

**Articles of Organization  
of  
XYZ Limited Liability Company**

*[Note: The states of Delaware, Louisiana, Massachusetts, Mississippi, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Utah, and Washington refer to the formation document as a Certificate of Formation or Organization rather than Articles of Organization. If you live in one of these states, you can use this basic document, but change the name from Articles of Organization to Certificate of Formation.]*

THESE ARTICLES OF ORGANIZATION forming a limited liability company under the laws of the State of Utah are made and executed this 30th day of August, 2016, by the undersigned.

1. **Name.** The name of the limited liability company is XYZ Limited Liability Co. (hereinafter referred to as the "Company").

2. **Term.** The term or period of duration of the Company shall commence as of the date of the filing of these Articles of Organization with the Utah Division of Corporations and Commercial Code and shall continue for a term of twenty (20) years from that date, unless sooner terminated pursuant to law or the provisions of the Company's Operating Agreement.

*[Note: The states of Arkansas, Indiana, Kentucky, New Mexico, Ohio, Alabama, New York, Nevada, Missouri, Mississippi, Washington and Oregon permit a limited liability company to have perpetual existence. Most states allow at least a twenty year term. Even in those states where perpetual existence is allowed, the continuity of life portion of the LLC classification is assumed to exist. Check the state law where your company is formed.]*

3. **Business Purpose.** The character and purposes of the Company and its business are (1) real estate development; (2) to engage in any lawful act or activity for which companies may be organized under the laws of the State of Utah; (3) to do everything necessary, proper, advisable, or convenient for the accomplishment of any of the purposes, or the attainment of any of the objects, or the furtherance of any of the powers herein set forth, either alone or in association with others, and incidental or pertaining to, or growing out of, or connected with, its business or powers, provided the same is consistent with the laws of the State of Utah.

*[Note: Number (2), above, should often be deleted if you are working with an individual who is not directly related to you. In arm's-length transactions, (2) allows one business partner more flexibility which can lead to theft or other problems. If necessary, delete (2) and renumber (3) above.]*

4. **Registered Office and Agent.** The street address of the Company's registered office is 279 North University Avenue, Provo, Utah 84601. The name of the Company's initial registered agent at that address is Lee R. Phillips.

I hereby accept the appointment as registered agent

---

Lee R. Phillips, Registered Agent

*[Note: New York differs because it requires that the articles contain a provision designating the Secretary of State as agent for service of process and listing a post office box where the Secretary of State can mail a copy of any process served. Since the Secretary of State must be named as the agent for service of process, the designation of a resident agent is optional. It is a good idea however to name a registered agent, so include the following provision at the first of 4 and omit provision 5. The Secretary of State of New York is hereby appointed the agent for service of process for the company. The Secretary of State may mail such process received on behalf of the company to...]*

5. **Substitute Service of Process.** The Division of Corporations and Commercial Code of the Utah Department of Commerce is hereby appointed as the agent of the Company for service of process if the registered agent has resigned, the registered agent's authority has been revoked, or the registered agent cannot be found or served with the exercise of reasonable diligence.

6. **Management.** The management of the company shall be vested in the Managers and a majority of the Managers voting shall be necessary for all decisions affecting the Company. The Managers shall serve until their successors are appointed or until their resignation or removal. The initial Managers of the company and their addresses are as follows:

John P. Smith  
277 North University Avenue  
Provo, Utah 84601

Joseph R. Doe  
275 North University Avenue  
Provo, Utah 84601

[or]

6. **Management.** The management of the company shall be vested in the Member-Managers, and a majority of the Member-Managers voting shall be necessary for all decisions affecting the Company. The Member-Managers shall serve until their successors are appointed or until their resignation or removal. The initial Member-

Managers of the company and their addresses are as follows:

John P. Smith  
277 North University Avenue  
Provo, Utah 84601

Joseph R. Doe  
275 North University Avenue  
Provo, Utah 84601

*[Note: Several states now require Member-Managers to be clearly labeled in the formation documents. If you are not Member-Managed, delete the second Article 6. If you are Member-Managed, delete the first Article 6.]*

7. **Members.** This company will have one (1) or more Member(s) upon formation and will always maintain at least one (1) Member(s). New Members may be added to the Company only with the unanimous consent of all the existing Members. If a Member sells or assigns an interest in the Company, the purchaser or assignee is entitled to all of the financial rights of the selling or assigning Member in the Company. The purchaser or assignee IS ( ) IS NOT ( ) permitted to participate in the management of the Company without the MAJORITY ( ) UNANIMOUS ( ) consent of the non-selling Members. The Organizing Members of the Company and their addresses are as follows:

John P. Smith  
277 North University Avenue  
Provo, Utah 84601

Joseph R. Doe  
275 North University Avenue  
Provo, Utah 84601

*[or]*

7. **Members.** This company will have two (2) or more Members upon formation and will always maintain at least two (2) Members. New Members may be added to the Company only with the unanimous consent of all the existing Members. If a Member sells or assigns an interest in the Company, the purchaser or assignee is entitled to all of the financial rights of the selling or assigning Member in the Company. The purchaser or assignee IS ( ) IS NOT ( ) permitted to participate in the management of the Company without the MAJORITY ( ) UNANIMOUS ( ) consent of the non-selling Members. The Organizing Members of the Company and their addresses are as follows:

John P. Smith  
277 North University Avenue  
Provo, Utah 84601

Joseph R. Doe  
275 North University Avenue  
Provo, Utah 84601

*[Note: The managers and members do not necessarily need to be the same people. Selecting "IS NOT" and "UNANIMOUS" here will offer some protection from foreclosures in some states.*

*In the States of Alaska, Arizona, California, Colorado, Florida, Hawaii, Idaho, Maryland, Montana, Nevada, New Mexico, Oregon, Utah, and Washington, it is advantageous to have multi-member LLCs for asset-protection reasons, and North Dakota requires two or more members to form a company. If you are in one of those states, and you have multiple members (including husband and wife), delete the first option and include the second. Otherwise, delete the second Article 7 and leave the first.]*

As provided in the Company's Operating Agreement, certain powers are vested solely in the Members, acting unanimously, and in the event all Managers resign or are removed from office as provided in the Company's Operating Agreement, the business of the Company shall be under the exclusive management of the Members, acting unanimously.

8. **Continuation of Business.** Under the terms of the operating agreement, the Members MAY ( ) MAY NOT ( ) continue the business without dissolution upon the death, expulsion, resignation, or withdrawal of a Member from the Company WITH ( ) WITHOUT ( ) the consent of all of the remaining Members.

*[Note: The above provision is mandatory for Florida, South Dakota and Wyoming. It is optional for other states. In a closely held business that is not expected to outlive the first member of the business to die, selecting "MAY NOT" and "WITHOUT" may offer some protection against interest foreclosure. See your state laws to find out how much protection is offered.]*

9. **Non-statutory Grounds for Dissolution.** The Members agree that the non-statutory grounds for dissolution of the Company are as follows:

*[Note: The above provision is required in Illinois. It is optional in other states. Typical language would state that the non-statutory grounds for dissolution of the Company shall be a unanimous vote of then-remaining Members.]*

10. **State Law.** This limited liability company is formed under the Wisconsin Limited Liability Company Act, Chapter 183 and will be governed by its terms thereunder.

