

# LIMITED LIABILITY COMPANY OPERATING AGREEMENT FOR

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*Name Of LLC*

## **AN ARKANSAS LIMITED LIABILITY COMPANY**

*In Accordance with Title 4, Subtitle 3, Chapter 32*

THIS OPERATING AGREEMENT ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the following person:

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*First*

*Middle*

*Last*

hereinafter referred to as the "Party" or "Member."

The Member in the above-described Limited Liability Company (hereinafter referred to as the "LLC") agrees as follows:

## **FORMATION OF LIMITED LIABILITY COMPANY**

### **I. FORMATION OF LLC.**

The Member formed a Limited Liability Company named

\_\_\_\_\_ in the State of \_\_\_\_\_.

The LLC shall be operated by the terms of this Agreement and the applicable laws of the State of Arkansas relating to the formation, taxation and operation of an LLC. The Member agrees that the LLC shall be taxed as a sole proprietorship. The sole proprietorship shall be inoperative if there are any provisions of this agreement that may cause the LLC not to be taxed as a sole proprietorship.

### **II. BUSINESS.**

The primary business of the LLC shall be:

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*Primary Business of LLC*

The LLC shall be legally allowed to conduct or promote any lawful business or purpose within the State of Arkansas or any other jurisdiction where the LLC may be conducting business activities.

III. **ARTICLES OF ORGANIZATION.**

The LLC, acting through its Member, named

\_\_\_\_\_, created the LLC  
*First Middle Last*  
by filing Articles of Organization (“Articles”) in the records of the  
\_\_\_\_\_  
*State Date* Secretary of State on \_\_\_\_\_.

IV. **PLACE OF BUSINESS.**

The official place of business of the LLC shall be:

\_\_\_\_\_  
*Street Address*  
City of \_\_\_\_\_ State of \_\_\_\_\_  
*City State*  
Zip Code \_\_\_\_\_  
*Zip Code*

V. **REGISTERED OFFICE.**

The official registered office of the LLC shall be

\_\_\_\_\_  
*Street Address*  
City of \_\_\_\_\_ State of \_\_\_\_\_  
*City State*  
Zip Code \_\_\_\_\_  
*Zip Code* . If at anytime the registered  
office should change, all necessary government authorities shall be  
notified.

VI. **REGISTERED AGENT.** The official registered agent of the LLC shall be

\_\_\_\_\_  
*First Middle Last*

If at anytime the registered agent should change, all government  
authorities shall be notified.

VII. **FISCAL YEAR.** The LLC’s fiscal and tax year shall end on

\_\_\_\_\_ each year.  
*Date*

VIII. **DURATION.** The LLC will commence business as of the date of filing and will continue in perpetuity.

IX. **INITIAL MEMBERS.** The initial Member of the LLC, his or her initial capital contributions, and his or her percentage interest in the LLC are as follows:

<b>Member</b>	<b>Percentage Interest in LLC</b>	<b>Capital Contribution (If any)</b>

X. **ADDITIONAL MEMBERS.** Upon the consent of the sole Member and in compliance with the provisions of this agreement, new members may be admitted.

XI. **MANAGEMENT.** The Member has elected to manage the LLC as follows (check as appropriate):

The management of the LLC shall be vested in the Member without an appointed manager. The Member shall elect an officer(s) who shall manage the company. The President and Secretary may act for and on behalf of the LLC and shall have the power and authority to bind the LLC in all transactions and business dealings of any kind as otherwise provided in this Agreement.

The Member shall hereby delegate the management of the LLC to Manager(s), subject to the limitations set out in this agreement. There shall be \_\_\_\_\_ initial Managers.  
*# of Managers*

The initial Manager is:

\_\_\_\_\_  
*First Middle Last*

\_\_\_\_\_  
*First Middle Last*

\_\_\_\_\_  
*First Middle Last*

A Manager shall hold their position until the Member elects a successor.

The Member shall elect and may remove the Manager(s) by majority vote.

The authority shall be held by the Member to take all necessary and proper actions in order to conduct the business of the LLC.

Any Manager can take any appropriate action on behalf of the LLC, including, but not limited to, signing checks, executing leases, and signing loan documents. Decisions concerning distributions are the sole authority of the Member.

The compensation to the Manager(s) shall be at the discretion of the Member of the LLC.

