

SAMPLE OPERATING AGREEMENT FOR A MEMBER-MANAGED LIMITED LIABILITY COMPANY

This document is intended as a sample only, providing a broad set of non-specific guidelines and should not be implemented as is for use with any limited liability company. It is highly recommended that an operating agreement for your LLC be drafted through the coordinated efforts of its members, a tax advisor, and an attorney as required. For additional questions, do not contact CHQ. Call your attorney.

I. PRELIMINARY PROVISIONS:

1. Effective Date: This operating agreement for (Company name) _____ effective this date of: _____, is adopted by the members whose signatures appear at the end of this agreement.
2. Formation: This limited liability company (LLC) was formed by filing Articles of Organization with the Nevada Secretary of State on _____. Copies of this document will have been placed in the LLC's records book and with the resident agent of record.
3. The resident agent and registered office address of this LLC is as specified in the Articles of Organization.
4. Business Purposes: The specific business purposes and activities contemplated by the founders of this LLC at the time of initial signing of this agreement consist of the following: _____

It is understood that the foregoing statement of purposes shall not serve as a limitation on the powers or abilities of this LLC, which shall be permitted to engage in any and all lawful business activities. If this LLC intends to engage in business activities outside the state of its formation that require the registration of the LLC as a foreign entity in other states, it shall effect such registration(s) prior to engaging in such out-of-state activities.

5. Duration of LLC: The duration of this LLC shall be of perpetual existence unless otherwise stated in the articles of organization as filed. This LLC shall terminate when a proposal to dissolve is adopted by the membership of this LLC or when this LLC is otherwise terminated in accordance with law.

II. MEMBERSHIP PROVISIONS

1. Nonliability of Members: No member of this LLC shall be personally liable for the expenses, debts, obligations or liabilities of the LLC, or for claims made against it.
2. Reimbursement for Organizational Costs: Members shall be reimbursed by the LLC for organizational expenses paid by the members. The LLC shall be authorized to elect to deduct organizational expenses and start-up expenditures proportionally over a period of time as permitted by the Internal Revenue Code and as may be advised by the LLC's accountant.
3. Management: This LLC shall be managed exclusively by all of its members.
4. Members' Percentage Interests: A member's percentage interest in this LLC shall be computed as a fraction, the numerator of which is the total of a member's capital account and the denominator of which is the total of all capital accounts of all members. This fraction shall be expressed in this agreement as a percentage, which shall be called each member's "percentage interest" in this LLC.
5. Membership Voting: Except as otherwise may be required by the Articles of Organization, or a similar organizational document, other provisions of this operating agreement, or under the laws of this state, each member shall vote on any matter submitted to the membership for approval in proportion to the member's percentage interest in this LLC. Further, unless defined otherwise for a particular provision of this operating agreement, the phrase "majority of members" means the vote of members whose combined votes equal more than 50% of the votes of all members in this LLC.
6. Compensation: Members shall not be paid as members of the LLC for performing any duties associated with such membership, including management of the LLC. Members may be paid, however, for any services rendered in any other capacity for the LLC, whether as officers, employees, independent contractors or otherwise.
7. Members' Meetings: The LLC shall not provide for regular members' meetings. However, any member may call a meeting by communicating his or her wish to schedule a meeting to all other members. Such notification may be in person or in writing, or by telephone, facsimile machine, or other form of electronic communication reasonably expected to be received by a member, and the other members shall then agree, either personally, in writing, or by telephone, facsimile machine or other form of electronic communication to the member calling the meeting, to meet at a mutually acceptable time and place. Notice of the business to be transacted at the meeting need not be given to members by the member calling the meeting, and any business may be discussed and conducted at the meeting.

If all members cannot attend a meeting, it shall be postponed to a date and time when all members can attend, unless all members who do not attend have agreed in writing to the holding of the meeting without them. If a meeting is postponed, and the postponed meeting cannot be held either because all members do not attend the postponed meeting or the nonattending members have not signed a written consent to allow the postponed meeting to be held without them, a second postponed meeting may be held at a date and time announced at the first postponed meeting. The date and time of the second postponed meeting shall also be communicated to any members not attending the first postponed meeting. The second postponed meeting may be held without the attendance of all members as long as a majority of the percentage interests of the membership of this LLC is in attendance at the second postponed meeting. Written notice of the decisions or approvals made at this second postponed meeting shall be mailed or delivered to each nonattending member promptly after the holding of the second postponed meeting.

Written minutes of the discussions and proposals presented at a members' meeting, and the votes taken and matters approved at such meeting, shall be taken by one of the members or a person designated at the meeting. A copy of the minutes of the meeting shall be placed in the LLC's records book after the meeting.

8. **Membership Certificates:** This LLC may issue certificates in letter or other form representing or certifying membership interests in this LLC. Each certificate shall show the name of the LLC, the name of the member, and state that the person named is a member of the LLC and is entitled to all the rights granted members of the LLC under the Articles of Organization, or a similar organizational document, this operating agreement and provisions of law. Each membership certificate shall be consecutively numbered and signed by one or more officers of this LLC. The certificates shall include any additional information considered appropriate for inclusion by the members on membership certificates.

