by the parties or, if they can't agree within [number] days, as set by an independent appraiser they choose together ☐ the value set in the most recent annual valuation the Members signed ☐ [other method].

9.3 Payment. The price is paid ☐ in full within [number] days ☐ with [percentage]% down and the balance in equal [monthly/quarterly] payments over [number] years with interest at [rate]%.

10. Dissolution

10.1 Events. The Company dissolves when Members approve it under Section 5.2, when no Members remain, or when the law requires it.

10.2 Winding up. The Members (or a person they appoint) will collect the Company's assets, pay or provide for its debts, including debts to Members, and then distribute what remains to the Members first to return each Member's unreturned capital contributions, and then by Percentages. The Company will then file any required articles of dissolution with the state.

11. Liability and Indemnification

No Member is personally liable for the Company's debts merely because of being a Member. The Company will indemnify any Member or Manager for reasonable costs and losses from acting in good faith for the Company, except for gross negligence, willful misconduct, knowing violation of law, or breach of this Agreement.

12. Disputes

The Members will first try to resolve any dispute by good-faith discussion for [number] days, then by ☐ mediation ☐ arbitration ☐ court proceedings in [county, State].

13. General Terms

Entire agreement. This Agreement and Schedule A are the entire agreement among the Members about the Company and replace earlier agreements on the same subject.

Amendments. This Agreement may be amended only in writing approved under Section 5.2.

Governing law. This Agreement is governed by the laws of the State of [State].

Severability. If any part of this Agreement is found invalid, the rest stays in effect.

Counterparts and electronic signatures. The parties agree this agreement may be signed electronically and in counterparts, and an electronic signature has the same effect as a handwritten one.

Schedule A: Members

Member name and address	Contribution (describe)	Agreed value	Percentage
Member 1, [name], [address]	[cash, property or services]	[\$]	[%]
Member 2, [name], [address]	[cash, property or services]	[\$]	[%]

Add a row for each additional Member, and add a matching signature block below.

Signatures

Member 1

Signature: _____

Name: [full name]

Date: [date]

Member 2

Signature: _____

Name: [full name]

Date: [date]