

Multi Member Operating Agreement

[Company Name]

[Date]

[Company Name]

[Company Address]

[Company Address Continued]

[Company Phone #]

[Company Website]

PURPOSE. The primary objective of this limited liability company (referred to as the "Company") is to partake in the business of [insert purpose of the company]. The establishment of the Company is intended for conducting any lawful act or activity permissible for limited liability companies under the laws of [insert state]. The range of business activities in which the Company may engage extends beyond those specified in this Agreement, encompassing any other lawful acts or activities that are not prohibited by law.

Operating Agreement

Formed in the State of [Insert State]

WHEREAS: The signatory members, with the intention of establishing a limited liability company pursuant to the statutes of [insert state], hereby endorse this Limited Liability Company Operating Agreement (referred to as the "Agreement"). The members acknowledge the advantages of creating a limited liability company, such as the limited liability shield afforded to its members, the operational and managerial flexibility offered under the laws of [insert state], and the prospect of conducting business as an independent legal entity.

NOW, THEREFORE: In light of the mutual promises outlined herein, and for other significant and valuable considerations, the parties involved hereby concur as follows:

1. COMPANY INFORMATION.

- a. NAME: The designated name of the Company is [insert company name]. The Company shall operate its business activities under this name or under any alternate name that may be chosen periodically by the members.
- b. PRIMARY LOCATION: The primary office of the Company is situated at [insert address]. Additionally, the Company may establish other offices, either within or outside of [insert state], as decided by the members from time to time.
- c. REGISTERED AGENT: The designated registered agent for the Company, responsible for receiving legal processes, is [insert name and address of registered agent]. This agent is authorized to accept service of process on behalf of the Company and is responsible for forwarding such service to the members.

2. OWNERSHIP STRUCTURE.

- a. MEMBER 1: [Insert the name of Member 1], with a mailing address of [insert address], owns [insert percentage of ownership] of the Company.
- b. MEMBER 2: [Insert the name of Member 2], with a mailing address of [insert address], owns [insert percentage of ownership] of the Company.
- c. MEMBER 3: [Insert the name of Member 3], with a mailing address of [insert address], owns [insert percentage of ownership] of the Company.

The ownership stakes of the members in the Company are represented by their individual membership certificates. Each member shall retain their respective certificate as tangible proof of their ownership interest in the Company.

3. MANAGEMENT STRUCTURE.

The Company will operate as a member-managed entity, with all members possessing equal authority and responsibility in its management. Every member is entitled to engage in managing

and directing the Company and to make decisions impacting the Company. Members are expected to diligently work towards enhancing the Company's interests and to make choices that serve the Company's best interests.

At any point, through a [insert majority vote requirement] majority vote, the members can decide to transition the Company from a member-managed structure to a manager-managed one. With such a decision, the members will appoint one or more managers to oversee and control the Company on their behalf. These managers will inherit the same powers and responsibilities as the members in the member-managed structure, while the members will relinquish their management duties and powers.

Similarly, by a [insert majority vote requirement] majority vote, the members can choose to revert the Company to a member-managed structure. With this decision, the members will resume all management responsibilities and powers.

This clause does not diminish the members' obligations as set forth in this Agreement or in any other agreement they have entered into on the Company's behalf. Members are entitled to all profits and benefits derived from the Company's operations and are accountable for all losses and liabilities incurred, irrespective of whether the Company is member-managed or manager-managed.

4. DECISION MAKING.

Decisions related to the management and strategic direction of the Company will be determined by the members' votes. Each member's voting power is proportional to their ownership stake in the Company.

For instance, if Member 1 holds 50% ownership in the Company, they would possess 50% of the voting rights. Members are required to cast their votes on matters necessitating a member vote, either in person or via proxy. An action on behalf of the Company can be approved with a majority vote, where the majority is calculated based on the number of votes held by the members.

This requirement stands unless otherwise specified in this Agreement.

5. BANK ACCOUNTS.

The members are granted the authority to establish and maintain bank accounts under the Company's name, as well as to deposit into and withdraw from these accounts. They have the right to sign checks, drafts, and other instruments necessary for withdrawing funds from the Company's bank accounts. Additionally, the members are responsible for keeping precise and comprehensive records of all transactions involving the Company's bank accounts. They are also obligated to provide each other with regular statements detailing these transactions.