In addition to the above information, all membership certificates shall bear a prominent legend (notation) on their face or reverse side stating, summarizing or referring to any transfer restrictions that apply to memberships in this LLC under the Articles of Organization, or a similar organizational document and/or this operating agreement, and the address where a member may obtain a copy of these restrictions upon request from this LLC. The records book of this LLC shall contain a list of the names and addresses of all persons to whom certificates have been issued, show the date of issuance of each certificate, and record the date of all cancellations or transfers of membership certificates.

9. **Other Business by Members:** Each member shall agree not to own an interest in, manage or work for another business, enterprise or endeavor, if such ownership or activities would compete with this LLC's business goals, mission, profitability or productivity, or would diminish or impair the member's ability to provide maximum effort and performance in managing the business of this LLC.

III. TAX AND FINANCIAL PROVISIONS

1. **Tax Classification of LLC:** The members of this LLC intend that this LLC be initially classified as a (*Partnership, Corporation or Individual—options must be considered with extreme care—you must consult with a tax specialist prior to making this decision*) for federal and, if applicable, state income tax purposes. It is understood that all members may agree to change the tax treatment of this LLC by signing, or authorizing the signature of, IRS Form 8832, Entity Classification Election, and filing it with the IRS within prescribed time limits. *States set their own rules on taxation—see your accountant.*

2. **Tax Year and Accounting Method:** The tax year of this LLC shall be ____ to ____ (*Almost always from December to December.*) The LLC shall use the tax year and the accounting period of the LLC may be changed with the consent of all members if the LLC qualifies for such change, and may be effected by the filing of appropriate forms with the IRS and state tax authorities.

3. **Tax Matters Partner:** If this LLC is required under Internal Revenue Code provisions or regulations, it shall designate from among its members a "tax matters partner" in accordance with Internal Revenue Code Section 6231(a)(7) and corresponding regulations, who will fulfill this role by being the spokesperson for the LLC in dealings with the IRS as required under the Internal Revenue Code and Regulations, and who will report to the members on the progress and outcome of these dealings.

4. **Annual Income Tax Returns and Reports:** Within 60 days after the end of each tax year of the LLC, a copy of the LLC's state and federal income tax returns for the preceding tax year shall be mailed or otherwise provided to each member of the LLC, together with any additional information and forms necessary for each member to complete his or her individual state and federal income tax returns. If this LLC is classified as a partnership for income tax purposes, this additional information shall include a federal (and, if applicable, state) Form K-1 (Form 1065-Partner's Share of Income, Credits, Deductions) or equivalent income tax reporting form. This additional information shall also include a financial report, which shall include a balance sheet and profit and loss statement for the prior tax year of the LLC.

5. **Bank Accounts:** The LLC shall designate one or more banks or other institutions for the deposit of the funds of the LLC, and shall establish savings, checking, investment and other such accounts as are reasonable and necessary for its business and investments. One or more members of the LLC shall be designated with the consent of all members to deposit and withdraw funds of the LLC, and to direct the investment of funds from, into and among such accounts. The funds of the LLC, however and wherever deposited or invested, shall not be commingled with the personal funds of any members of the LLC.

(6) **Title to Assets:** All personal and real property of this LLC shall be held in the name of the LLC, not in the names of individual members.

IV. CAPITAL PROVISIONS

1. **Capital Contributions by Members:** Members shall make the following contributions of cash, property or services as shown next to each member's name below. Unless otherwise noted, cash and property described below shall be paid or delivered to the LLC on or by _____. The fair market values of items of property or services as agreed between the LLC and the contributing member are also shown below. The percentage interest in the LLC that each member shall receive in return for his or her capital contribution is also indicated for each member.

Name of Member	Contribution	Fair Market Value	% of Interest in LLC

2. **Additional Contributions by Members:** The members may agree, from time to time by unanimous vote, to require the payment of additional capital contributions by the members, on or by a mutually agreeable date.

3. **Failure to Make Contributions:** If a member fails to make a required capital contribution within the time agreed for a member's contribution, the remaining members may, by unanimous vote, agree to reschedule the time for payment of the capital contribution by the late-paying member, setting any additional repayment terms, such as a late payment penalty, rate of interest to be applied to the unpaid balance, or other monetary amount to be paid by the delinquent member, as the remaining members decide. Alternatively, the

remaining members may, by unanimous vote, agree to cancel the membership of the delinquent member, provided any prior partial payments of capital made by the delinquent member are refunded promptly by the LLC to the member after the decision is made to terminate the membership of the delinquent member.

4. No Interest on Capital Contributions: No interest shall be paid on funds or property contributed as capital to this LLC, or on funds reflected in the capital accounts of the members.

5. Capital Account Bookkeeping: A capital account shall be set up and maintained on the books of the LLC for each member. It shall reflect each member's capital contribution to the LLC, increased by each member's share of profits in the LLC, decreased by each member's share of losses and expenses of the LLC, and adjusted as required in accordance with applicable provisions of the Internal Revenue Code and corresponding income tax regulations.

6. Consent to Capital Contribution Withdrawals and Distributions: Members shall not be allowed to withdraw any part of their capital contributions or to receive distributions, whether in property or cash, except as otherwise allowed by this agreement and, in any case, only if such withdrawal is made with the written consent of all members.