ADOPTED ( ) REJECTED ( )

*[Note: The above provision is required in Wisconsin only. If deleted, renumber remaining provisions.]*

11. **Professional Liability Company.** The Company will engage in the following profession:

*[Note: The above provision is required for in several states if the Company will engage in a profession such as a doctor, attorney, engineer, etc., i.e., an occupation requiring a professional license. It is optional in others. Check your local state laws if you are operating a Professional Liability Company, to find out if this clause is necessary. Professional Liability Companies are also*

often required to place the term "Professional" or "P" in the title of the company, such as "XYZ Professional Liability Company," or "XYZ, PLLC." If deleted, renumber remaining provisions.]

12. **Tax Treatment.** The Members intend that this company will for federal tax purposes be treated as a CORPORATION ( ) PARTNERSHIP ( ).

[Note: The above provision is required only in a few states. Check your local state laws to find out if you need to include it. It is optional for other states. If deleted, renumber remaining provisions.]

13. **Contributions.** The Members of the Company have made the following contributions to the Company:

MEMBER:

CONTRIBUTION:

MEMBER:

CONTRIBUTION:

[Note: The above provision is mandatory for Florida, South Dakota and Wyoming. It is optional for other states. The Contribution refers to the initial contribution made when capitalizing the business and should be determined according to the percentage of ownership interest. If deleted, renumber remaining provisions.]

14. **Member Liability.** The Members will not be liable for the debts and obligations of the Company.

[or]

14. **Member Liability.** The Members will be liable for the debts and obligations of the Company under Section 3043 of the Vermont Limited Liability Company Act as follows:

[Note: One of the above should be included in nearly every LLC. In most states, the first Article 14 is appropriate. One of the two above provisions is mandatory for Vermont. If the second one is used, the specifics must be added.]

[or]

14. **Member Liability.** The Members will be liable for the debts and obligations of the Company under Section 303(c) of the Hawaii Limited Liability Company Act as follows:

[Note: The above provision is mandatory for Hawaii.]

The undersigned hereby acknowledge and affirm to the below named notary public that (1) they appeared before such notary public, hold the positions or titles set forth, and, on behalf of the above named limited liability company by proper authority, either executed the foregoing document before such notary public or acknowledged to such notary public that the undersigned executed the foregoing document, and that (2) the foregoing document was the act of such limited liability company for the purpose stated in it.

Dated the 30th day of August, 2016.

\_\_\_\_\_  
John P. Smith, Member

\_\_\_\_\_  
Joseph R. Doe, Member

\_\_\_\_\_  
John P. Smith, Manager

\_\_\_\_\_  
Joseph R. Doe, Manager

STATE OF UTAH                    )  
  : SS  
COUNTY OF EMERALD         )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John P. Smith and Joseph R. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signatures on the instrument, the persons executed the instrument.

\_\_\_\_\_  
NOTARY PUBLIC

**XYZ Limited Liability Company  
Operating Agreement**

THIS OPERATING AGREEMENT is made and entered into this 30th day of August, 2016, by and between the Members whose signatures appear on the signature page hereof.

**WITNESSETH:**

WHEREAS, the Parties in consideration of the mutual covenants herein, have formed XYZ Limited Liability Company (hereinafter "the Company").

NOW, THEREFORE, the parties agree as follows:

**ARTICLE I  
DEFINITIONS**

Definitions used in this Operating Agreement shall have the respective meanings set forth below unless otherwise expressly provided:

1.1 "Assigning Member" means a Member who has assigned his or her Membership Interest.

1.2 "Capital Accounts," as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to such date. Upon a dissolution event, as determined in this Operating Agreement, capital will be determined as of the date of the dissolution event. If Capital Accounts are determined and maintained through the date of the dissolution event in accordance with the Capital Accounting rules of §1.704-1(b)(2)(iv) of the Income Tax Regulations, then capital determined as of the date of the dissolution event represents the Capital Account balances determined on that date.

1.3 "Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by a Member whenever made.

1.4 "Company" means the XYZ Limited Liability Company, a Limited Liability company created under the State of Utah.

1.5 "Distributable Cash" shall mean all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent

paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred in the normal operation of the Company's business; and (iii) such reserves as the Member - Managers deem reasonably necessary for the proper operation of the Company's business.

1.6 "Manager" shall mean one or more Managers, elected by the Members. References to the Manager in the singular or as him, her, it, itself, or other like references shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be. References to the Manager in the plural shall, where the context so requires, be deemed to include the singular, or the masculine or feminine reference, as the case may be.

1.7 "Majority Interest" shall mean one or more interests of Members which in aggregate exceed fifty percent (50%) of all interests held in the Company.

1.8 "Member" shall mean each of the parties who executes this Operating Agreement or its counterpart as a Member and each of the parties who may hereafter become Members. A Person is a Member immediately upon the purchase or other acquisition by such Person of an interest, such Person shall have all the rights of a Member with respect to such purchased or otherwise acquired interest.

1.9 "Membership Interest" shall mean a Member's entire interest in the Company including such Member's economic and participatory interest.

1.10 "Net Income" means the net income of the Company computed in accordance with generally accepted accounting principles for federal income taxes under the Internal Revenue Code.

1.11 "Net Profits" and "Net Losses" shall mean the income, gain, loss, deductions and credits of the Company in the aggregate or separately stated, as appropriate, determined in accordance with generally accepted accounting principles employed under the cash method of accounting at the close of each fiscal year on the Company's tax return filed for federal income tax purposes.

1.12 "Notice"

- a. A writing, delivered by first class mail, addressed to the last address known to the sender; or
- b. A writing, delivered to the recipient in person.

1.13 "Operating Agreement" means this Limited Liability Company Operating Agreement.

1.14 "Percentage Interest" shall mean for any Member of the Company the percentage of ownership interest in the Company as set forth in this Operating Agreement, as may be changed from time to time by the unanimous vote of the Members or pursuant to the terms hereof.

1.15 "Person" means any individual or entity (partnership, joint venture, association, corporation, limited liability company, etc.) and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.16 "Property" means anything of value.

1.17 "Profits," upon a dissolution event as determined in this Operating Agreement, are determined and allocated based on any reasonable estimate of profits from the date of the dissolution event to the projected termination of the Company, taking into account present and future allocations of profits under the Company agreement that is in effect as of the date of the dissolution event.

1.18 "State" means the state in which the XYZ Limited Liability Company is formed, unless indicated otherwise.

## **ARTICLE II NAME, PLACE, PURPOSE, AND DURATION**

2.1 Formation. The Parties have formed a Limited Liability Company pursuant to the Limited Liability Company Act of the State of Utah ("the Act"). The Members have executed and caused to be filed the Articles of Organization as required under the Act.