6. CAPITAL CONTRIBUTIONS.

Each member is obligated to contribute capital to the Company as follows:

- a. MEMBER 1: [Insert the name of Member 1], [insert details of capital contributions]
- b. MEMBER 2: [Insert the name of Member 2], [insert details of capital contributions]
- c. MEMBER 3: [Insert the name of Member 3], [insert details of capital contributions]

These capital contributions must be made within [insert time period]. The funds contributed will be utilized for the Company's operations and are non-refundable to the members, except in the scenario where the Company is dissolved.

Should a member fail to fulfill their capital contribution as mandated by this provision, the other members are entitled to pursue all necessary measures to enforce this provision. This may include, but is not limited to, initiating legal proceedings against the member who is in non-compliance.

The capital accounts of the members will be properly maintained to accurately reflect their respective capital contributions and the Company's operational results. Each member's capital account will be credited with their share of the Company's profits and debited with their share of the Company's losses.

7. DISTRIBUTION OF PROFITS & LOSSES.

The profits and losses of the Company will be allocated among the members based on their respective ownership stakes. Members will participate in the Company's profits and losses in a manner proportional to their ownership shares, as indicated by their membership certificates.

8. TERM.

The operational period of the Company will begin on [insert date] and will continue until it is dissolved as per the terms outlined in this Agreement. The dissolution of the Company can occur at any point through a vote by the members or upon the happening of any other event that is specified within this Agreement.

9. TERMINATION.

The membership of any member in the Company can be terminated as stipulated in this Agreement. Upon the termination of a member's membership, the remaining members will have the option to acquire the terminating member's ownership stake in the Company. This acquisition must be conducted in line with the specific provisions outlined in this Agreement.

10. DISTRIBUTIONS.

The distribution of profits and losses within the Company will be in line with the individual ownership interests of the members. Unless otherwise specified in this Agreement, these distributions will occur on a monthly basis or at other intervals as decided by the members.

Should the Company lack adequate funds to make a complete distribution to the members, the distributions will be made based on a priority system. This system will either be as established by the members in this Agreement or, in the absence of such a specified priority, in accordance with the priority defined by applicable law.

Furthermore, members are entitled to receive regular financial statements that detail the financial status of the Company. These statements will include an income and expenses report and a balance sheet. Additionally, members have the right to request and receive other financial information as they may reasonably require from time to time.

11. NOTICE.

Notices that are either required or allowed under this Agreement must be in written form. These notices can be delivered personally, sent via a recognized overnight courier service, or dispatched through registered or certified mail with a return receipt requested.

The delivery addresses for such notices are those detailed in this Agreement or any other address that either party may have provided to the other in writing. The effectiveness of the notices is established upon their receipt, as verified by a written acknowledgment or the return receipt from the mail.

12. MEETINGS & VOTING.

Meetings of the members can be scheduled periodically at a location and time determined by the members. Each member must be notified of these meetings at least thirty (30) days before the scheduled date. The notification should detail the specific date, time, and venue of the meeting, along with an agenda outlining the topics to be discussed.

At these meetings, members have the right to vote on all matters requiring a member vote, either in person or through a proxy. Consistent with the Decision Making provision of this Agreement, each member's voting power is proportional to their ownership share in the Company.

13. CONFIDENTIALITY.

The members are obligated to preserve the confidentiality of all sensitive information related to the Company. They must refrain from disclosing this information to any third parties without obtaining prior written approval from the other members. The use of the Company's confidential information is strictly for the benefit of the Company itself, and members are prohibited from using this information for their personal gain or the advantage of any other individual or entity.

14. MEMBER DUTIES.

Each member is responsible for fulfilling the duties and responsibilities assigned to them under this Agreement. They are expected to act in good faith and with the level of diligence and care

that a reasonable and prudent person would exhibit under similar circumstances. The members should collaborate effectively to attain the Company's goals and must avoid any actions that could negatively impact the interests of the Company or other members.

Should there be any significant changes in a member's personal or financial situation that might affect their ability to perform their duties under this Agreement, they are required to promptly inform the other members. Additionally, members are obliged to keep each other updated on the Company's affairs. They must provide other members with relevant information and allow reasonable access to the Company's books and records, as requested by the other members.