7. Allocations of Profits and Losses: No member shall be given priority or preference with respect to other members in obtaining a return of capital contributions, distributions or allocations of the income, gains, losses, deductions, credits or other items of the LLC. The profits and losses of the LLC, and all items of its income, gain, loss, deduction and credit shall be allocated to members according to each member's percentage interest in this LLC.

8. Allocation and Distribution of Cash to Members: Cash from LLC business operations, as well as cash from a sale or other disposition of LLC capital assets, may be distributed from time to time to members in accordance with each member's percentage interest in the LLC, as may be decided by ___% of the members.

9. Allocation of Noncash Distributions: If proceeds consist of property other than cash, the members shall decide the value of the property and allocate such value among the members in accordance with each member's percentage interest in the LLC. If such noncash proceeds are later reduced to cash, such cash may be distributed among the members as otherwise provided in this agreement.

10. Allocation and Distribution of Liquidation Proceeds: Regardless of any other provision in this agreement, if there is a distribution in liquidation of this LLC, or when any member's interest is liquidated, all items of income and loss shall be allocated to the members' capital accounts, and all appropriate credits and deductions shall then be made to these capital accounts before any final distribution is made. A final distribution shall be made to members only to the extent of, and in proportion to, any positive balance in each member's capital account.

V. MEMBERSHIP WITHDRAWAL AND TRANSFER PROVISIONS

1. Withdrawal of Members: A member may withdraw from this LLC by giving written notice to all other members at least _____ days before the date the withdrawal is to be effective.

2. Restrictions on the Transfer of Membership: A member shall not transfer his or her membership in the LLC unless all nontransferring members in the LLC first agree to approve the admission of the transferee into this LLC. Further, no member may encumber a part or all of his or her membership in the LLC by mortgage, pledge, granting of a security interest, lien or otherwise, unless the encumbrance has first been approved in writing by all other members of the LLC.

Notwithstanding the above provision, any member shall be allowed to assign an economic interest in his or her membership to another person without the approval of the other members. Such an assignment shall not include a transfer of the member's voting or management rights in this LLC, and the assignee shall not become a member of the LLC.

VI. DISSOLUTION PROVISIONS

1. Events That Trigger Dissolution of the LLC: The following events shall trigger a dissolution of the LLC, except as provided:

- (a) The death, permanent incapacity, bankruptcy, retirement, resignation or expulsion of a member, except that within _____ of the happening of any of these events, all remaining members of the LLC may vote to continue the legal existence of the LLC, in which case the LLC shall not dissolve;
- (b) The expiration of the term of existence of the LLC if such term is specified in the Articles of Organization, or a similar organizational document, or this operating agreement;
- (c) The written agreement of all members to dissolve the LLC;
- (d) Entry of a decree of dissolution of the LLC under state law.

VII. GENERAL PROVISIONS

1. Officers: The LLC may designate one or more officers, such as Administrator, Regulator, Supervisor, etc. Persons who fill these positions need not be members of the LLC. Such positions may be compensated or noncompensated according to the nature and extent of the services rendered for the LLC as a part of the duties of each office. Ministerial services only as a part of any officer position will normally not be compensated, such as the performance of officer duties specified in this agreement, but any officer may be reimbursed by the LLC for out-of-pocket expenses paid by the officer in carrying out the duties of his or her office.

2. Records: The LLC shall keep at its principal business address a copy of all proceedings of membership meetings, as well as books of account of the LLC's financial transactions. A list of the names and addresses of the current membership of the LLC also shall be maintained at this address, with notations on any transfers of members' interests to nonmembers or persons being admitted into membership in the LLC.

Copies of the LLC's Articles of Organization, or a similar organizational document, a signed copy of this operating agreement, and the LLC's tax returns for the preceding three tax years shall be kept at the principal business address of the LLC. A statement also shall be kept at this address containing any of the following information that is applicable to this LLC:

The amount of cash or a description and value of property contributed or agreed to be contributed as capital to the LLC by each member;

A schedule showing when any additional capital contributions are to be made by members to this LLC;

A statement or schedule, if appropriate, showing the rights of members to receive distributions representing a return of part or all of members' capital contributions; and

A description of, or date when, the legal existence of the LLC will terminate under provisions in the LLC's Articles of Organization, or a similar organizational document, or this operating agreement.

If one or more of the above items is included or listed in this operating agreement, it will be sufficient to keep a copy of this agreement at the principal business address of the LLC without having to prepare and keep a separate record of such item or items at this address.

Any member may inspect any and all records maintained by the LLC upon reasonable notice to the LLC. Copying of the LLC's records by members is allowed, but copying costs shall be paid for by the requesting member.

3. All Necessary Acts: The members and officers of this LLC are authorized to perform all acts necessary to perfect the organization of this LLC and to carry out its business operations expeditiously and efficiently. The Secretary of the LLC, or other officers, or all members of the LLC, may certify to other businesses, financial institutions and individuals as to the authority of one or more members or officers of this LLC to transact specific items of business on behalf of the LLC.

4. Mediation and Arbitration of Disputes Among Members: In any dispute over the provisions of this operating agreement and in other disputes among the members, if the members cannot resolve the dispute to their mutual satisfaction, the matter shall be submitted to mediation. The terms and procedure for mediation shall be arranged by the parties to the dispute. If good-faith mediation of a dispute proves impossible or if an agreed-upon mediation outcome cannot be obtained by the members who are parties to the dispute, the dispute may be submitted to arbitration in accordance with the rules of the American Arbitration Association. Any party may commence arbitration of the dispute by sending a written request for arbitration to all other parties to the dispute. The request shall state the nature of the dispute to be resolved by arbitration, and, if all parties to the dispute agree to arbitration, arbitration shall be commenced as soon as practical after such parties receive a copy of the written request.

