**SAMPLE CLAUSES FROM AN LLC OPERATING AGREEMENT**

The basic concept of the LLC in family land ownership is that all ‘owners’ are Members, and only individuals of a certain family line may become Members. Meaning that if any interests are transferred outside the family line (to creditors, third parties, etc.) the buy-sell agreement is triggered and provides an orderly scheme for consolidating interests (which requires cash, but on terms outlined below).

In a family situation, it is likely that all MEMBERS will manage the organization (i.e. make all decisions). The Members can vote a MANAGER who will take ‘on the ground’ responsibility for the LLC (ensuring rent is paid, that land is managed, that taxes are paid, etc.) But for most decisions, it would be ONE MEMBER, ONE VOTE.

Basically, an LLC operating agreement is a CONTRACT. You can draft it however everyone might agree. But anyone becoming a Member (i.e. deeding in their land interest) must sign and agree to be bound by the agreement.

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**Article 5**

**MEMBERS**

§5.1 Membership Defined

§5.2 Admission of Members

§5.3 Meetings of Members

§5.4Transferability of Membership

§5.5Cessation of Membership

§5.6 Rights of Assignees

5.1 **Membership Defined.** Any Member is an owner of the Company. A Member is not identified as a Manager on **Schedule II** by this Agreement or who is not later appointed Manager pursuant to the terms of this Agreement does not have the power or authority to carry out the business of the Company nor to bind the Company. Members have the right to weigh in on decisions where allowed by this Agreement. Members enjoy certain rights of first refusal and purchase options as prescribed in this Agreement.

5.2 **Admission of Members.** Any Person may become a Member pursuant to this Agreement unless such Person lacks capacity or is otherwise prohibited from being admitted by applicable law.

5.2.1 **Who May Become a Member.** The Members listed on **Schedule I** under this Agreement agree that Membership in the Company is restricted to the lineal descendants and those legally adopted by the lineal descendants of **FAMILY NAME**.

5.2.2 **Admission of Assignee as Substitute Member**. An Assignee of a Company Interest may be admitted as a Substitute Member (as defined in the Appendix) and admitted to all the rights of the Member who initially assigned the Company Interest only if the other Members consent by a **Two-Thirds Majority in Interest** vote. If so admitted, the Substitute Member has all the rights and powers and is subject to all the restrictions and liabilities of the Member originally assigning the Company Interest.

5.2.3 **Allocations to Additional Members.** No Additional Member is entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company.

5.3 **Meetings of Members**

 5.3.1 **Annual Meetings of Members.** An annual meeting of the Members is be held at the Principal Place of Business of the Company or at such other place at such time and date as will be designated by the Manager and stated in the notice of the meeting. The purposes of the annual meeting need not be enumerated in the notice of such meeting.

 5.3.2 **Special Meetings of Members.** Special meetings of the Members may be called by a Manager or any one or more Member with greater than a **thirty-four percent (34%)** Pro Rata interest. Business transacted at all special meetings will be confined to the purpose or purposes stated in the notice.

 5.3.3 **Notice of Meetings of Members.** Written notice stating the place, day and hour of the meeting and, additionally in the case of special meetings, stating the purpose or purposes for which the meeting is called, will be delivered not less than three (3) nor more than thirty (30) days before the date of the meeting, to each Member of record entitled to vote at such meeting.

 5.3.4 **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or 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 such distribution is declared, as the case may be, will 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 in this Section, such determination will apply to any adjournment thereof.

 5.3.5 **Quorum.** A **Two-Thirds Majority** **in Interest** of the Members constitutes a quorum at all meetings of the Members. Once a quorum is present at the meeting of the Members, the subsequent withdrawal from the meeting of any Member prior to adjournment or the refusal of any Member to vote will not affect the presence of a quorum at the meeting. If, however, such quorum is not present at the opening of any meeting of the Members, the Members entitled to vote at such meeting will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the holders of the requisite amount of Company Interests will be present or represented.

 5.3.6 **Actions by Members.** Except for a matter for which the affirmative vote of the holders is specified by another section to this Agreement the Articles of Organization, or the Act, the actions of Members will be approved by the affirmative vote of a **Majority** **in Interest** of Members at a meeting at which a quorum is present. Members may participate in any meeting of the Members by means of a conference telephone or similar communications equipment, provided all persons participating in the meeting can hear one another, and such participation in a meeting will constitute presence in person at the meeting.