2.2 Name. The business of the Company shall be conducted under the name of XYZ Limited Liability Company.

2.3 Purpose. The business and purpose of the Company shall be to engage in any lawful act or activity in which a Company may engage, according to law and the formation documents of the Company.

2.4 Place. The principal place of business of the Company shall be at 279 N. University Avenue, Provo, UT 84601, or at such other place as the Company Members may from time to time designate.

2.5 Registered Office and Agent. The Company's initial registered office shall be at the office of its registered agent. The name of its initial registered agent shall be Lee R. Phillips located at 279 N. University Avenue, Provo, UT 84601. The registered office and registered agent may be changed by filing the address of the new registered office and/or the name of the new registered agent with the State pursuant to the Act.

2.6 Term. The Limited Liability Company shall commence on the date first above written and shall continue for twenty (20) years, unless sooner terminated by law or as herein provided.

2.7 Amendments. This Operating Agreement may be amended upon the unanimous vote of the Members. Each Member shall receive written Notice of any amendment within thirty (30) days following the amendment.

### **ARTICLE III RIGHTS AND DUTIES OF MANAGERS**

3.1 Management. The Company shall be managed by the Managers, who shall be elected to direct, manage and control the business of the Company. Except for situations in which the approval of the Members is expressly required by this Operating Agreement or by non-waivable provisions of the Act, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

*[or]*

3.1 Management. The Company shall be managed by the Member-Managers, who shall be elected to direct, manage and control the business of the Company. Except for situations in which the approval of the Members is expressly required by this Operating Agreement or by non-waivable provisions of the Act, the Member-Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. The Member-Managers shall herein be referred to interchangeably as Member-Managers or simply as Managers.

*[The first provision is for use when the Company shall be Manager-Managed. The second provision is for use when the Company shall be Member-Managed.]*

3.2 Number, Tenure and Qualifications. The Company shall initially have two (2) Managers (hereinafter referred to as Managers) elected by the Members. A Manager's right to act as a Manager shall terminate upon the earlier of the sale by Manager of its entire Membership Interest, or upon such Manager's resignation or termination by majority vote of the Members. Upon the resignation or termination of a Manager's right to act as a Manager, Members shall have the right to appoint a new Manager. The Managers and their addresses are as follows:

John P. Smith  
277 N. University Avenue  
Provo, UT 84601

Joseph R. Doe  
275 N. University Avenue  
Provo, UT 84601

[or]

3.2 Number, Tenure and Qualifications. The Company shall initially have two (2) Managers (hereinafter referred to as Managers) elected by the Members. A Manager's right to act as a Manager shall terminate upon the earlier of the Manager's resignation or termination by unanimous vote of the Members. Upon the resignation or termination of a Manager's right to act as a Manager, Members shall have the right to appoint a new Manager. The Managers and their addresses are as follows:

John P. Smith  
277 N. University Avenue  
Provo, UT 84601

Joseph R. Doe  
275 N. University Avenue  
Provo, UT 84601

*[The first provision is for use when business partners come together to form an LLC. This allows the Members more control over the LLC, but makes the LLC more at risk for a successful charging order attack. The second provision offers the Manager the most control, making the LLC less at risk in the event of a charging order attack, but offers the Members little control over what the Manager does. In the case of a husband and wife or family held LLC, the protection of the second provision likely outweighs any downside.]*

3.3 Duties and Authority of Managers. Subject to the restrictions upon Managers under this Operating Agreement, Managers may exercise any powers necessary to provide all needed services with respect to the operation and management of the Company, including, without limitation, those referenced below:

a. To obtain, sell, convey, mortgage, encumber, lease, exchange, pledge, partition, plat, subdivide, improve, repair, surrender, abandon or otherwise deal with or dispose of any and all real property of whatsoever character and wheresoever situated at such time or times and in such manner and upon such terms as the Managers deem expedient and proper. To give options therefore, to

execute deeds, transfers, leases, pledges, mortgages, and other instruments of any kind. Any leases and contracts may extend beyond the term of the Company.

b. To acquire any personal property for the use of the Company.

c. To purchase, invest in, or otherwise acquire, and to retain, any and all stocks, bonds, notes, or other securities, or any variety of real or personal property, including stocks or interests in investment trusts and common trust funds operated and managed by a corporate trustee.

d. To sell, transfer, assign, convey, lease, exchange, or otherwise dispose of any or all of the assets of the Company upon such terms and conditions as the Members deem advisable, including a deferred payment sale or an exchange for other assets of any kind.

e. To place record title to, or the right to use, Company assets in the name of a Manager or the name of the nominee for any purpose convenient or beneficial to the Company.

f. To open and to close checking accounts, savings accounts and safety deposit boxes in banks or similar financial institutions, with or without indication of any fiduciary capacity. To deposit cash in and withdraw cash from such accounts and boxes, with or without any indication of any fiduciary capacity. To hold such accounts and securities in bearer form, or in the name of a Manager or in the name of a nominee, with or without indication of any fiduciary capacity.

g. To borrow money upon terms acceptable to the Managers from any person or entity, to pledge or mortgage any property as security therefore and to renew any indebtedness incurred by the Managers.

h. To employ brokers, consultants, attorneys, accountants, architects, engineers, property managers, leasing agents and other agents, persons or entities deemed appropriate to the conduct of the Company business, including, without limitation, any persons or entities related to a Manager or in which a Manager has an interest.

i. To adjust, arbitrate, compromise, sue, defend, settle, abandon or otherwise deal with any and all claims in favor of or against the Company.

j. To acquire and enter into any contract of insurance which the Managers deem necessary and proper for the protection of the Company, for the conservation of its assets, or for any purpose convenient or beneficial to the Company.

k. To execute and deliver on behalf of the Company such documents or instruments as the Managers deem appropriate in the conduct of the Company business. No person, firm or corporation dealing with the Company shall be required to inquire into the authority of the Managers to take any action or make any decisions.

l. To make employment contracts, to pay pensions and to establish

pension and other incentive plans of any or all of its employees.

m. To establish, invest and maintain reserves for the benefit of the Company in such amounts as the Managers, in their sole discretion, shall determine, and to expend such reserves in such amounts and for such purposes as the Managers shall determine.

n. Managers shall supervise the establishment and maintenance of all other records relative to the operation of the Company and cause to be provided to the Members such reports or summaries, including any internal audit reports prepared by Managers, with respect to such records, as Members with a Majority Interest may from time to time reasonably request.

o. Managers shall prepare and file, or cause to be prepared and filed, all periodic reports and tax returns and perform other related administrative services.

p. Managers shall establish and maintain all accounting, bookkeeping, cash management and financial systems and records relating to the Company in accordance with generally accepted accounting principles, standards and procedures. Managers shall prepare and furnish to the Members not later than fifteen (15) days after the close of each monthly accounting period monthly financial reports and statements which shall include an income statement for the month, a statement of cash flows for the month and a balance sheet dated as of the end of the month, and such other reports related to the Company as reasonably requested by a majority interest of the Members. Managers shall prepare and file, on the Company's behalf, all periodic reports and tax returns in respect of income of the Company attributable to the Members of the Company.

q. Each Manager may authorize any persons to act for him by proxy on all matters in which Manager is entitled to participate. Every proxy must be signed by the Manager or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of such Manager executing it. A Manager may change its representative and appoint a successor representative at any time by giving written Notice of such change to the other Managers.