All parties shall initially share the cost of arbitration, but the prevailing party or parties may be awarded attorney fees, costs and other expenses of arbitration. All arbitration decisions shall be final, binding and conclusive on all the parties to arbitration, and legal judgment may be entered based upon such decision in accordance with applicable law in any court having jurisdiction to do so.

5. Entire Agreement: This operating agreement represents the entire agreement among the members of this LLC, and it shall not be amended, modified or replaced except by a written instrument executed by all the parties to this agreement who are current members of this LLC as well as any and all additional parties who became members of this LLC after the adoption of this agreement. This agreement replaces and supersedes all prior written and oral agreements among any and all members of this LLC.

6. Severability: If any provision of this agreement is determined by a court or arbitrator to be invalid, unenforceable or otherwise ineffective, that provision shall be severed from the rest of this agreement, and the remaining provisions shall remain in effect and enforceable.

VIII. SIGNATURES OF MEMBERS AND SPOUSES

1. Execution of Agreement: In witness whereof, the members and spouses (if any) of this LLC sign and adopt this agreement as the operating agreement of this LLC.

Date:	Date:
Print member name:	Print member name:
Signature:	Signature:

Date:	Date:
Print member name:	Print member name:
Signature:	Signature:

2. Consent of Spouses: The undersigned are spouses of members of this LLC who have signed this operating agreement in the preceding provision. These spouses have read this agreement and agree to be bound by its terms in any matter in which they have a financial interest, including restrictions on the transfer of memberships and the terms under which memberships in this LLC may be sold or otherwise transferred.

Date:	Date:
Print name:	Print name:
Spouse of:	Spouse of:
Signature:	Signature:

Date:	Date:
Print name:	Print name:
Spouse of:	Spouse of:
Signature:	Signature:

SAMPLE OPERATING AGREEMENT FOR A MANAGER-MANAGED LIMITED LIABILITY COMPANY

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OPERATING AGREEMENT FOR:

_____ a Nevada Limited Liability Company.

THIS OPERATING AGREEMENT is made and entered into as of (date) _____ by and among (Your LLC's Name) _____ LLC, a Nevada LLC and the persons executing this Operating Agreement as Members of said LLC and all of those who shall hereafter be admitted as Members (individually, a "Member" and collectively, the "Members") who's names and signatures shall appear on "EXHIBIT A, MEMBER LISTING; CAPITAL CONTRIBUTIONS," below, hereby agree as follows:

WITNESSETH:

1. Whereas, the Members desire to enter into this operating agreement for the purposes of governing the above named LLC, to and for the sole purpose(s) of _____

_____ (*investing in, purchasing, selling, granting, or taking an option on lands solely for investment purposes and not as a trade; investing in stocks, bonds, options, or other financial instruments solely for investment purposes and not as a trade; (construction); (communications); (internet sales or services); (other specific endeavors.)*) and shall not conduct any other business unless related to the business, unless approved by unanimous consent of all Members.

2. Whereas, the Members intend to operate the business, appoint a person or persons to assume responsibility for certain management matters (the "Manager") and provide for the restriction on the transfers of ownership interests in said LLC.

NOW, THEREFORE, in consideration of the mutual premises below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

I. ORGANIZATION

1. Formation. (LLC name) _____ has been organized as a Nevada LLC under and pursuant to NRS Chapter 86, by the filing of Articles of Organization with the Secretary of State of Nevada as required by NRS Chapter 86.

2. Name. The name of the Company shall be _____. The Company may also conduct its business under one or more assumed names.

3. Purposes. The purpose of the above named LLC is to engage in any activity for which LLC's may be formed under NRS Chapter 86 for purposes only of advancing the Business as defined above. The Company shall have all the powers necessary or convenient to effect any purpose for which it is formed, including all powers granted or allowed by NRS Chapter 86.

4. Duration. The Company shall continue in existence for the period fixed in the Articles of Organization, or in perpetuity if no time period is specified, or until the Company shall be sooner dissolved and its affairs wound up in accordance with NRS Chapter 86 or this Operating Agreement.

5. Registered Office and Resident Agent. The Registered Office and Resident Agent of the Company shall be CHQ Incorporated, 1555 E. Flamingo Road, Suite 155 in the City of Las Vegas, County of Clark, Nevada.

The Registered Office and/or Resident Agent may be changed from time to time. Any such change shall be made in accordance with NRS Chapter 86. If the Resident Agent shall ever resign, the Company shall within 30 days, appoint a replacement agent, who resides within the State of Nevada.

6. Intention for Company. The Members have formed the Company as a Limited Liability Company under and pursuant to NRS Chapter 86. The Members specifically intend and agree that the Company shall not be, for legal purposes a partnership (including, a limited partnership) or any other venture, but shall be a LLC under and pursuant to NRS Chapter 86, desiring partnership tax treatment. No Member or Manager shall be construed to be a partner in

the Company or a partner of other Member, Manager, or person; and the Articles, this Operating Agreement, and the relationships created thereby and arising therefrom shall not be construed to suggest otherwise.