15. NON-COMPETITION.

During the duration of this Agreement and for [insert number of years] following its termination, members are prohibited from participating in any business ventures that directly compete with the Company. The members recognize that their involvement with the Company grants them access to confidential information and trade secrets. They acknowledge that their engagement in any competitive business activities would result in irreparable damage to the Company.

16. INDEMNIFICATION.

The members agree to indemnify and absolve each other from any claims, damages, and expenses that arise due to their respective actions or inactions in relation to the Company. Each member is responsible for their own conduct and will be held accountable for any damages or expenses incurred by the Company as a result of their actions or failures to act.

17. TRANSFER OF OWNERSHIP.

The ownership stakes of the members in the Company are considered personal property and can be transferred by the members to any person or entity, provided they adhere to the terms and conditions of this Agreement. Any such transfer of ownership interests must follow the procedures outlined in this Agreement and is subject to the approval of the other members.

Should a member decide to transfer their ownership interest in the Company, they are required to give written notice to the other members. This notice should include the identity of the proposed transferee and the terms of the transfer. The other members have a designated time period of [insert time period] to either approve or reject this proposed transfer. Their decision should be based on a good faith assessment of whether the transfer serves the best interests of the Company and the remaining members.

If the other members approve the transfer, the member who is transferring their interest must complete all necessary documentation and undertake the required steps to finalize the transfer. Subsequently, the transferee will become a party to this Agreement and be obliged to comply with its terms and conditions. Conversely, if the transfer is rejected by the other members, the member wishing to transfer cannot do so without obtaining prior written consent from the other members.

In the case of a member's death, their ownership interest automatically transfers to their legal representative or, if none is appointed, to their estate. This transfer process due to death is governed by the laws of [State or jurisdiction] and does not require approval from the other members. The recipient of the deceased member's ownership interest will then become a party to this Agreement and be subject to its terms and conditions.

18. TAX TREATMENT.

The Company will be taxed as [insert tax treatment, such as a partnership or a disregarded entity]. The responsibility for preparing and filing all tax returns and other tax-related documentation related to the Company's operations falls on the members. Additionally, they are responsible for paying all taxes and fulfilling any other obligations arising from the Company's operations. The allocation of the Company's profits and losses among the members should align with the terms set forth in this Agreement and be consistent with applicable tax laws.

19. DISSOLUTION.

The Company can be dissolved under various circumstances, including but not limited to a vote of the members or the occurrence of specific events as outlined in this Agreement.

Examples of events that may trigger the dissolution of the Company include the death or incapacity of a member, a member's bankruptcy, or a material breach of this Agreement by a member.

In the event of the Company's dissolution, the members are responsible for winding up the Company's affairs and distributing its assets among themselves based on their respective ownership interests. They must also take all necessary actions to dissolve the Company in compliance with the relevant laws.

20. AMENDMENT.

This Agreement can be modified periodically through the consensus of the members. Any alterations to this Agreement will be enforceable against all members and must be documented in a written instrument signed by all members.

21. ENTIRE AGREEMENT.

This Agreement serves as the comprehensive agreement among the members concerning the subject matter herein and supersedes all previous negotiations, understandings, and agreements, whether in written or oral form, among the members. This Agreement can only be modified or amended through a written document signed by all of the members.

Each member acknowledges that, in signing this Agreement, they have not placed reliance on any representations or warranties, whether explicit or implied, made by any member or any other individual or entity, except as explicitly stated in this Agreement. Every member affirms

that this Agreement reflects their independent investigation and analysis, and they are not relying on any representations or warranties made by any other member or any other individual or entity.

22. DISPUTE RESOLUTION.

Any disputes that arise in connection with this Agreement will be settled through arbitration, following the guidelines of the American Arbitration Association. The decision rendered by the arbitrator will be conclusive and binding, and it can be enforced as a judgment in any court with jurisdiction over the matter.

23. GOVERNING LAW.

This Agreement is subject to the laws of the State of [insert state], and its interpretation and application will be conducted in accordance with these laws. The members consent to the jurisdiction of [insert state], and they concur that any legal proceedings related to or arising from this Agreement will be initiated in the courts of [insert state].

Remainder of the Page Intentionally Left Blank

IN WITNESS WHEREOF, the members have executed this Agreement as of the date first written above.

MEMBER 1: _____

Signature

Printed Name

MEMBER 2: _____

Signature

Printed Name

MEMBER 3: _____

Signature

Printed Name