3.4 Standard of Care. Each Manager shall perform its duties as a Manager in good faith, in a manner it reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct or a wrongful taking by the Manager.

3.5 Managers Have No Exclusive Duty to Company. No Manager shall be required to manage the Company as its sole and exclusive function and each Manager may have other business interests and engage in activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of any Managers or to the income or proceeds derived therefrom.

3.6 Annual Report. Managers shall cause an annual report to be made available to the Members no later than ninety (90) days after the close of the fiscal year or the calendar year adopted by the Company. This annual report shall be made available at least 15 days before the annual meeting of Members to be held during the next fiscal year and in the manner specified in this Operating Agreement for giving Notice to the Members of the Company. The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accounts or, if there is no such report, the certificate of a Manager that the statements were prepared without audit from the books and records of Company.

Nothing herein shall be interpreted as prohibiting the Managers from issuing other reports to the Members.

3.7 Indemnity of the Managers, Employees and Other Agents. The Company shall, to the maximum extent permitted, indemnify and make advances for expenses to each Managers, its employees, and other agents.

3.8 Resignation. Any Manager may resign at any time by giving written Notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of Notice thereof or at such later date specified in such Notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

3.9 Vacancies. Any vacancy occurring for any reason in the position of Managers of the Company may be filled by the affirmative vote of Members holding a Majority Interest. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by election at a meeting of Members called for that purpose or by the Members' unanimous written consent. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and shall hold office until the expiration of such term and until his successor shall be elected and qualified or until his earlier death, resignation or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until his

successor shall be elected and qualified, or until his earlier death, resignation or removal.

[or]

3.9 Vacancies. Any vacancy occurring for any reason in the position of Managers of the Company may be filled by the unanimous affirmative vote of Members holding an Interest. An increase in the number of Managers shall be permitted upon a unanimous affirmative vote of Members holding an Interest. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by election at a meeting of Members called for that purpose or by the Members' unanimous written consent. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and shall hold office until the expiration of such term and until his successor shall be elected and qualified or until his earlier death, resignation or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until his successor shall be elected and qualified, or until his earlier death, resignation or removal.

*[The first provision is for arm's length business partners. It allows the Members to protect their interests against Manager malfeasance or incompetence. The second provision is for closer partners where there is complete trust, such as husband and wife LLCs. The second provision provides some protection against a charging order attack not found in the first provision.]*

#### **ARTICLE IV RIGHTS AND OBLIGATIONS OF MEMBERS**

4.1 Names and Addresses. The names and addresses of the original Members are set forth in this Operating Agreement. The names, addresses, and Percentage Interest of all Members shall be set forth in Schedule B. Upon the written request of any Member, the Managers shall provide a list showing the names, addresses and interests and of all Members.

4.2 Limitation of Liability. Each Member's liability shall be limited as set forth in this Operating Agreement, the Act and other applicable law.

4.3 Company Debt Liability. A Member will not be personally liable for any debts or losses of the Company beyond his respective Capital Contributions and any obligation of the Member to make Capital Contributions, or as otherwise required by law.

4.4 Member Approval. A vote of the Members holding a Majority Interest shall be required to approve the following:

- a. to approve all operating budgets and capital budgets for the Company;
- b. to approve all leases and other long term agreements between the Company and any other Person or entity;
- c. to approve all borrowing (whether pursuant to loan or credit agreements, notes, leases or otherwise) by the Company;
- d. to approve the sale, exchange, or other disposition of all, or substantially all, of the Company's assets which is to occur as part of a single transaction or plan;
- e. to direct Managers to take such other actions as Members with a Majority Interest deem, in their sole discretion, to be in the best interest of the Company and its Members; and
- f. to approve any major act or decision of the Company.

[or]

4.4 Member Approval. A vote of the Members holding a Majority Interest shall be required to approve the following:

- a. to approve all leases and other long term agreements between the Company and any other Person or entity;
- b. to approve all borrowing (whether pursuant to loan or credit agreements, notes, leases or otherwise) by the Company;

*[The first provision is for arm's length business partners, the second provision is for closer partners, such as a husband and wife LLC. The first provision gives Members more control over the Manager, while the second provision gives more charging order protection.]*

4.5 Company Books. Each Member shall have the right upon a reasonable written request, at a time during ordinary business hours, as reasonably determined by the Managers, to inspect and/or copy (at the requesting Member's expense) the accounts, books, and other relevant Company documents. The Member shall maintain all such copied material as confidential.

4.6 Priority and Return of Capital. Except as may be expressly provided herein, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this section shall not apply to loans which a Member has made to the Company.

4.7 Liability of a Member to the Company. A Member who receives a distribution or the return in whole or in part of its contribution is liable to the Company

only to the extent provided by the Act.

*[Provisions 4.8 and 4.9 will need to be considered together. The choice you make for either 4.8 or 4.9 will affect the choice you can make for the other. These provisions represent the choices of “transferability” and “continuity of life.” They are two of the four elements that define a corporation: limited liability, transferability, continuity of life, and centralized management. An LLC should only have two of the four choices. You have undoubtedly chosen limited liability (the corporate shield). If you have chosen centralized management by picking a manager managed LLC, then you will have to pick the second paragraph options for both 4.8 and 4.9. If you have not chosen the manager managed option, you can pick the first option of either 4.8 or 4.9.]*

*[Free Transferability Provision]*

4.8 Member Sale, Assignment or Exchange. A Member or a Member's legal representative has the power to sell, assign or exchange such Member's Membership Interest.

*[or]*

4.8 Member Sale, Assignment or Exchange. A Member or a Member's legal representative has the power to sell, assign or exchange such Member's Membership Interest only with the majority approval of the other Members.

*[This provision determines if you have free transferability of interest in your LLC. It is one of the four corporate characteristics that you can pick from in an LLC. By choosing to form an LLC, we expect you want the limited liability/corporate shield option. That means you can only choose one of the remaining three options of free transferability, continuity of life, or centralized management (manager managed). You can only have two of the four characteristics, so if you do wish to pick the free transferability option by choosing the first paragraph in 4.8, you will not be able to pick other options, i.e., manager managed or the continuity of life in 4.9. If you have chosen to have your LLC be manager managed then you will have to pick the second option above. If your LLC is member managed and you pick the first option of section 4.9 then pick the second option above in this 4.8 provision. If your LLC is member managed and you want to have the continuity of life option (the first choice in 4.9) then you should pick the second option above in 4.8.]*

*[Continuity of Life Provision]*

4.9 Member Incompetence or Death. If a Member, who is an individual, dies or a court of competent jurisdiction decrees him to be incompetent to manage his person or his property, such Member's executor, administrator, guardian, conservator, or other legal representative has:

- a. Power to exercise all of the rights of the Member for the purpose of settling or administering the Member's property;

- b. Power to assign the Member's interest in accordance with this Operating Agreement and the Articles of Organization for the Company;

[or]

4.9 Member Incompetence or Death. If a Member, who is an individual, dies or a court of competent jurisdiction decrees him to be incompetent to manage his personal or his property, the LLC shall be dissolved unless a majority of the remaining Members elect to continue the LLC within 90 days of the death or incompetence of a Member.