II. BOOKS, RECORDS AND ACCOUNTING

1. Books and Records. The Company shall maintain complete and accurate books and records of the Company's business and affairs as required by NRS Chapter 86, and such books and records as required shall be kept at the Company's Registered Office.

2. Fiscal year, accounting. The Company's fiscal year shall be the calendar year. The particular accounting methods and principals to be followed by the Company shall be selected by the accountant for the Company who is hereby designated to be _____

with business address located at _____

Accountant may be changed by written Notice of the then serving Manager, consented to in writing by at least (_____) Members.

3. Reports. The Manager shall provide reports concerning the financial condition and results of operation of the Company and the Capital Accounts of the Members to the Members in the time, manner, and form as the Manager determines. Such reports shall be provided at least annually as soon as practicable after the end of each calendar year and shall include a statement of each Member's share of profits and other items of income, gain, loss, deduction and credit.

4. Member's Capital Accounts. Separate Capital Accounts for each Member shall be maintained by the Company. Each Member's Capital Account shall reflect the Member's capital contributions and increases for the Member's share of any net income or gain of the Company. Each Member's Capital Account shall also reflect decreases for distributions made to the Member and the Member's share of any losses and deductions of the Company.

Definition of Capital Account. A separate capital account shall be maintained for each Member or Assignee in accordance with the provisions below ("Capital Account"). Increases in Capital Account: Each Member's Capital Account may be increased by:

a. The amount of money contributed by the Member to the Company.

b. The fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under the Code. If any property, other than cash, is contributed to or distributed by the Company, the adjustments to Capital accounts required by Treasury Regulation Sec... shall be made.

The Member's share of the increase in the tax basis of Company property, if any, arising out of the recapture of any tax credit.

Allocations to the Member of Profit.

Allocations to the Member of income or gain as provided under this agreement, or otherwise by Regulation Sec...
Decreases in Capital account. Each Member's Capital Account shall be decreased by:

a. The amount of money distributed to the Member by the Company.

b. The fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under the Code.

Allocations to the Member of Losses.

Allocations to the Member of deductions, expenses, Nonrecourse Deductions and Net Losses allocated to it pursuant to this Agreement, and the Member's share of Company expenditures which are neither deductible nor properly chargeable to Capital Accounts under the Code or are treated as such expenditures under Treasury Regulation Sec.... "Non Recourse Deductions" shall have the meaning set forth in Treasury Regulation Sec....

The Member's share of the decrease in the basis of the Company's property under the Code arising from the allowance of any tax credit. Capital Account Transferee. In the event of a permitted sale or exchange of an interest in the Company, the Capital Account of the transferor shall become the Capital Account of the Transferee to the extent

it relates to the transferred Interest in accordance with Regulation Sec.... Capital Accounts Shall Comply with Code Sec 7049(b)

The manner in which Capital Accounts are to be maintained pursuant to this Agreement is intended to comply with the requirements of Code Sec. 704(b) and the Regulations thereunder. It is the specific intent of the Members that all such further or different adjustments as may be required pursuant to Code Sec. 704, and any Regulations thereunder be made, so as to cause the allocations prescribed hereunder to be respected for tax purposes.

Therefore, if in the opinion of the Accountant (or if the accountant is unable or unwilling to act, the Manager), the manner in which Capital accounts are to be maintained pursuant to this Agreement should be modified to comply with Code Sec. 704 (b) and the Regulations thereunder, then notwithstanding anything to the contrary contained in this Agreement, or any other agreement between the Parties, the method in which Capital Accounts are maintained shall be so modified. However, any change in the manner of maintaining Capital accounts shall not materially alter the economic agreement between or among Members. Each Member hereby appoints the Manager the Tax Matters Member and Agent for the purpose of making any amendment to this Agreement solely for purposes of complying with this provision.

III. CAPITAL CONTRIBUTIONS

1. Initial Commitments and Contributions. By the execution of this Operating Agreement, the initial Members hereby agree to make the capital contributions set forth in the attached Exhibit A. The interests of the respective Members in the total capital of the Company (their respective "Sharing Ratios", as adjusted from time to time to reflect changes in the Capital Accounts of the Members and the total capital in the Company) is also set forth in Exhibit A. Any additional Member (other than an assignee of a Membership Interest who has been admitted as a Member) on any capital contribution except as provided in this Operating Agreement.

2. Additional Contributions. In Addition to the initial capital contributions, the Manager may determine from time to time that additional capital contributions are needed to enable the Company to conduct its business and affairs. Upon making such a determination, Notice thereof shall be given to all Members in writing at least ten (10) business days prior to the date on which such additional contributions are due. Such Notice shall describe in reasonable detail, the purposes and uses of such additional capital, the amounts of additional capital required, and the date by which payment of the additional capital is required. Each Member shall be obligated to make such additional capital contribution to the extent of any unfulfilled commitment. Any Member who has fulfilled that Member's commitment, shall have the right, but not the obligation to make the additional capital contributions needed according to that Member's Sharing Ratio.

