

OPERATING AGREEMENT

for

_____, LLC
a California Limited Liability Company
(Single Manager/Member)

1. FORMATION:

- 1.1 Date of Agreement: _____, 20_____.
- 1.2 Name of Limited Liability Company: _____, LLC,
a California Limited Liability Company.
- 1.3 Place of Business: The address of the Limited Liability Company is _____
_____.
- 1.4 Management: Management of the Limited Liability Company will be vested in a Single
Manager/Member. The Manager/member of the Limited Liability Company will be
_____.
- 1.5 Member/Manager: See Exhibit "A".
- 1.6 Applicable Law: The Limited Liability Company is formed under the part of the
California Corporations Code known as the Beverly-Killea Limited Liability Company Act.
- 1.7 Articles of Organization: The Manager will file articles of organization for the Limited Liability
Company (Form LLC-1) with the California Secretary of State.
- 1.8 Purpose: The Limited Liability Company's purpose is to hold title and operate as a long-term
investment the real estate described in Exhibit "B".
- 1.9 Term of the Limited Liability Company: The Limited Liability Company starts on the date of this
agreement and will end 30 years from the date unless terminated earlier.
- 1.10 Limited Liability: The Member/Manager is not liable for any Limited Liability Company losses
greater than their capital contribution.

2. CAPITAL CONTRIBUTIONS AND DISTRIBUTIONS OF FUNDS:

- 2.1 Capital Contributions: The Limited Liability Company's capital will be:
_____ dollars (\$_____).
- 2.2 Loans to Limited Liability Company: Any loan to the Limited Liability Company is to be kept in a
separate account.
- 2.3 Definition of "Spendable Income": "Spendable Income" means net receipts remaining from
ownership of assets by the Limited Liability Company after deductions for all expenditures on
operating expenses, reserves, interest and loan reduction, excluding depreciation schedules.
- 2.4 Distribution of Spendable Income: All Spendable Income is to be distributed to the member.
- 2.5 Participation in Proceeds of Refinance/Sale: Net proceeds from the sale or refinance of
all or some of the Limited Liability Company property will be distributed to the Member.
- 2.6 Depreciation Allocation: If the Limited Liability Company files a Federal Income Tax Form 1065
with the Internal Revenue Service (IRS), depreciation is to be taken on the shortest
straight-line method permitted.

3. MANAGEMENT, COMPENSATION, DUTIES AND POWERS:

- 3.1 Management of Limited Liability Company Property: The Manager has full charge of the
management of the Limited Liability Company property.
- 3.2 Duties: The Manager will do what is needed to conduct the Limited Liability Company
business.

4. ACCOUNTS AND ACCOUNTING:

- 4.1 Inspection of Limited Liability Company Records: The Limited Liability Company will maintain accurate books at its principal office on the cash method of accounting.
- 4.2 Annual Income Tax Returns: The member will report gross income, operating expenses and interest, and calculate their own depreciation and reportable income or loss from operations.
- 4.3 The Limited Liability Company will file a Limited Liability Company return (Franchise Tax Board Form 568) annually with the California Franchise Tax Board.

5. DISSOLUTION OF LIMITED LIABILITY COMPANY AND DISTRIBUTION OF CAPITAL:

- 5.1 Dissolution: The Limited Liability Company may be dissolved at any time.
- 5.2 Accounting: Upon dissolution, the Manager will take account of Limited Liability Company assets and liabilities.
- 5.3 Termination of Business: The Limited Liability Company will do no further business after dissolution other than that needed to wind up the business and distribute the assets.
- 5.4 Distribution of Proceeds: Proceeds from the liquidation of Limited Liability Company assets and non-liquidated assets will be distributed as follows:
 - a. All Limited Liability Company liabilities will first be paid;
 - b. All debts owed to member will be paid;
 - c. All remaining funds are to be distributed according to the method described in Section 2.5.
- 5.5 After Dissolution: The member will continue to divide assets and liabilities after dissolution according to the method provided in Section 5.4.

6. MISCELLANEOUS PROVISIONS:

- 6.1 Validity: If any part of this agreement is invalid, the validity of the remainder of the agreement will not be affected.
- 6.2 Notice: All notices will be written and personally delivered or sent by regular mail and registered, or by certified mail, return receipt requested, postage prepaid, to the parties and to the Limited Liability Company at the address stated herein.
- 6.3 Survival of Rights: This agreement binds the parties and their successors in interest.
- 6.4 Paragraph Headings: The paragraph headings do not affect the meaning of this agreement.

I AGREE TO THE TERMS OF THIS OPERATING AGREEMENT

Date: _____, 20____ MANAGER: _____

ADDENDUM TO OPERATING AGREEMENT

for

_____, LLC,
a California Limited Liability Company

Member

	Amount of Capital Contribution	Nature of Contribution	Percentage of Interest
MANAGER: _____	\$ _____	_____	_____ %
CONTRIBUTING MEMBER: _____	\$ _____	_____	_____ %
TOTALS:	\$ <u>_____</u>		<u>100</u> %

ADDENDUM TO OPERATING AGREEMENT

for

_____, LLC,
a California Limited Liability Company

Legal Description

The real property in the County of _____, State of California,
described as follows:

SIGNATURE PAGE FOR OPERATING AGREEMENT

By Member/Manager

The undersigned hereby executes this page as part of the operating agreement.

METHOD OF TITLE

I desire to hold legal title to my ownership interest in the Limited Liability Company as:

- Joint Tenants with _____
- Tenants in Common with _____
- Separate Property _____
- Community Property with _____
- Community Property with Right of Survivorship with _____
- Revocable Intervivos Trust, entitled _____

MEMBER/MANAGER

Name: _____ Signature: _____

Address: _____

Telephone: (____) _____

Social Security: _____ - _____ - _____