

# OPERATING AGREEMENT OF LLC FORMED UNDER THE LAWS OF THE STATE OF CALIFORNIA

Location: \_\_\_\_\_

Date: \_\_\_\_\_

## Article I – Formation

1.1 Formation. The Members hereby form a California Limited Liability Company (the "Company") pursuant to and in accordance with the California Revised Uniform Limited Liability Company Act (the "Act"). The rights and obligations of the Members shall be as provided in the Act except as otherwise expressly provided in this Agreement. 1.2 Name. The name of the Company shall be as set forth in its Articles of Organization filed with the California Secretary of State. 1.3 Principal Place of Business. The principal office of the Company shall be as determined by the Members and may be changed from time to time. 1.4 Registered Agent and Office. The registered agent and office shall be as designated in the Articles of Organization and may be changed upon timely filing with the State of California.

## Article II – Purpose

2.1 Purpose. The sole purpose of the Company is to engage in any lawful business for which limited liability companies may be organized under the Act and to engage in any and all activities necessary or incidental thereto.

## Article III – Term

3.1 Term. The term of the Company commenced on the filing of the Articles of Organization and shall continue until dissolved in accordance with this Agreement or the Act.

## Article IV – Members

4.1 Initial Members. The initial Members of the Company and their respective Capital Contributions, Percentages of Membership Interest, and Rights and Obligations are set forth in a Schedule attached hereto and incorporated herein.

4.2 Admission of Additional Members. Additional Members may be admitted only upon the unanimous consent of the existing Members and upon such terms and conditions as the Members shall determine. 4.3 Withdrawal or Transfer of Membership Interest. No Member may transfer or assign any part or all of such Member's interest in the Company without the prior written consent of all other Members, except as otherwise provided herein or by law.

## Article V – Capital Contributions

5.1 Initial Contributions. The Members have contributed the capital described in the attached Schedule and such contributions shall be credited to each Member's Capital Account. 5.2 Additional Contributions. No Member shall be required to make additional contributions. Additional contributions may be made only with the unanimous consent of all Members. 5.3 Capital Accounts. A Capital Account shall be maintained for each Member in accordance with the requirements of the Internal Revenue Code and applicable Treasury Regulations.

## Article VI – Allocations and Distributions

6.1 Allocations of Profits and Losses. Profits and losses shall be allocated to Members in proportion to their respective Percentage Interests as set forth in the attached Schedule, subject to adjustments required by the Internal Revenue Code.

6.2 Distributions. Distributions shall be made to the Members at such times and in such amounts as determined by the Members, in proportion to their respective Percentage Interests.

#### **Article VII – Management**

7.1 Management. The Company shall be managed by its Members. Unless otherwise agreed, decisions shall be made by majority vote in proportion to Percentage Interests. 7.2 Authority. Each Member has authority to bind the Company only as provided by unanimous consent or this Agreement. 7.3 Officers. The Members may appoint officers to handle day-to-day operations and delegate authority as deemed necessary.

#### **Article VIII – Books and Records**

8.1 Records. The Company shall maintain complete and accurate books and records of its operations and affairs, including financial statements, tax returns, and minutes of meetings. 8.2 Inspection. Each Member shall have the right, at reasonable times, to inspect and copy the books and records of the Company.

#### **Article IX – Transfers and Assignments**

9.1 Restrictions. No Member may transfer or assign their interest without the prior written consent of all other Members. 9.2 Right of First Refusal. If a Member desires to sell or transfer their interest, the other Members shall have a right of first refusal to purchase the interest on the same terms. 9.3 Permitted Transfers. Transfers to affiliates or family members may be permitted upon written consent.

#### **Article X – Dissolution and Winding Up**

10.1 Events of Dissolution. The Company shall be dissolved upon the occurrence of any event requiring dissolution under the Act or as agreed by all Members. 10.2 Winding Up. Upon dissolution, the Company shall wind up its affairs, pay or provide for all liabilities, and distribute remaining assets to the Members in proportion to their Capital Accounts. 10.3 Continuation. The Company may continue business upon unanimous consent of the Members despite an event of dissolution.

#### **Article XI – Indemnification and Liability**

11.1 Indemnification. The Company shall indemnify the Members and officers to the fullest extent permitted by law against expenses and liabilities incurred in connection with the Company. 11.2 Limitation of Liability. No Member shall be personally liable for the debts, obligations, or liabilities of the Company except as required by law.

#### **Article XII – Miscellaneous**

12.1 Amendments. This Agreement may be amended only by written agreement signed by all Members. 12.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California. 12.3 Severability. If any provision of this Agreement is held invalid, it shall not affect the validity of the remaining provisions. 12.4 Entire Agreement. This Agreement constitutes the entire agreement among the Members concerning the Company and supersedes all prior agreements, written or oral.

**MEMBER SIGNATURE**

Signature: \_\_\_\_\_

**MEMBER SIGNATURE**

Signature: \_\_\_\_\_

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