XII. **OFFICERS AND RELATING PROVISIONS.** If the Member decides to manage the LLC, rather than appointing a Manager, the Member shall appoint officers for the LLC and the following provisions shall apply:

- (a) **OFFICERS.** The officers of the LLC shall consist of a president, a treasurer, and a secretary, or others that may be elected and appointed by the Member. A Member may hold more than one or all offices. The officers shall supervise the operation of the LLC under the direction and management of the Member, as further described below.
- (b) **TERM OF OFFICE/ELECTION.** The Member shall elect the officers of the LLC annually by a majority vote. Vacancies may be filled or new offices created and filled at any meeting of the Member. All officers shall hold office positions unless or until their death, removal from office, or resignation. Election or appointment of an officer or agent shall not, in and of itself, create a contract right.
- (c) **REMOVAL.** The Member may decide to remove any officer or agent by a majority vote whenever the Member decides that the best interest of the company would be served thereby. If an officer or agent is removed, it shall be without prejudice to any separately created contract rights.
- (d) **PRESIDENT.** The President shall be the chief executive officer of the LLC and shall be present at all meetings with the Member. The president shall have all powers to perform such duties that are outlined in this Agreement.
- (e) **THE TREASURER.** The Treasurer shall be the chief financial officer of the LLC. The Treasurer is responsible for all funds and securities of the LLC. The Treasurer shall preside at the meeting with the Member when the President is absent. The Treasurer must receive and give receipts for moneys due and payable to the LLC from any money source whatsoever, and deposit all such moneys in the name of the LLC in an appropriate financial institution, which shall be selected by the Member of the LLC. The Treasurer shall

perform all other duties that may be assigned to the office of treasurer by the President or by the Member of the LLC.

- (f) **SECRETARY.** The Secretary shall keep a time log of the Member's meetings in a file provided for that purpose and also see that all notices are duly given in accordance with the provisions of this Agreement, or as required by law. The Secretary shall have custody of true and correct LLC records, address of the Member, Member's resolutions, and other documents to the LLC. The Secretary shall preside at the meetings of the Member in the absence of the President and Treasurer, and also perform all other duties that may be assigned to the office of Secretary by the President or by the Member of the LLC.
  - (g) **VACANCIES.** A vacancy in any office because of death, resignation, removal, and disqualification or otherwise may be filled by the Member for the unexpired portion of the term.
- XIII. **MEMBER-ONLY POWERS.** Notwithstanding any other provision of this Agreement, the Member may: (a) sell or encumber any real estate owned by the LLC, and (b) incur debt, expend funds, or otherwise obligate the LLC if the debt, expenditure, or other obligation is desired by the Member.
- XIV. **INTEREST OF MEMBER.** The Member shall own a full One Hundred Percentage (100%) interest in the LLC. The percentage interest shall control the Member's share of the profit, losses, and distributions of the LLC.
- XV. **CONTRIBUTIONS.** The initial contribution and initial percentage interest of the Member are as set out in this Agreement.
- XVI. **ADDITIONAL CONTRIBUTIONS.** The Member may make additional cash contributions to the LLC as necessary.
- XVII. **PERCENTAGE INTEREST/RECORD OF CONTRIBUTIONS.** This Agreement, any amendment(s) to the Agreement, and all Resolutions of the sole Member of the LLC, shall constitute the record of the Member of the LLC and of his or her respective interest therein.
- XVIII. **DISTRIBUTIONS.** Distribution of cash and other assets of the LLC (other than upon the dissolution of the LLC) shall be made in the total amounts and at the periods decided upon by the Member. Any such distributions shall be allocated to the Member on the basis of his 100% interest in the LLC.
- XIX. **PROFITS AND LOSSES.** Profits, losses, and all other tax attributes of the LLC shall be allocated to the Member.

