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Illinois Multi-Member LLC Operating Agreement Member-Managed

Thank you for downloading TRUiC's operating agreement sample PDF. This document provides an outline for you to create a suitable operating agreement for your business.



*Better Option: Create a Custom Operating Agreement

Use our free, easy-to-use tool to create a custom operating agreement for your LLC. Features of the tool include:

- Single-member or multiple-member LLCs
- Member-managed or manager-managed LLCs
- Ability to add custom sections and clauses

To begin creating your custom LLC operating agreement, create an account in the TRUiC Business Center. This account will grant you access to many other free tools and special discounted business services.

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How to Sign this Operating Agreement

Outlining the responsibilities of LLC members is an important step in establishing your business; now you and the other owners simply need to sign it correctly. Follow the sample provided below.

Each LLC member must sign both for the company and for themselves.

THE COMPANY:	MEMBERS:
 _____ Company Name, LLC By: John Smith Its: Member	 _____ John Smith
 _____ Company Name, LLC By: Jane Doe Its: Member	 _____ Jane Doe

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OPERATING AGREEMENT OF

_____, LLC
This Operating Agreement is made and adopted effective _____ [date] by _____, LLC, a limited liability company organized under the laws of Illinois (the Company) and _____, _____, _____, and _____, its members (each a Member, together the Members).

ARTICLE I - ORGANIZATION

Section 1.1 – Company Formation and Duration. The Company has been organized as a limited liability company managed by its members. The Company shall commence on the date of filing of the Articles of Organization and shall exist until the Company dissolves and its affairs are wound up in accordance with this Operating Agreement or applicable law.

Section 1.2 – Members and LLC Units. “LLC Units” or “Units” means measures of ownership in the LLC. The ownership of the Company shall consist of Units with equal rights for all purposes under this Operating Agreement. “LLC Unit Percentage” means, with respect to a Member, the percentage derived by dividing number of LLC Units held by such Member by the total number of LLC Units held by all Members and, thereafter, multiplying the resulting fraction by 100 to arrive at a percentage.

Section 1.3 – Table of Members, LLC Units, and LLC Unit Percentages. The Members of the Company are set forth below, alongside the number of LLC Units and the LLC Unit Percentage for each Member. Any time there is a change in the membership in the Company (for example, admission of a new member, withdrawal of a member, issuance of new LLC Units, etc.), the Company shall create an updated table of Members, LLC Units, and LLC Unit Percentages, circulate a copy to all Members, and maintain a copy with the Company’s official records.

Member Name	LLC Units	LLC Unit Percentage
Totals:		100%

Section 1.4 – Books and Records. The Company shall maintain complete and accurate books and records of the Company’s business and affairs.

Section 1.5 – Amendment; Entire Agreement. This Operating Agreement may be amended at any time by a majority Vote in interest of LLC Units (as defined below), for any reason. This Operating Agreement, as may be amended, constitutes the entire agreement between the Members and Company with respect to the subject matter hereof.

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ARTICLE II – MANAGEMENT AND VOTING

Section 2.1 – Member Management. The Company shall be managed solely by the Members, who may be known as and hold any title(s) approved by a majority Vote in interest of LLC Units.

Section 2.2 – Voting. The affairs and business of the Company shall be decided by a Vote in interest of LLC Units. “Vote in interest of LLC Units” means a vote of the LLC Members in which each LLC Member shall have one vote per LLC Unit possessed; for example, a Member possessing 15 LLC Units would have 15 votes in interest. Unless another percentage is given elsewhere in this Operating Agreement or by applicable state law, all Member votes on any matter shall require an affirmative vote in interest by LLC Members of more than 50% of the outstanding total of LLC Units to pass or approve the motion, resolution, or otherwise take action by the Members (a majority Vote in interest of LLC Units).

Section 2.3 – Member Authority. The Members agree with the Company and each other that no Member, acting individually, shall have the power or authority to act on behalf of or bind the LLC, to authorize any action to be taken by the LLC, to act as agent for the LLC, or to incur any liability or expense on behalf of the LLC, unless the power or authority has been delegated to the Member by a written resolution duly adopted by the Members in accordance with the provisions of this article and then only to the extent expressly provided for in the resolution. The Members may adopt resolutions appointing one or more Members sign on behalf of the Company to acquire, encumber, or convey real or personal property from any source and through any means; engage in any financial transactions on behalf of the Company, including opening, maintaining, or closing accounts, borrowing money, or the like; entering into contracts on behalf of the Company; commence, prosecute, or defend any legal proceedings in the Company’s name; and carry on any other business or affairs of the Company not specifically provided herein, that is not in contravention of applicable law.