3. Failure to Contribute. If any member fails to make a capital contribution when required, the Company may, in addition to the other rights and remedies the Company may have under the Act or applicable law, take such enforcement action (including, the commencement and prosecution of court proceedings) against such Member as the Manager consider appropriate. Moreover, the remaining Members may elect to contribute the amount of such required capital themselves according to their respective Sharing Ratios. In such an event, the remaining Members shall be entitled to treat such amounts as an extension of credit to such defaulting Member, payable upon demand, with interest accruing thereon at the federal midterm rate provided for under Code Sec.1274(d), plus Two Percent (2%) until paid, all of which shall be secured by such defaulting Member's interest in the Company, each Member who may hereafter default, hereby granting to each Member who may hereafter grant such an extension of credit, a security interest in such defaulting Member's interest in the Company.

IV. ALLOCATIONS AND DISTRIBUTIONS

1. Allocations. Except as may be required by the Code as amended or this Operating Agreement, net profits, net losses, and other items of income, gain, loss, deduction and credit of the Company shall be allocated among the Members in accordance with their Sharing Ratios.

2. Distributions. The Manager may make distributions to the Members from time to time. Distributions may be made only after the Manager determines in his/her reasonable judgement, that the Company has sufficient cash on hand which exceeds the current and the anticipated needs of the Company to fulfill its business purposes (including needs for operating expenses, debt service, acquisitions, reserves, and mandatory distributions, if any). All distributions shall be made to the Members in accordance with their Sharing Ratios. Distributions shall be in cash or property or particularly in both, as determined by the Manager. No distribution shall be declared or made if, after giving it effect, the Company would not be able to pay its debts as they become due in the usual course of business or the Company's total assets would be less than the sum of its total liabilities plus, the amount that would be needed if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members upon dissolution that are superior to the rights of the Members receiving the distribution.

3. Family Partnership Savings Provision. Notwithstanding anything in this Operating Agreement to the contrary, should any provision of this Operating Agreement, or any act of the parties, result in violation of the family partnership provisions of Code Sec. 704(e) or the regulations and cases thereunder, the Manager may amend this Agreement, or take any other actions reasonably necessary to prevent such violation, or to correct such violation.

V. DISPOSITION OF MEMBERSHIP INTERESTS

1. General. Every sale, assignment, transfer, exchange, mortgage, pledge, grant, hypothecation or other disposition of any Membership Interest shall be made only upon compliance with this Article. No Membership Interest shall be disposed of if the disposition would cause a termination of the Company under Sec 708 of the Internal Revenue Code of 1986, as amended; without compliance with any and all state and federal securities laws and regulations; and unless the assignee of the Membership Interests provides the Company with the information and agreements that the Manager may require in connection with such disposition, including but not limited to an executed counterpart of this Agreement.

No Member shall be entitled to assign, convey, sell, encumber, or in any way alienate all or any part of its Membership Interest in the Company and as a Member except with the prior written consent of a majority in the interest of the non-transferring Members, which consent may be given or withheld, conditioned, or delayed (as allowed by this Agreement or the Act), as the non-transferring Members may determine in their sole discretion. Transfers in violation of this provision shall only be effective to the extent of an assignment of such interest with only rights set forth in the following provision "Permitted Dispositions".

2. Permitted Dispositions. Subject to the provisions of this Article, a Member may assign such Member's Membership Interest in the Company in whole or part. The assignment of a Membership Interest does not in itself entitle the assignee to participate in the management and affairs of the Company or to become a Member. Such assignee is only entitled to receive, to the extent assigned, the distributions the assigning Member would otherwise be entitled to, and such assignee shall only become an assignee of a Membership Interest and not a substitute Member.

3. Admission of Substitute Members. An assignee of a Membership Interest shall be admitted as a substitute Member and shall be entitled to all the rights and powers of the assignee only if the other Members unanimously consent. If admitted, the substitute Member has, to the extent assigned, all of the rights and powers, and is subject to all of the restrictions and liabilities of a Member.

VI. MEETINGS OF MEMBERS

1. Voting. Except to the extent provided to the contrary in this Agreement, all Members shall be entitled to vote on any matter submitted to a vote of the Members. Notwithstanding the foregoing, the Members shall have the right to vote on all of the following:

The dissolution of the Company pursuant to the provisions of this Operating Agreement that permit a dissolution of the Company upon the unanimous consent of the Members;

The merger of the Company;

A transaction involving an actual or potential conflict of interest between a Manager and the Company;

An amendment to the Articles of Organization;

The sale, exchange, lease or other transfer of all or substantially all of the assets of the Company other than in the ordinary course of business.

2. Required Vote. Unless a greater vote is required by the Act or the Articles of Organization, the affirmative vote or consent of a majority of the Sharing Ratios of all the Members entitled to vote or consent on such matter shall be required.

3. Meetings. An annual meeting of Members for the transaction of such business as may properly come before the Meeting, shall be held at such place, on such date and at such time as the Manager shall determine. Special meetings of Members for any proper purpose or purposes may be called at any time by the Manager or the holders of at least Ten Percent (10%) of the Sharing Ratios of all Members. The Company shall deliver or mail written Notice stating the date, time, place, and purposes of any meeting to each Member entitled to vote at the meeting. Such Notice shall be given not less than Ten (10) and no more than Sixty (60) days before the date of the meeting. All meetings of Members shall be presided over by a Chairperson who shall be a Manager. A Member may participate and vote at

such meeting via phone conference call.