 5.3.7 **Proxies.** A Member must vote in person; no proxies are allowed. **OPTIONAL, CAN BE OTHERWISE**

 5.3.8 **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 and signed by all the Members.

 5.3.8 **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, will be equivalent to the giving of such notice.

5.4 **Transferability of Membership**. A Member may transfer his or her Company Interest only after compliance with Article 6. Any transferee of a Company Interest by any means will have only the rights, powers and privileges of an Assignee or otherwise provided by law and may not become a Member of the Company except as provided in Article 5.

5.5 **Cessation of Membership.** Except as otherwise set forth herein, a Member will cease to be a Member of the Company when that person a) becomes a debtor in bankruptcy; b) executes an assignment for the benefit of creditors, including the execution of a deed of trust or deed of assignment for the benefit of creditors causing all debts of the person to become due and payable; or c) petitions for, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or all or substantially all of the person's property. Upon such cessation of membership, said Member or his successor-in-interest will only have the rights of an Assignee as set forth in this Agreement.

5.6 **Rights of Assignees.** The Assignee of a Company Interest has no right to participate in the management of the business and no right to vote in the affairs of the Company or to become a Member. The Assignee is only entitled to receive the distributions and return of capital, and to be allocated the net profits and net losses attributable to his or her Company Interest.

**Article 6**

**TRANSFER OF INTERESTS**

§6.1 General Restrictions on Transfer

§6.2 Permitted Transfers

§6.3 Third Party Sale

§6.4 Involuntary Transfer

§6.5 Option to Purchase in the Event of Disability

§6.6 Transfer Upon Death

§6.7 Sale Upon Dissolution of Company

§6.8 Purchase Price Transferred Interest

§6.9 Terms of Sale

§6.10 Other Transfer Terms

§6.11 Options Not Exercised

§6.12 Transfer Restriction on Unit Certificates

§6.13 Operating Agreement Binding on Transferees

6.1 **General Restrictions on Transfer.** The term "transfer" when used in this Agreement with respect to a Unit or Company Interest includes a sale, assignment, gift, pledge, exchange, or other disposition. Except as specifically provided in this Agreement, no Interest Holder at any time may transfer any of its Company Interest to any person or entity. No Interest Holder may Transfer all or any portion of the Holder’s Interest, or any rights with respect to such Interest, unless the following conditions are satisfied:

1) The Manager(s) approve the proposed transfer;

2) The proposed transfer will not require registration of the interest under any Federal or State Securities laws;

3) The proposed transferee delivers to the Company a written instrument agreeing to be bound by the terms of this Agreement;

4) The proposed transfer will not result in the termination of the Company pursuant to Code Section 708;

5) The proposed transferor delivers the following information to the Company: 1) the proposed transferee’s taxpayer identification number; 2) the proposed transferee’s initial tax basis in the transferred interest; and 3) the fair market value of the interest as determined by the terms of this Agreement.

6) The provisions of this Article are first satisfied or unanimously waived by the current membership.

6.2 **Permitted Transfers.** For purposes of this Agreement, a “permitted transfer” means a transfer that will not trigger the right of first refusals set forth in §6.3. Each of the following transfers will be deemed to be a "Permitted Transfer" of Company Interests:

a) Any transfer by any Member to any other Member.

b)Any transfer by any Member to an individual approved as a New Member under Article 5.

c) Any Person who is a lineal or legally adopted descendant or an ancestor of any Person who is already a Member or who formerly was a Member;

d) Any Person who is a shareholder, partner, member, or beneficiary of any Entity that is already a Member or that formerly was a Member;

e) Any trust or trusts for the sole benefit of Persons described in items 6.2(a) through 6.2(d) above;

f) The estate of any Person described in items 6.2(a) through 6.2(d) above; or

g) A general guardian, a guardian of the estate, or a custodian for any Person described in items 6.2(a) through 6.2(d) above, under the guardianship law or the Uniform Transfers to Minors Act in any jurisdiction where such Person may be domiciled.

6.3 **Third Party Sale (Non-Permitted Transfer)**

6.3.1 **Compliance with Section.** If any Interest Holder desires to sell during his lifetime all or any part of his Company Interest other than in a Permitted Transfer (hereafter “Seller”), then the Seller may sell such Company Interest ("Offered Interest" or "Offered Units") only after complying with the following provisions of this Article and any other provisions of this Agreement applicable to transfers of the Offered Interest.