Section 2.4 – Indemnification. Unless otherwise provided by law, the Members are not liable for the acts, debts, or obligations of the Company. The Company shall indemnify, defend, and hold the each Member harmless from and against any losses, claims, costs, damages, and liabilities, including, without limitation, judgments, fines, amounts paid in settlement, and expenses incurred by each Member in any civil, criminal, or investigative proceeding in which the Member is involved or threatened to be involved by reason of the Member’s membership in or management of the Company.

ARTICLE III – CAPITAL CONTRIBUTIONS

Section 3.1 – Initial Capital Contributions. The Members have made or will make an initial contribution to the capital of the Company, as set forth in Company records.

Section 3.2 – Additional Capital Contributions by Members. The Members may, by majority Vote in interest of LLC Units, raise additional capital by issuing additional LLC Units to existing members in exchange for capital contributions specified by resolution.

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Section 3.3 – Additional Capital by Admission of New Members. The Members may, by majority Vote in interest of LLC Units, raise additional capital by issuing additional LLC Units to a newly admitted member in exchange for capital contributions specified by resolution and in accordance with Section 5.1.

ARTICLE IV – DISTRIBUTIONS

Section 4.1 – Allocations. Except as may be required by the Internal Revenue Code (Title 26 of the United States Code) or the Treasury Regulations (Title 26 of the Code of Federal Regulations) or this Operating Agreement, net profits, net losses, and other items of income, gain, loss, deduction and credit of the Company shall be allocated among the Members in proportion to each Member's LLC Unit Percentage.

Section 4.2 – Distributions. The Members, by resolution issued pursuant to this Operating Agreement, may make distributions to the Members from time to time in the total amount the Members deem appropriate. Such distributions shall be allocated among the Members in proportion to each Member's LLC Unit Percentage. No distribution shall be declared or made if, after making the distribution, the Company would not be able to pay its debts as they become due or the Company's total assets would be less than the sum of its total liabilities.

ARTICLE V – MEMBERSHIP CHANGES

Section 5.1 – New Members. The Members may by majority Vote in interest of LLC Units admit a new member in the Company and issue additional LLC Units to new members. Any new members shall, before being admitted and as a condition to admission, execute any document or documents required by the Company, agree to be and become a member of the Company, and agree to be bound by the terms of the Company Operating Agreement.

Section 5.2 – Transfers of LLC Units. The Member may voluntarily sell, transfer, assign, encumber, pledge, convey, or otherwise dispose of part or all of Member's membership interest, but only upon a majority Vote in interest of LLC Units allowing the transfer and admitting the new Member in accordance with Section 5.1, if the new Member does not already hold LLC Units in the Company.

Section 5.3 – Voluntary Withdrawal. Members shall have the unilateral right to withdraw at any time from the Company subject to the terms of this Operating Agreement and applicable law.

ARTICLE VI – DISSOLUTION

Section 6.1 – Dissolution. Upon a majority Vote in interest of LLC Units, the Company shall dissolve and its affairs shall be wound up. On dissolution, the Company shall cease carrying on its business and affairs and shall begin to wind them up. The Company shall complete the winding up as soon as practicable. On the winding up of the Company, its assets shall be distributed in a manner consistent with applicable law.

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THE COMPANY:

Member 1 Signature
_____, LLC
Company Name
By: _____
Member 1 Printed Name
Its: Member

Member 2 Signature
_____, LLC
Company Name
By: _____
Member 2 Printed Name
Its: Member

Member 3 Signature
_____, LLC
Company Name
By: _____
Member 3 Printed Name
Its: Member

Member 4 Signature
_____, LLC
Company Name
By: _____
Member 4 Printed Name
Its: Member

MEMBERS:

Member 1 Signature

Member 1 Printed Name

Member 2 Signature

Member 2 Printed Name

Member 3 Signature

Member 3 Printed Name

Member 4 Signature

Member 4 Printed Name