*[This provision determines if your LLC has Continuity of Life. It is one of the four corporate characteristics that you can pick from in an LLC. You should only have two of the four characteristics, and we expect you want the limited liability/corporate shield option. That means you can only choose one of the remaining three options of free transferability, continuity of life, or centralized management (manager managed). So if you do wish to pick this option of continuity of life, by choosing the first provision above, you will not be able to pick either of the other two options. If you have chosen to have your LLC be manager managed, then you will have to pick the second option in 4.9 above. If your LLC is member managed and you pick the first option of section 4.8 then pick the second option above in 4.9. If your LLC is member managed and you have picked the second option of section 4.8, pick the first option above in 4.9.]*

4.10 Member Loan. Any Member may loan money to the Company. Such a loan to the Company shall be at a reasonable rate of interest. Except as provided by law, the lending Member has the same rights and risks as any person making a loan to the Company who is not a Member.

## **ARTICLE V MEETINGS OF MEMBERS**

5.1 Meetings. There shall be an annual meeting of Members to be held within ninety (90) days of the close of the Company's tax year.

5.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, may be requested by any Manager or by any Member or Members holding a Majority Interest in the Capital Account of the Company. Such requests shall be Noticed as required herein and shall state the purpose of the proposed meeting. No special meeting of the Members shall be held within thirty (30) days of the previous special meeting without the unanimous consent of all Members and Managers.

5.3 Place of Meetings. If a meeting is called, the place of meeting shall automatically be the principal place of business of the Company, unless the Manager and Members unanimously designate and give Notice to all Members and Managers of another place, either within or outside the state which is designated as the principal place of business for the Company.

5.4 Notice of Meetings. Except as provided in the following paragraph, written Notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the Managers or Member or Members calling the meeting, to each Member entitled to vote at such meeting. If mailed, such Notice shall be deemed to be delivered five (5) calendar days after being deposited in the United States mail, addressed to the Member at its address as it appears on the books of the Company, with postage thereon prepaid.

5.5 Meeting of All Members. If all of the Members shall meet at any time or place, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or Notice, and at such meeting lawful action may be taken.

5.6 Record Date. For the purpose of determining Members entitled to Notice, or to vote at any meeting, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which Notice of the meeting is mailed or the date on which the resolution is declared, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided herein, such determination shall apply to any adjournment thereof.

5.7 Quorum. Members holding at least a Majority Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of Members so represented may adjourn the meeting for a period not to exceed sixty (60) days. A Notice of the adjourned meeting and the new fixed record date shall be given to each Member. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally Noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members which would cause less than a quorum.

5.8 Manner of Acting. If a quorum is present, the affirmative vote of Members holding a Majority Interest shall be considered the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act or

by this Operating Agreement. Unless otherwise expressly provided herein or required under applicable law, only Members may vote or give consent upon any matter and their vote or consent, as the case may be, shall be counted in the determination of whether the matter was approved by the Members.

*[or]*

5.8 Manner of Acting. If a quorum is present, the unanimous affirmative vote of Members holding an Interest shall be considered the act of the Members, unless the vote of a lesser proportion or number is otherwise required by the Act or by this Operating Agreement. Unless otherwise expressly provided herein or required under applicable law, only Members may vote or give consent upon any matter and their vote or consent, as the case may be, shall be counted in the determination of whether the matter was approved by the Members.

*[The first provision gives the Members the ability to act outside of the Manager should they need to. The second provision provides protection against the consequences of a charging order attack. Again, most businesses should use the first provision, while the second provision should be used for closely-held LLCs, such as those held by a husband and wife.]*

5.9 Proxies. At any or all meetings, any Member may be represented in person or by proxy or proxies executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Managers of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

5.10 Action by Members without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered to the Managers of the Company for inclusion in the minutes or for filing with the Company records. Action taken under this Section is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different effective date.

5.11 Waiver of Notice. When any Notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such Notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such Notice.

**ARTICLE VI  
CAPITAL CONTRIBUTIONS**

6.1 Initial Capital Contributions. The initial Capital Contributions of the Members in cash or in other assets is shown on the attached Schedule A. Based on the initial contributions, each original Member is shown as having the following the Percentage Interest in the Company:

<b>Members</b>	<b>Percentage Interests</b>
John P. Smith	<u>50%</u>
Joseph R. Doe	<u>50%</u>

*[Note: Some states will presume a majority interest upon foreclosure following a successful charging order attack if there is a 50%-50% split of interest. Although we have left the even split here for the sake of convenience, in reality you would usually want one party or the other to have a majority ownership interest unless foreclosure is not a risk in your state. See your local state laws to find out more.]*

6.2 Allocation of Profit and Losses. All profits and losses of the Company and each item of income, gain, loss, deduction or credit entering into the computation thereof shall be allocated among and borne by the Members based on their Percentage Interest as shown on the table above.

*[or]*

6.2 Allocation of Profit and Losses. All profits and losses of the Company and each item of income, gain, loss, deduction or credit entering into the computation thereof shall be allocated among and borne by the Members based on the Manager's discretion taking into consideration the Member's Percentage Interest as shown on the table above.

*[The first provision divides the distributions according to Membership Interest. If foreclosure following a charging order attack is a possibility and you are in a relationship with a high level of trust (such as a husband and wife LLC), the second provision allows more protection against foreclosure from charging orders.]*

6.3 Additional Capital Contributions. From time to time a Member may be required to make additional Capital Contributions as shall be determined reasonably necessary to meet the expenses and obligations of the Company. Except as provided below, such additional Capital Contributions shall not affect the Members' relative Percentage Interest. In the event that any Member fails to make its required Capital Contributions and thereby defaults, then the non-defaulting Members, on a pro rata

basis, shall have the right, exercisable in their sole discretion, to make the Capital Contribution that the defaulting Member failed to make. In such event, the relative Percentage Interest of the Members shall be adjusted such that each contributing, non-defaulting Member's Percentage Interest shall be increased, in respect to each defaulting Member's Percentage Interest.

6.4 Return of Capital Contributions. Each Member irrevocably waives any statutory, equitable or other rights he or she may have to withdraw or demand the return of his or her Capital Contribution except as provided herein.

6.5 No Interest on Capital Contributions. Capital Contributions to the Company shall not bear interest.

6.6 Nature of Interests. All property owned by the Company, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity. No Member shall have any direct ownership of any Company property.

6.7 Limitation on Liability for Members. No Member shall personally be liable for any of the debts or losses of the Company beyond such Member's capital account in the Company.