- XX. **CHANGE IN INTEREST.** If during any year there is a change in the Member's percentage interest, the Member's share of the profits and losses and distributions in that year shall be determined under a method which takes into account the varying interest during that year.
- XXI. **VOTING BY MEMBERS.** In relation to the Member's percentage interest, the Member shall be entitled to vote on all matters that necessitate a vote regarding the LLC.
- XXII. **MAJORITY DEFINED.** The term "Majority" of the Member(s), as used in this agreement, shall mean a majority of the ownership interest of the LLC as determined by the records of the LLC on the date of the action. So long as the LLC remains a single-Member LLC, a majority shall be comprised of the Member's single vote.
- XXIII. **MAJORITY REQUIRED.** The majority of the Members, or sole Member, based upon their percentage ownership, except as otherwise provided and delegated to the Officers or Managers, shall decide all decisions made.
- XXIV. **MEETINGS.** Meetings of the Member(s), Manager(s), and Officer(s) may be called by any Member owning 10% or more of the LLC, or, if Managers were selected, by the Manager of the LLC, or if Officers were elected, by any officer.
- XXV. **WRITTEN CONSENT/MEETINGS.** The Member or Officer(s) do not have to hold a meeting in order to accomplish an action, but evidence of the action shall be recorded and signed by the majority of Members or the sole Member. Action without a meeting may be evidenced by a writing signed by the Member, President, or Secretary.
- XXVI. **MEMBER HAS NO EXCLUSIVE DUTY TO LLC.** The Member may have other business interests, and may participate in other investments, in addition to those relating to the LLC. The Member shall not be required to participate in the LLC as his or her sole and exclusive business. The Member shall not be held liable to the LLC by participating in outside businesses, investments, or activities.
- XXVII. **DUTIES OF MEMBERS: LIMITATION OF LIABILITY/GOOD FAITH.** The owner of the LLC shall perform his or her duties in good faith, and perform them with such care as is in the best interest of the LLC. The Member shall be held responsible if an Officer finds him or her guilty of fraud, gross negligence, deceit, willful misconduct, or a wrongful taking. No Member or Officer, by reason of being or having been a Member or Officer, shall be liable to the LLC, or to any other member or Officer, for any loss or damage sustained by the LLC.

**XXVIII. PROTECTION OF MEMBERS AND OFFICERS.**

(a) As used herein, the term "Protected Party" refers to the Member and officer(s) of the Company.

(b) To the extent that, at law or in equity, a Protected Party has duties (including fiduciary duties) and liabilities relating to the LLC, or to any other Protected Party, a Protected Party acting under this Agreement shall not be liable to the LLC or to any other Protected Party for good faith reliance on:

- (i) The provisions of this Agreement;
  - (ii) The records of the LLC; and/or
  - (iii) Such information, opinions, reports, or statements presented to the LLC by any person as to matters the Protected Party reasonably believes are within such other person's professional or expert competence, and who has been selected with reasonable care by or on behalf of the LLC.
- (c) The provisions of this agreement, to the extent that they restrict the duties and liabilities of a Protected Party to the LLC, or to any other Protected Party otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Protected Party.

**XXIX. INSURANCE AND IDEMNIFICATION.**

(a) Right to Indemnification.

(i) Any person who is or was a member or officer of the LLC, and who is or may be a party to any civil action because of his/her participation in or with the LLC, and who acted in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the LLC, may be indemnified and held harmless by the LLC.

(ii) Any person who is or was a member or officer of the LLC, and who is or may be a party to any criminal action because of his/her participation in or with the LLC, and who acted in good faith and held a reasonable belief that the act or omission was lawful, may be indemnified and held harmless by the LLC.

(b) Non-Exclusivity of Rights. The Member and Officer(s) of the LLC shall adopt and enter into indemnification agreements for the Member and Officer(s). The right to indemnification and payment of fees and expenses conferred in this section shall not be exclusive of any right which any person may have or hereafter acquire under any statute, provision of this

agreement, contract, agreement, vote of the Member, or otherwise.

- (c) Advancement of Expenses. All expenses, including legal fees incurred by an indemnified person in defending any proceeding, shall be paid in advance of the proceeding's conclusion. Should the indemnified member or officer ultimately be determined to not be entitled to indemnification, that member or officer agrees to immediately repay to LLC all funds expended by the LLC on behalf of the Member or Officer.
- (d) Effect of Amendment. No amendment, repeal, or modification of this Article shall adversely affect any rights hereunder with respect to any action or omission occurring prior to the date when such amendment, repeal, or modification became effective.
- (e) Insurance. The LLC, by majority vote, or, at the discretion of the sole Member, may decide to purchase and maintain insurance for the LLC, for the Member, and/or officer(s), and/or on behalf of any third party or parties whom the members might determine should be entitled to such insurance coverage.

XXX. **TERMINATION OF MEMBERSHIP.** The Member's interest in the LLC shall cease upon the occurrence of one or more of the following events:

- (a) The Member dies;
- (b) The Member decides to give notice of withdrawal to the LLC thirty days (30) in advance of the withdrawal date. There is no breach of Agreement when a Member decides to withdraw in this fashion;
- (c) A Member assigns all of his/her interest to a qualified third party;
- (d) There is an entry of an order by a court of competent jurisdiction adjudicating the Member incompetent to manage his/her person or his/her estate;
- (e) In the case of an estate that is a Member, the distribution by the fiduciary of the estate's entire interest in the LLC;
- (f) If within one hundred twenty (120) days after the commencement of any action against a Member seeking reorganization, readjustment, composition, readjustment, liquidation, arrangement, dissolution, or similar relief under any statute, law, or regulation, and the action has not been dismissed and/or has not been consented to by a majority of the members.