4. Consent. Any action required or permitted to be taken at an annual or special meeting of the Members may be taken without a meeting, without prior Notice, and without a vote, if consents in writing, setting forth the action so taken, are signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take action were present and voted. Every written consent shall bear the date and signature of each Member who signs the consent. Prompt Notice of the taking of action without a meeting by less than unanimous written consent shall be given to all Members who have not consented in writing to such action.

VII. MANAGEMENT

1. Management of Business. The Company shall be managed by MANAGER 1, named,

_____ who
so long as he/she is able and willing to serve. If MANAGER 1, shall ever resign, or be unable or unwilling to serve as Manager, then MANAGER 2, named,

_____ who
resides at _____

_____ shall serve as the successor. If he/she is unable or unwilling, than he/she shall designate a successor Manager by giving written Notice to the Members. The terms, duties, compensation, and benefits, if any, of the Manager shall be as follows:

MANAGER shall receive compensation for serving as Manager as follows:

(DESCRIBE COMPENSATION)

The duties of the Manager shall be those duties reasonably necessary to conduct the Business of the Company, and shall include, but not be limited to:

DESCRIBE DUTIES

2. Removal of Managers: Any Manager may be removed at any time, with or without cause, by the affirmative vote of Seventy-Five (75%) of the Membership Interests in the Company then entitled to vote.

3. General Powers of Managers. Except as may otherwise be provided in this Operating Agreement, the ordinary and usual decisions concerning the business and affairs of the Company, shall be made by the Manager. The manager has the power, on behalf of the Company, to do all things necessary or convenient to carry out the business and affairs of the Company, including, the power to:

Purchase, lease, or otherwise acquire any real or personal property; Sell, convey, mortgage, grant a security interest in, pledge, lease, exchange, or otherwise dispose or encumber any real or personal property; Open one or more depository accounts and make deposits into and checks and withdrawals against such accounts; Borrow money, incur liabilities, and other obligations; Enter into any and all agreements and execute any and all contracts, documents, and instruments relating to the Business; Engage consultants and agents, define their respective duties and establish their compensation or remuneration; Obtain insurance covering the Business and its affairs; Participate with others in partnerships, joint ventures, and other associations and strategic alliances only where same are directly in pursuit of the Business, as defined above.

As an express limitation on the nature of the Business and the powers granted the Manager herein, the Company is intended to hold real estate for investment purposes only, and no activities inconsistent with such limited purposes shall be undertaken.

4. Limitations. Notwithstanding the foregoing and any other provision contained in this Operating Agreement to the contrary, no act shall be taken, sum expended, decision made, obligation incurred or power exercised by any Manager on behalf of the Company except by the consent of Seventy-Five (75%) of all Membership Interests with respect to: Any significant and material purchase, receipt, lease, exchange, or other acquisition of any real or personal property or business; The sale of all or substantially all of the assets and property of the Company; Any mortgage, grant of security interest, pledge, or encumbrance upon all or substantially all of the assets and property of the Company; Any merger; Any amendment or restatement of the Articles or of this Operating Agreement; Any matter which could result in a change in the amount or character of the Company's capital; Any change in the character of the business and affairs of the Company; The commission of any act which would make it impossible for the Company to carry on its ordinary business and affairs; Any act that would contravene any provision of the Articles or of this Operating agreement or the Act.

5. Standard of Care. Every Manager shall discharge his or her duties as a Manager in good faith, with care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Company. A manager shall not be liable for any monetary damages to the Company for any breach of such duties except for a receipt of a financial benefit to which the Manager is not entitled; voting for or assenting to a distribution to Members in violation of this Operating Agreement or the Act; or a knowing violation of the law.

VIII. EXCULPATION OF LIABILITY: INDEMNIFICATION

1. Exculpation of Liability. Unless otherwise provide by law or expressly assumed, a person who is a Member or Manager, or both, shall not be liable for the acts, debts or liabilities of the Company.

2. Indemnification. Except as otherwise provided in this Article, the Company shall indemnify any Manager and may indemnify any employee or agent of the Company who was or is a party or is threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Company, by reason of the fact that such person is or was a Manager, employee or agent of the Company against expenses, including attorney's fees, judgements, penalties, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit or proceeding, if the person acted in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner that such person reasonably believed to be in the best interests of the Company and with respect to a criminal action or proceeding, if such person had no reasonable cause to believe such person's conduct was unlawful. To the extent that a Member, employee, or agent of the Company has been successful on the merits or otherwise in defense of an action, suit, or proceeding or in the defense of any claim, issue, or other matter in the action, suit, or proceeding, such person shall be indemnified against actual and reasonable expenses, including attorney's fees, incurred by such person in connection with the action, suit, or proceeding and any action, suit or proceeding brought to enforce the mandatory indemnification provided herein. Any indemnification permitted under this Article, unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination that the indemnification is proper under the circumstances because the person to be indemnified has met the applicable standard of conduct and upon an evaluation shall be made by a majority vote of the Members who are not parties or threatened to be made parties to the action, suit, or proceeding. Notwithstanding the forgoing to the contrary, no indemnification shall be provided to any Manager, employee, agent of the Company for or in connection with the receipt of a financial benefit to which such person is not entitled, voting for or assenting to a distribution to Members in violation of this Operating Agreement or the Act, or a knowing violation of law.