6.8 Rights of Priority. Except as herein provided, the individual Members shall have no right to any priority over each other as to the return of Capital Contributions.

6.9 Distribution of Profits. Distributions to the Members of net operating profits of the Company shall be made at least annually except that earnings may be retained by the Company and transferred to Company capital for the reasonable needs of the Company as determined in the sole discretion of the Managers. Distributions shall be made to the Members simultaneously.

Net operating profit for any accounting period shall mean the gross receipts of the Company for such period, less the sum of all cash expenses of operation of the Company, and such sums as may be necessary to establish a reserve for operating expenses.

6.10 Federal Income Tax Treatment. The items of income, gain, loss, deduction or credit allocated among the Members shall for federal income tax purposes be deemed to retain their character as ordinary income, short-term or long-term capital gain or loss, depreciation, income or receipts entitled to tax-free or non-recognition treatment or other federal tax characterization in the hands of the Member to whom allocated in the same proportion as each Member's proportionate share.

[or]

6.10 Federal Income Tax Elections. The Company shall elect to treat as an expense, for federal tax purposes, all amounts incurred for taxes, interest, and other fees, charges and expenses to the extent that such expenditures are permitted or required to be currently deductible expenses in accordance with applicable laws and regulations. The Members agree that no election shall be made under Section 761 of the Internal Revenue Code of 1954, as amended, to exclude the Company from application of any provisions of Subchapter K, Chapter 1, thereof. It is the intent of the Members to have the Company treated as an S-Corporation for tax purposes to the fullest extent possible.

*[Select the first provision 6.10 for most LLCs. Select the second provision 6.10 for LLCs taxed as a Subchapter S corporation.]*

## ARTICLE VII CAPITAL ACCOUNTS

7.1 Separate Capital Accounts. A separate Capital Account will be maintained for each Member. The initial balance of the Capital Account of each Member shall be that Member's proportionate share of the total Capital Contributions. The Capital Account of each Member:

- a. Shall be increased at the end of each taxable year by the amount of the Company's income and gain allocated to the Member for the taxable year,
- b. Shall be decreased at the end of each taxable year by the amount of the Company's deductions and losses allocated to the Member for that taxable year, and
- c. Shall be decreased at the time of any distributions by the amount of that distribution.

7.2 Determination of Profits and Losses. The profits and losses of the Company shall be the Net Profits or Net Losses of the Company for federal income tax purposes as determined by the Company's accountant in accordance with the accounting principles employed by the Company for federal tax purposes.

7.3 Liquidation. Upon liquidation of the Company, liquidating distributions will be made in accordance with the Members' respective Percentage Interests. A Member shall not receive any distribution until all liabilities of the Company have been paid or there remains property of the Company sufficient to pay them.

The Company may offset damages for breach of this Operating Agreement by a Member whose interest is liquidated (either upon the withdrawal of the Member or the liquidation of the Company) against the amount otherwise distributable to such Member.

7.4 Deficit Balance. No Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.

7.5 Withdrawal or Reduction of Members' Contributions to Capital. No Member shall be entitled to withdraw or borrow any amount from his Capital Account without the consent of the Managers. A Member has only the right to demand and receive cash in return for its Capital Contribution.

## **ARTICLE VIII BOOKS, RECORDS AND ACCOUNTING**

8.1 Accounting Year. The Company's fiscal year shall commence on January 1st of each year and shall end on December 31st of each year.

8.2 Method of Accounting. The Company shall use a cash basis method of accounting and maintain its accounting records in accordance with generally accepted accounting principles employed for federal income tax purposes.

8.3 Books and Records. The Managers shall maintain the books and records of the Company at the principal place of business. Each Member shall have access to such books and records and shall be entitled to examine them at any time during the Company's ordinary business hours. Such records shall include:

- a. A current list in alphabetical order of the full name and last known business street address of each Member;
- b. A copy of the Articles of Organization and all Certificates of Amendment to them;
- c. A copy of the Company's federal, state, and local income tax returns and reports, for the three most recent years; and
- d. A copy of the Company's Operating Agreement.

8.4 Annual Statements. At the end of the year, the Managers shall cause the Company's accountant to prepare a balance sheet setting forth the financial position of the Company and a statement of operations (income and expenses) for that year. The Managers shall make available to each Member a report of the financial position and operations of the Company no later than ninety (90) days from the end of the fiscal year. The report shall contain a financial report showing the Company's profit or loss for the

year and the allocation thereof among the Members, together with the applicable tax information of the Company. Copies of all income tax returns filed by the Company also shall be furnished to all Members upon request.

8.5 Member Objections. Each Member shall be deemed to have waived all objections to any transaction or other facts about the operation of the Company disclosed in the balance sheet, statement of operations and income tax returns unless he or she shall have notified the Managers in writing of his or her objections within sixty (60) days of the date on which each such document is mailed.

## **ARTICLE IX DISSOLUTION OR TERMINATION OF THE COMPANY**

9.1 Dissolution. The Company shall be dissolved upon the occurrence of any of the following events:

- a. when the period fixed for the duration of the Company shall expire;
- b. by the unanimous written agreement of all Members;
- c. the occurrence of an event which makes it unlawful for Company business to be continued;
- d. the sale or disposition of all or substantially all of the Company assets; or
- e. the Company is no longer able to engage in the purpose for which it was created.

9.2 Winding Up, Liquidation and Distribution of Assets. Upon dissolution, an accounting shall be made by the Company's independent accountants or the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Managers shall immediately proceed to wind up the affairs of the Company, complying with all requirements of applicable law pertaining to the winding up of the affairs of final distribution of its assets. The Managers shall:

- a. Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managers may determine to distribute any assets to the Members in kind).
- b. Allocate any profit or loss resulting from such sales to the Member's Capital Accounts as described herein. If there is a deficit in a Capital Account, no Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.

- c. Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent liabilities of the Company (for purposes of determining the Capital Accounts of the Members, the amounts of such reserves shall be deemed to be an expense of the Company).
- d. Distribute the remaining assets to the Members in accordance with their respective Percentage Interests. Members shall look solely to the assets of the Company for the return of its Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Members shall have no recourse against any other Member, except as otherwise provided by law.

9.3 Company Terminated. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

## ARTICLE X MISCELLANEOUS PROVISIONS

10.1 Amendments. This Operating Agreement may not be amended except in writing by the affirmative vote of Members holding a Majority Interest. Any amendment changing the Percentage Interests of the Members requires the unanimous vote of the Members.

*[or]*

10.1 Amendments. This Operating Agreement may not be amended except in writing by the unanimous affirmative vote of Members holding an Interest. Any amendment changing the Percentage Interests of the Members also requires the unanimous vote of the Members.

*[The first provision is for an LLC seeking to give the Members more control over their Manager. The second provision ensures the Manager has more control, which offers a higher degree of protection in the event there is a charging order attack and possible foreclosure.]*

10.2 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations and other instruments necessary to comply with any laws, rules or regulations.