6.3.2 **Bona Fide Offer.** The Seller must obtain from the person or persons who propose to buy the Offered Company Interest (hereafter “Offeror”) a bona fide written offer to purchase (the "Offer"), which must include the following provisions:

1) The Offer must include the identity of the owner of the Company Interest involved, the purchase price, the terms of payment, and the other terms and conditions of the Offer; and

2)The Offeror shall agree that the Offer is irrevocable for a specified period of time expiring not sooner than one hundred and fifty (150) days from the date that the Offer Notice (defined below) is given by the Seller to the Company and the other Members as required below; and

3)The Offer must describe the consideration received from the Offeror for the his or her agreement that the Offer is irrevocable for the specified period of time.

6.3.3 **Offer Notice.** Upon obtaining an Offer to purchase that the Seller desires to accept, the Seller shall promptly give notice (the "Offer Notice") to the other Members and to the Company. The Seller shall enclose a photocopy of the signed original copy of the Offer with the Offer Notice and shall make the signed original copy of the Offer available for examination upon request by any of the Members or by the Company.

6.3.4 **First Right of Refusal: Company.** Following delivery of the Offer Notice, the Company has the **First Right of Refusal** to purchase all or a portion of the Offered Interest for the purchase price and upon the other terms and conditions specified in this Agreement. To exercise this option, the Company must give notice to the Seller, stating the Company desires to exercise the first option, not later than **sixty (60) days** after receiving the Offer Notice. The Company shall deliver a copy of its notice exercising the second option to the other Members.

6.3.5 **Second Right of Refusal: Members.** If the Company does not exercise the first option or exercise the option as to only a portion of the Offered Interest, all Members have a **second right of refusal** to purchase all or any portion of the balance of the Seller's Company Interest for the purchase price and upon the other terms and conditions specified in this Agreement. To exercise this second option, a Member must give notice to the Seller, stating such Member exercises the second option, not later than **sixty (60) days** after the termination or expiration of the preceding offer. Each Member who exercises the second option shall deliver a copy of his notice exercising the second option to the other Members. If more than one Member has notified their exercise of their right of first refusal to purchase the Offered Interest, the portion of Offered Interest which each Member will initially have the second option to purchase is determined by allocating the Offered Interest among the Members in proportion to their current ownership interest, unless otherwise agreed among the Members desiring to exercise this second option.

6.3.6 **Rights of Refusal Not Exercised.** If the rights of refusal to purchase are not exercised under the preceding provisions of this Article with respect to all of the Offered Interest, then the Seller may sell the remaining Offered Interest to the original proposed transferee, provided that such sale shall be made within one hundred and fifty (150) days after the Seller gave the Offer Notice as required above and is made strictly in accordance with the terms and conditions of the original offer. Such transferee of Offered Interest shall thereafter hold such Company Interest as an Assignee subject to all terms and conditions of this Agreement, the Articles of Organization, and the Operating Agreement of the Company. Said Assignee may not become a Member unless admitted under Article 5.

6.3.7 **Assignees Have No Rights of First Refusal.** The rights of first refusal described in this Section do not apply to Assignees of Company Interests.

6.3.8 **Purchase Price and Terms of Sale.** The purchase price and terms of sale are those contained in the Bona Fide Offer described in §6.3.2.

6.4 **Involuntary Transfer by Member or Assignee**

6.4.1 **Notice Upon Trigger Event.** If any Interest Holder is declared to be a bankrupt or insolvent by any court of competent jurisdiction, or makes an assignment for the benefit of his creditors, or has any of his Company Interest attached or levied upon for payment of his debts, or is required to transfer any Company Interest by any order, judgment, or decree of any court or other adjudicatory body for any reason, whether or not related to the Member's or Assignee’s financial condition (including but not limited to an action for divorce) (a "Triggering Event"), such Interest Holder ("Insolvent Interest Holder") or his or her successor in interest, as the case may be, shall give notice to the Company and the Members. The notice must identify the Company Interest subject to transfer as a result of the Triggering Event (the “Offered Interest”).

6.4.2 **Options to Purchase.** Upon such notice, the Company and other Members then have the option to purchase the Offered Interest on the terms and conditions applicable to the proposed sale of an Offered Interest in §6.3, above, with such notice deemed to be an "Offer Notice" and such Company Interest deemed to be the "Offered Interest" for the purposes of applying this section. The "Seller" is deemed to be the "Insolvent Interest Holder" or his or her lawful representative and successors in interest.

6.4.3 **Assignees Have No Option Rights.** The rights of option described in this Section do not apply to Assignees of Company Interests.