IX. OTHER ACTIVITIES

Any Member and the Manager may engage in other business ventures of every nature, including, without limitation by specification, the ownership of another business similar to that operated by the Company. Neither the Company nor any of the other Members shall have any right or interest in any such independent venture or to the income and profits derived therefrom.

X. DISSOLUTION AND WINDING UP

1. Dissolution. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events: At any time specified in the Articles or this Operating Agreement; Upon the happening of any event specified

in the Articles or this Operating Agreement; By the unanimous consent of all Members; Upon the death, withdrawal, expulsion, bankruptcy, or dissolution of a Member or the occurrence of any other event that terminates the continued memberships of a Member in the Company unless within Ninety (90) days after the disassociation of membership, a majority in interest of the remaining Members consent to continue the business of the Company and to the admission of one or more Members as necessary.

2. Winding Up. Upon dissolution, the Company shall cease carrying on its business and affairs and shall commence the winding up of the Company's business and affairs and complete the winding up as soon as practicable. Upon the winding up of the Company, the assets of the Company shall be distributed first to creditors to the extent permitted by law, in satisfaction of Company debts, liabilities, obligations and then to Members and former Members first, in satisfaction of liabilities for distributions and then, in accordance with their Sharing Ratios. Such proceeds shall be paid to such Members within One Hundred Twenty (120) days after the date of winding up.

XI. MISCELLANEOUS PROVISIONS

1. Terms. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the person or persons, firm, or corporation may in the context require. The term "Code" shall refer to the Internal Revenue Code of 1986, as amended. The term "LLC" and "Company" shall refer to the Limited Liability Company hereabove named.

2. Article Headings. The Article headings and numbers contained in this Operating Agreement have been inserted only as a matter of convenience and for reference, and in no way shall be construed to define, limit, or describe the scope or intent of any provision of this Operating Agreement.

3. Counterparts. This Operating Agreement may be executed in several counterparts, each of which will be deemed an original but all of which will constitute one and the same.

4. Entire Agreement. This Operating Agreement constitutes the entire agreement among the parties hereto and contains all of the agreements among said parties with respect to the subject matter hereof. This Operating Agreement supersedes any and all other agreements, either oral or written, between said parties with respect to the subject matter hereof.

5. Severability. The invalidity or unenforceability of any particular provision of this Operating Agreement shall not effect the other provisions hereof, and this Operating Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

6. Amendment. This Operating Agreement may be amended or revoked at any time by a written agreement executed by all of the parties to this Operating Agreement, except where a lesser percentage of Membership Interests is permitted elsewhere in this Operating Agreement. No change or modification to this Operating Agreement shall be valid unless in writing and signed by all of the parties to this Operating Agreement.

7. Notices. Any Notice permitted or required under this Operating Agreement shall be conveyed to the party at the address reflected in this Operating Agreement and will be deemed to have been given, when deposited in the United States mail, postage paid, or when delivered in person, or by a national overnight courier or by facsimile transmission (the receipt of which is confirmed).

8. Binding Effect. Subject to the provisions of this Operating Agreement relating to transferability, this Operating Agreement will be binding upon and shall inure to the benefit of the parties, and their respective distributees, heirs, successors and assigns.

9. Governing Law. This Operating Agreement is being executed and delivered in the State of Nevada and shall be governed by, construed, and enforced in accordance with the laws of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto make and execute this Operating Agreement on the dates set below their signatures, to be effective on the date first above written.

WITNESSETH:

LLC NAME, _____

MANAGER 1 NAME, _____

MEMBERS:

MEMBER 1 NAME, _____

MEMBER 2 NAME, _____

MEMBER 3 NAME, _____

The undersigned, being all of the Members of LLC NAME, hereby take the following action:
RESOLVED, Authorize the issuance of the following Membership Interests in the LLC to the Members listed below,
at the price and for the consideration listed:

EXHIBIT A, MEMBER LISTING; CAPITAL CONTRIBUTIONS

Member 1 name, _____

Member 1 contribution, _____

(cash, negotiable instruments, etc.)

Member 2 name, _____

Member 2 contribution, _____

(vehicles, property, etc.)

Member 3 name, _____

Member 3 contribution, _____

(equipment, tools, etc.)

RESOLVED, that the LLC accept the transfer of the above assets under Bill(s) Of Sale, and Assignment of Contract forms attached hereto.

RESOLVED, that the aforesaid offers of contributions to the capital of the LLC in exchange for Membership Interests in the LLC are agreed as being fair, adequate, and reasonable, and should be and are hereby accepted by the LLC and its Members and Manager.

RESOLVED, That the entire amount of the above payments be credited on the LLC's books and records in the manner designated by the LLC's accountant as contributions to the LLC's capital.

RESOLVED, That the Manager of the LLC is directed and authorized to take all necessary actions to implement the above resolutions.

RESOLVED, That this Unanimous Consent, signed by all Members, is hereby deemed an amendment to the LLC

Operating Agreement, originally signed on _____.

Manager 1 name, _____

Manager signature, _____

Date signed _____

Member 1 name, _____

Member 1 signature, _____

Date signed _____

Member 2 name, _____

Member 2 signature, _____

Date signed _____

Member 3 name, _____

Member 3 signature, _____

Date signed _____

End of agreement