(g) If within ninety days (90) after the appointment, without the Member's consent or acquiescence, of a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties, and said appointment is not vacated or within ninety days (90) after the expiration of any stay, the appointment is not vacated and/or has not been consented to by the Member.

(h) The Member, without consent: (1) makes an assignment for the benefit of creditors; (2) files a voluntary petition in bankruptcy; (3) is adjudicated as bankrupt or insolvent; (4) files a petition or answer seeking for himself any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation; (5) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of the nature described in this paragraph; (6) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member or of all or any substantial part of his properties; or (7) if any creditor permitted by law to do so should commence foreclosure or take any other action to seize or sell any Member's interest in the LLC.

(i) Any of the events provided in applicable code provisions that are not inconsistent with the dissociation events identified above.

XXXI. **ENCUMBRANCE.** With consent from the Members, a Member can encumber his LLC interest by a security interest or other form of collateral.

XXXII. **LLC INTEREST.** The Member has no interest in property owned by the LLC. The LLC interest is personal property.

XXXIII. **SALE OF INTEREST.** The Member has the full right at any point in time to sell his LLC interest.

XXXIV. **TERMINATION OF LLC.** Only upon the consent of the Member can the LLC and its affairs be dissolved.

XXXV. **FINAL DISTRIBUTIONS.** Upon the ending of the LLC, the assets must be distributed as follows: (a) to the LLC creditors; and (b) to the Member first for the return of their contributions and secondly respecting their LLC interest, in the proportions in which the Member shares in profits and losses.

XXXVI. **RECORDS AND INSPECTION.** The LLC shall maintain at its place of business the Articles of Organization, any amendments thereto, this Agreement, and all other LLC records required to be kept by the Act, and the same shall be subject to inspection and copying at the reasonable request, and the expense, of any Member.

- XXXVII. **OBTAINING ADDITIONAL INFORMATION.** The Member of the LLC has the right to reasonably demand information related to the LLC, including: (a) Business information and the financial condition of the LLC; (b) If available, copies of the LLC's federal, state, and local income tax returns for each year. (c) Any other information in regards to the affairs of the LLC as is just and reasonable.
- XXVIII. **APPLICABLE LAW.** Within the means of the law, this Agreement shall be constructed in accordance with and governed by the laws of the State of Arkansas.
- XXIX. **AMENDMENT.** If at any time the Member may wish to propose a new amendment, the Member shall submit it to be in effect. This Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by the party sought to be charged with such amendment or waiver, except as otherwise provided in this Agreement.
- XL. **COUNTERPARTS.** The instrument may be executed in any number of counterparts each of which shall be considered an original.
- XLI. **PRONOUNS.** The use of a pronoun shall be deemed to include singular, plural, individuals, feminine, masculine, partnerships or corporation, where applicable, when referencing a Member or a Manager.
- XLII. **FURTHER ACTION.** Upon the request by the LLC, each Member has the duty and shall agree to perform all appropriate and necessary assignments within the provisions of this Agreement.
- XLIII. **FACSIMILES.** For purposes of this Agreement, any copy, facsimile, telecommunication or other reliable reproduction of a writing, transmission or signature may be substituted or used in lieu of the original writing, transmission or signature for any and all purposes for which the original writing, transmission or signature could be used, provided that such copy, facsimile telecommunication or other reproduction shall have been confirmed received by the sending Party.
- XLIV. **SPECIFIC PERFORMANCE:** The Member agrees that it would be greatly damaging if any of the provisions of this Agreement were not performed, and that monetary damages would not provide an adequate remedy in such event.
- XLV. **METHOD OF NOTICE.** All written notices shall be sent to the address of the LLC at its place of business or to the Member who is set forth on

the signature page of this Agreement. All notices shall be effective when received either in hand or receipt of delivery.

**XLVI. COMPUTATION OF TIME.** In computing any period of time under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or legal holiday.

**XLVII. ENTIRE AGREEMENT** The undersigned hereby agree, acknowledge, and certify that the foregoing operating agreement is adopted and approved by each Member. Each member agrees to be bound by all of the terms and conditions of this agreement and the formation certificate or articles.

**SIGNATURE OF MEMBER**

\_\_\_\_\_  
Signature

Print Name of Member: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

Phone: \_\_\_\_\_