6.4.4 **Purchase Price and Terms of Sale.** The purchase price and terms of sale for such Company Interest in all cases must be the fair market value of such Company Interest determined as described in §6.8 and §6.9 below unless otherwise agreed by the Insolvent Interest Holder (or lawful representative) and the Company.

6.4.5 **Options Not Exercised.** If purchase options are not exercised by the Company or other Members with respect to all the Company Interest, then any of the remaining Offered Company Interest may be transferred as a direct result of the Deceased Member's death, and any other person holding or thereafter receiving any of such Company Interest holds such Company Interest as Assignees subject to the Articles of Organization and all the terms and conditions of this Operating Agreement of the Company. Said Assignee may not become a Member unless admitted under Article 5.

6.5 **Option to Purchase in the Event of Disability**

6.5.1 **Procedure.** If, at the end of 180 days of continuous total disability (as defined in §6.5.2) a disabled Member or Assignee (“Disabled Interest Holder”) is still considered totally disabled, the other Members have the right, but not the duty, to purchase all or a portion of the Disabled Interest Holder’s Company Interest upon the same terms and conditions as prescribed by §6.8 and §6.9. The right to purchase under this §6.5 lapses if not exercised within ninety (90) days after the expiration of the 180 days. The right of the Member(s) to purchase the Disabled Interest Holder’s Company Interest reopens every twenty-four (24) months and remains open for ninety (90) days. Each twenty-four (24) month period starts to run at expiration of the ninety (90) day if the continuing Member chooses not to purchase the Disabled Interest Holder’s Company Interest. This option may reopen five (5) times before lapsing.

6.5.2 **“Total Disability” Defined.** For the purposes of this Agreement, "total disability" means the inability of the Member or Assignee, by reason of physical or mental disability, to perform his or her assigned duties for any period of one hundred and eighty (180) consecutive days. This inability must be confirmed in writing by a doctor chosen by the Company. By execution of this Agreement, all Members (and Assignees by default acceptance of this Agreement) consent to such examination and communication by the chosen doctor to the Company.

 6.5.3 **Member Status of Disabled Interest Holder.** A Member falling under total disability becomes an Assignee during his or her period of disability and is automatically reinstated to Member status upon emerging from said total disability.

6.5.4 **Assignees Have No Option Rights.** The rights of option to purchase described in this Section do not apply to Assignees of Company Interests.

6.5.5 **Purchase Price and Terms of Sale.** The purchase price and terms of sale for such Company Interest in all cases must be the fair market value of such Company Interest determined as described in §6.8 and §6.9 below unless otherwise agreed by the Insolvent Interest Holder (or lawful representative) and the Company.

6.6 **Transfer Upon Death**

6.6.1 **Notice Upon Death of Member.** Upon the death of any Member or Assignee ("Deceased Interest Holder"), unless all Company Interest owned by the Deceased Interest Holder at the time of his or her death are to be transferred as Permitted Transfers pursuant to his or her last will and testament, any trust, or otherwise, the executor or administrator or the Deceased Interest Holder's other successor in interest, as the case may be, shall give notice to the Company and the other Members, which notice shall specify the Company Interest which the Deceased Interest Holder owned at the time of his death and which are not to be transferred as Permitted Transfers.

6.6.2 **Options to Purchase.** Upon such notice, the Company and other Members then have the option to purchase the Offered Company Interest on the terms and conditions applicable to the proposed sale of Offered Company Interest in §6.3, above, with such notice deemed to be an "Offer Notice" and such Company Interest deemed to be the "Offered Company Interest" for the purposes of applying this section. The "Seller" is deemed to be the lawful representative of the Deceased Interest Holder’s successors in interest.

6.6.3 **Assignees Have No Option Rights.** The rights of option described in this Section do not apply to Assignees of Company Interests.

 6.6.5 **Purchase Price and Terms of Sale.** The purchase price and terms of sale for such Company Interest in all cases must be the fair market value of such Company Interest determined as described in §6.8 and §6.9 below unless otherwise agreed by the lawful representative of Deceased Interest Holder’s successors in interest and the Company.

6.6.4 **Options Not Exercised.** If purchase options are not exercised by the Company or other Members with respect to all the Company Interest, then any of the remaining Offered Company Interest may be transferred as a direct result of the Deceased Interest Holder’s death, and any other person holding or thereafter receiving any of such Company Interest shall hold such Company Interest as Assignees subject to the Articles of Organization and all the terms and conditions of this Operating Agreement of the Company. Said Assignee may not become a Member unless admitted under Article 5.