10.3 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

10.4 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

10.5 Waivers. The failure of any party to seek redress for default of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a default, from having the effect of an original default.

10.6 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any other remedy. Said rights and remedies are given in addition to any other legal rights the parties may have.

10.7 Severability. If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

10.8 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

10.9 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

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

10.11 Company Agrees to Be Bound. The XYZ Limited Liability Company hereby accepts the terms of this Operating Agreement and agrees to be bound thereby.

IN WITNESS WHEREOF, the Undersigned hereby execute this Operating Agreement the 30th day of August, 2016.

MANAGER:

\_\_\_\_\_  
John P. Smith

\_\_\_\_\_  
Joseph R. Doe

MEMBERS:

\_\_\_\_\_  
John P. Smith

\_\_\_\_\_  
Joseph R. Doe

## SCHEDULE "A"

The below listed property is hereby transferred, conveyed, assigned and delivered to the XYZ Limited Liability Company, subject to the terms and conditions of the XYZ Limited Liability Company Operating Agreement dated the 30th day of August, 2016, and signed by the Undersigned as Grantors and Managers:

1. All present and future interest of the Undersigned in the following real estate, wheresoever located, together with all present and future improvements thereon, and all present and future water and water rights thereunto belonging and also including all present and all future personal property located thereon:

2. The following accounts in the following institutions together with all future additions, interest or accumulations therein and also including all new accounts and the accumulations and the future additions of interest or the accumulation in any and all other financial institutions in which new accounts are opened in the future:

3. The following securities, stocks, and other investments:

4. The following other non-real estate assets:

DATED this the 30th day of August, 2016.

---

John P. Smith, Manager

---

Joseph R. Doe, Manager

STATE OF UTAH            )  
                                  : SS  
COUNTY OF EMERALD    )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John P. Smith and Joseph R. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

---

NOTARY PUBLIC

## SCHEDULE "B"

This Schedule B is attached to the XYZ Limited Liability Company Operating Agreement, dated the 30th day of August, 2016.

The following is a list of the names, addresses, and Percentage Interests of the Members of the Company.

John P. Smith	50%
277 North University Avenue	
Provo, Utah 84601	

Joseph R. Doe	50%
275 North University Avenue	
Provo, Utah 84601	

## Memorandum of Items to Review

The following is a list of items to review periodically and be aware of concerning your LLC.

ITEM	INSTRUCTIONS
1. Tax Return	An LLC can be a separate entity for tax purposes; therefore, it may file its own yearly 1065 tax return with K-1 forms. [ <i>Partnership taxation</i> ]
2. Financial Statements	Financial statements for the LLC should be prepared annually.
3. Meetings	There should be an LLC meeting at least annually to review the records and business activities of the LLC.
4. Gifting	Gifts of interests in the LLC can be an excellent estate and income tax planning move. We recommend that you meet with your attorney or tax expert yearly for proper gifting of interests in the event you desire to gift interests in your LLC to others.
5. Accountant	Please advise your accountant or tax preparer immediately of the creation of your LLC if there are any questions or needed clarification. Also, be sure to apply for your Federal LLC identification number (SS-4).
6. Amended Certificate	An Amended Certificate of LLC must be filed when certain changes occur such as the addition or removal of a Member.



[Back of Certificate—used when Membership Interest is Transferred to a Third Party]

*For Value Received, John P. Smith hereby sells, assigns and transfers to Joe New Man,  
the following number of membership interests /percentage interest 60%, of the Limited Liability Company ownership of which  
is represented by Certificate # 1, and does hereby irrevocably constitute and appoint the manager of A Better Company,  
LLC to transfer the said Membership Interest on the books of the said Limited Liability Company with full power of  
substitution in the premises.*

*Dated \_\_\_\_\_, 20\_\_\_\_.*

\_\_\_\_\_  
*John P. Smith*

**NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.**



## Minutes of Organization Meeting of XYZ Limited Liability Company

The organizational meeting of XYZ, LLC, a company organized under the laws of the State of Utah, was held by the initial members on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m.

The following members were present at the meeting:

\_\_\_\_\_

\_\_\_\_\_.

Also present at the meeting were:

\_\_\_\_\_

\_\_\_\_\_.

Upon motions duly made and unanimously passed, \_\_\_\_\_ was chosen as the Chairman of the Committee of Members, and \_\_\_\_\_ was chosen as Secretary of the meeting.

The first order of business was the nomination and election of the officers of the Company and the fixing of their compensation. The following persons were nominated to the following offices of the Company at the following salaries:

NAME	OFFICE	SALARY

The nomination of the foregoing slate of officers was seconded and they were unanimously elected as the officers of the Company at the salaries above listed.

It was reported that Articles of Organization for the Company had been filed in the office of the Secretary of State of the State of Utah, and that the effective date of the organization was \_\_\_\_\_. The Secretary was instructed to insert a duplicate original copy of the Articles of Organization in the official records of the Company.

The Secretary presented a proposed Operating Agreement for the company that had been prepared by \_\_\_\_\_. After discussion and on motion duly made and unanimously adopted, it was RESOLVED that the proposed Operating Agreement be and are adopted as the Operating Agreement of the Company. The Secretary was instructed to insert a copy of the Operating Agreement in the official records of the Company.

The Secretary presented a form of seal for the Company. After discussion and upon motion duly made and unanimously adopted, it was RESOLVED, that the seal, an impression of which is affixed to these minutes, be and is adopted as the official seal of the Company.

The Secretary presented a form of stock certificate for the use by the Company. After discussion and upon motion duly made, and unanimously adopted, it was RESOLVED, that the form of certificate presented at the meeting be and is approved as the form of interest certificate to be used by the Company in the offering of membership interests. It was further RESOLVED that the Company shall not issue uncertified membership interests.

Upon motion duly made and unanimously adopted, it was RESOLVED that the membership interests of the Company be issued to the following persons, in the following amounts, for the following consideration, the value of which was determined by the members to be the value shown below.

NAME	% OF INTEREST	FORM OF CONSIDERATION	VALUE OF CONSIDERATION

The officers of the Company were directed to carry out this resolution by issuing the interest described above upon the receipt by the Company of the designated consideration. Upon motion duly made and unanimously adopted, it was further RESOLVED that the consideration received by the Company for the issuance of the interest described above be allocated on the books of the Company as follows:

\$ \_\_\_\_\_ to capital; \$ \_\_\_\_\_ to surplus.

Upon motion duly made and unanimously adopted, it was RESOLVED that all certificates representing membership interest of the Company shall contain the following notice:

"These certificated of membership interest represented by this certificate are subject to transfer and other restrictions contained in the Articles of Organization, and the Operating Agreement dated \_\_\_\_\_, a copy of each of which is filed in the registered office of the Company. No transfer of the membership interests represented by this certificate shall be valid unless the requirements of those documents are first complied with to the satisfaction of the Company."

Upon motion duly made and unanimously adopted, it was RESOLVED that \_\_\_\_\_ be the bank of the Company, and that the members of the Company obtain the necessary documents so as to permit the Company to transact business and deposit and withdraw funds with the bank.