6.7 **Sale Upon Dissolution of Company**

6.7.1 **Manager Option to Purchase Interest.** Upon dissolution, termination and winding up of the Company, if the Interest Holders wish to sell their Company Interests for cash prior to and in lieu of receiving their share of the Company assets, the Managers have first option to purchase all of the Interest Holders' Company Interest. Such purchase shall be exercised within **sixty (60) days** of the date of the occurrence of an event that causes such dissolution, termination and winding up of the Company. Such purchase(s) is on the terms prescribed in §6.8 and §6.9. If more than one Manager desires to purchase the Interest Holder’s Company Interest, the Offered Company Interest must be allocated to all interested Managers in proportion to their current ownership of the Company.

6.7.2 **Member Option to Purchase Interest.**  If the Managers do not exercise an option to purchase as provided in the previous paragraph, any or all Members have the option to purchase the interests of Interest Holders desiring to sell their interests. If more than one Member desires to purchase the interest of selling Interest Holders, the Offered Company Interest must be allocated proportionally by the purchasing Members in accordance with their current ownership of Company Interests. This second option period exists for **thirty (30) days** beyond the option period granted to Managers in §6.7.1. The purchase price is fair market value subject to payment terms prescribed in §6.8 and §6.9.

6.7.3 **Options Not Exercised: Distribution.** Upon termination of the second option period in , the property is distributed according to the terms of Article 7.

6.8 **Purchase Price Transferred Interest**

6.8.1 **Discount Applied.** In case of a purchase as provided for in §6.3 (Sale to Third Party), the purchase price is the price determined in the Offer. The purchase price in all other circumstances is the fair market value of the assets as determined by appraisal and then discounted at **15 percent (15%)** due to lack of marketability, minority ownership, or other factor that would depress value, unless the parties agree on a purchase price.

6.8.2 **Determination of Fair Market Value.** The fair market value for any Company Interest purchased under §6.4 (Involuntary Transfer), §6.5 (Disability), §6.6 (Death) and §6.7 (Dissolution) is determined as of the date of the event giving rise to the applicable purchase option. The fair market value of the Company Interest being purchased is the fair market value of all assets owned by the Company proportioned equally among all Company Interest owned by Interest Holders multiplied by the percentage of Company Interest being purchased and multiplied by the discount factor set forth in §6.8.1. The fair market value of the assets held within the Company is determined as follows:

 6.8.3 **Use of Appraiser.** The Seller may name an appraiser, which in the case of an estate is the appraiser of the estate. The Seller shall pay the appraiser's expenses.

 6.8.4 **Challenge of Appraisal.** If the purchaser of the Company Interest (i.e. the Company or other Member) (“Buyer”) should question the value as determined by the Seller's appraiser, he or she may select and pay the expenses of a second appraiser. The two appraisers shall proceed to determine a fair market value. Their valuation shall be final and binding on all parties.

 6.8.5 **Resolution of Different Appraisals.** If the two appraisers cannot agree on a fair market value, the two appraisers shall select a third appraiser. If the third appraiser's value is outside of the range of the first two appraisers, the value of the first two that is closest to the third shall be used. If the third appraiser's value is within the range of the first two appraisers, the third appraiser's value shall be used. This determination shall be final and binding on all parties. The seller and purchaser(s) shall each pay half of the expenses of the third appraiser.

6.8.6 **No Consideration of Insurance Proceeds.** In determining the fair market value of Company Interest, no consideration may be given to the proceeds or value of any life insurance owned by the Company on the life of any Interest Holder, except to the extent of its cash surrender value.

6.8.7 **Payment of Appraiser Fees.** All fees and expenses of any appraisers retained in connection with any determination of fair market value under §6.8 above must be borne fifty percent (50%) by the Seller and fifty percent (50%) by the Buyer, except that the two fees of the two appraisers who are appointed individually by the Seller and the Buyer shall be paid individually by the party appointing that appraiser.

6.8.8 **Option Not Exercised.** If a Buyer chooses not to exercise any option provided and a succeeding Buyer provided by option does purchase by fair market value, the purchase price is the one set forth in the above appraisal process. If the option is exercised, the Buyer shall indemnify any prior optionee who paid or is liable for paying appraisal fees.