Upon motion duly made and unanimously adopted, it was RESOLVED that the fiscal year of the Company shall begin on \_\_\_\_\_ and shall end on \_\_\_\_\_.

The Treasurer reported that fees and expenses in the amount of \$\_\_\_\_\_ were incurred in the process of organizing the Company. Upon motion duly made and unanimously adopted, it was RESOLVED that the Treasurer be authorized and directed to pay these fees and expenses and that these expenditures be amortized by the Company over a period of 60 months in accordance with Section 248 of the Internal Revenue Code.

Upon motion duly made and unanimously adopted, it was RESOLVED that the Company ratify and adopt all previous resolutions, actions, and proceedings of the Organizers of the Company made and entered into for or on behalf of the Company, including the filing of the Articles of Organization.

Upon motion duly made and unanimously adopted, it was RESOLVED that an office of the Company be established and maintained at \_\_\_\_\_, that until further action by the Members, the meetings of the Members shall be held at such office, and that regular meetings of the Members be held without notice at the Company's office at \_\_\_\_\_ a.m./p.m. on the \_\_\_\_\_ day of each month.

Upon motion duly made and unanimously adopted, it was RESOLVED that the members of the Company be and are authorized and directed to qualify the Company as a foreign company authorized to transact business in the States of \_\_\_\_\_, and in connection therewith to appoint all necessary agents for service of process and to take all other appropriate action in connection with such qualification.

Upon motion duly made and unanimously adopted, it was further RESOLVED that the Company enter into an employment contract with \_\_\_\_\_ upon the terms above specified, and that the President and Secretary of the Company shall execute the contract on behalf of the Company. The Secretary was directed to file a copy of the

employment contract with the minutes of this meeting.

There being no further business to come before the meeting, upon motion duly made and unanimously adopted, the meeting was adjourned.

\_\_\_\_\_  
Secretary

Approved:

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

**Minutes of a  
Meeting of the Members of  
XYZ Limited Liability Company**

Pursuant to notice \_\_\_\_\_, a meeting of the members of the above company was held on \_\_\_\_\_ at \_\_\_\_\_ a.m./p.m. at \_\_\_\_\_.

The purpose of the meeting was:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

1. **Quorum.** A quorum was declared present based on the presence of the following members:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

2. **Election of Chairperson and Secretary.**

\_\_\_\_\_, was appointed chairperson of the meeting, and \_\_\_\_\_, was appointed secretary to prepare a record of the proceedings.

3. **Election of members.** The following persons were elected as members for the terms provided in the bylaws:

NAME	TERM

4. **Election of Officers.** The following officers were elected:

NAME	OFFICE

5. **Reports.**

a. Report by \_\_\_\_\_. He/She reported that:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

b. Report by \_\_\_\_\_. He/She reported that:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

6. **Adoption of Documents/Plans.**

The attached \_\_\_\_\_ was adopted by a majority vote of the members.

The attached \_\_\_\_\_ was adopted by a majority vote of the members.

7. **Approval of Actions.** The actions and undertakings of the members, officers, employees, or agents of the Company were approved with respect to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

8. **Financial Statements Presentation.** Financial statements for the period beginning \_\_\_\_\_ and ending \_\_\_\_\_

\_\_\_\_\_, as prepared by \_\_\_\_\_ were approved.

9. **Salaries.** Salaries for officers and other employees were established in accordance with the attached schedule.

10. **Member's Fees.** Member's fees of \$\_\_\_\_\_ per director were approved.

11. **Contribution to Profit Sharing Plan.** A contribution to the company's profit sharing plan was approved in an amount equal to \$\_\_\_\_\_.

12. **Payment of Profit Shares.** The payment of profit shares to the members of record on \_\_\_\_\_ was approved in the amount of \$\_\_\_\_\_ per share.

13. **Issuance of Membership Interests.** The issuance of membership interests was approved as shown on the attached schedule.

14. **Borrowing Resolution.** The company was authorized to borrow \$\_\_\_\_\_ from \_\_\_\_\_. The officers are authorized to take all actions and to sign all documents reasonably necessary to carry out this loan transaction.

15. **Establish Banking Relationship.** The officers are authorized to open accounts with \_\_\_\_\_.

16. **Authorization of Corporate Action.** The officers were authorized to take all actions and sign all documents reasonably needed to:

\_\_\_\_\_  
\_\_\_\_\_

17. **Next meeting.** The next meeting of the members will be held on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at \_\_\_\_\_.

There being no further business, the meeting was duly adjourned.

\_\_\_\_\_  
Secretary

**Notice of a  
Meeting of the Members of  
XYZ Limited Liability Company**

TO: The Members of XYZ LLC

You are hereby notified that a meeting of the Members of the above company will be held

on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m., at

\_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Secretary

**Action by Consent of the  
Members of  
XYZ Limited Liability Company**

As permitted by law, the undersigned Members, being all of the Members of the above Limited Liability Company, unanimously adopt the following action(s) without a meeting.

**1. Reports**

a. Report by \_\_\_\_\_. He/She reported that:

---

---

---

b. Report by \_\_\_\_\_. He/She reported that:

---

---

---

2. **Adoption of Documents/Plans.** The attached \_\_\_\_\_ was adopted by a majority vote of the members.

3. **Approval of Actions.** The actions and undertakings of the members, officers, employees, or agents of the corporation were approved with respect to:

---

4. **Financial Statements Presentation.** Financial statements for the period beginning \_\_\_\_\_ and ending \_\_\_\_\_, as prepared by \_\_\_\_\_, were approved.

5. **Salaries.** Salaries for officers and other employees were established in accordance with the attached schedule.

6. **Member's Fees.** Member's fees of \$\_\_\_\_\_ per member were approved.

7. **Contribution to Profit Sharing Plan.** A contribution to the Company's profit sharing plan was approved in an amount equal to \$\_\_\_\_\_.

8. **Dividends.** The payment of dividends to the Unit holders of record on \_\_\_\_\_ was approved in the amount of \$\_\_\_\_\_ per unit.

9. **Issuance of Units.** The issuance of Units was approved as shown on the attached schedule.
  
10. **Borrowing Resolution.** The Company was authorized to borrow \$\_\_\_\_\_ from \_\_\_\_\_.  
The officers are authorized to take all actions and to sign all documents reasonably necessary to carry out this loan transaction.
  
11. **Establish Banking Relationship.** The officers are authorized to open accounts with \_\_\_\_\_.
  
12. **Authorization of Company Action.** The officers were authorized to take all actions and sign all documents reasonably needed to:  
\_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

\_\_\_\_\_  
MEMBER

**Waiver of Notice of a  
Meeting of the Members of  
XYZ Limited Liability Company**

The undersigned \_\_\_\_\_ of the above company hereby waives  
notice of the meeting of the Members to be held on \_\_\_\_\_, at  
\_\_\_\_\_ a.m./p.m. at \_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
MEMBER