6.9 **Terms of Sale**

6.9.1 **Closing Deadlines.** If any Buyer exercises an option to purchase Company Interest under §6.4 (Involuntary Transfer), §6.5 (Disability), §6.6 (Death) and §6.7 (Dissolution), the purchase and sale of the Company Interest must be closed at a time and place reasonably specified by the Buyer or Buyers, as the case may be, provided that the closing must be held no later than **sixty (60) days** after the later of (a) the date the Buyer exercises the option or last option (if more than one) with respect to the purchase of the Company Interest (as represented in Units), or (b) if the fair market value is to be determined as prescribed in §6.8, above, the date of determination of the fair market value of the Company Interest (as represented in Units). At the closing, the Seller shall assign and transfer the Units to the buyer free and clear of all encumbrances or other claims.

 6.9.2 **Payment:** **Right of First Refusal Purchase.** If Units are purchased as part of a right of refusal purchase under §6.3, the purchase price shall be paid pursuant to the same terms and conditions as would have been applicable to a purchase of the Company Interest by the Buyer. If the actual purchase price is different than the Offer price, the purchase price is paid proportionately with respect to timing of payment as the Offer price would have been paid.

6.9.3 **Payment:** **Exercise of Option Purchase.** If the Units are purchased pursuant to any other purchase option, the Buyer shall pay the total purchase price to the Seller at the closing; provided that if the total purchase price exceeds **$50,000**, the Buyer may, at his option, elect to:

1) **Downpayment**. Pay to the seller an amount equal to **ten percent (10%)** of the total purchase price for the Units, and

2) **Terms of Financing**. Deliver to the seller a promissory note having an original principal amount equal to the balance of the purchase price for the Units (the "Note") and containing the following terms:

a) The note shall be payable in up to **ten (10)** **equal annual installments** on the first ten (10) anniversaries of the date of the closing, with interest on the declining unpaid principal balance at the minimum annual interest rate sufficient to avoid imputed interest under any applicable section of the Internal Revenue Code and regulations (AKA the Federal Applicable Rate).

b) The Note may be prepaid, in whole or in part, at any time without penalty.

c) If any installment of principal or interest shall be overdue for more than twenty (20) days, a late fee of 2% of the amount due may be charged by the Note Holder for the purpose of defraying any expenses resulting from handling the delinquency.

d) The outstanding principal balance, plus accrued interest, may be accelerated by the Note Holder if any default under the Note is not cured by the maker within thirty (30) days after notice of such default from the Note Holder.

e) The Note must provide for the payment by the maker and guarantors of any attorney's fees as may be fixed by a court should litigation be required to enforce payments of the note.

f) The Note must be secured by a pledge of the Company Units pursuant to a pledge agreement providing the pledgee with all rights and remedies of a secured party under the Uniform Commercial Code with respect to the Units and providing for the release from the pledge from time to time of a portion of the Units representing the same proportion of the principal amount paid from time to time.

6.9.4 **Multiple Buyers.** If more than one actual buyer involved in the purchase has elected to pay a portion of the purchase price with a Note, then each actual Buyer shall execute and deliver a separate Note for the Buyer's pro rata share of the unpaid balance of the purchase price.

6.10 **Other Transfer Terms**

6.10.1 **Transaction Communications.** Any notice or other communication required or desired to be given to any party under this Agreement shall be in writing and shall be deemed given when deposited in the United States mail, first class postage prepaid to the last address for a Member contained in the records of the Company, and if to the Company, addressed to AGENT AND ADDRESS. Any party may change the address to which notices and other communications are to be given by giving the other parties notice of such change.

6.10.2 **Waiver of Notice.** Any recipient may waive notice requirements by signing and dating a written waiver. If the notice requirements are waived, the option period shall begin on the date the recipient signs the waiver.

6.10.2 **Waiver of Option.** Any person having an option to purchase under the terms of this Agreement may waive the right to exercise the option. The waiver is effective on the date it is signed, and the selling Member may then give written notice of the option to the next optionee in the order set forth in this Article.

6.10.3 **Assignment of Option.** Any person ("Option Holder") who has an option to purchase a Company Interest pursuant to this Article at any time may assign such purchase option to: (a) any other person who also has an option to purchase a Company Interest at the same time from the same Member, (b) any other person to whom the Option Holder could transfer the Company Interest in a Permitted Transfer, or (c) the Company. The assignee of such purchase option and related rights must at the same time assume all of the Option Holder's obligations and liabilities relating to such purchase option and its exercise, and the Option Holder shall give notice of such assignment to the Company and all other Members.

6.11 **Options Not Exercised.** If purchase options are not exercised by the Company or the Members with respect to all such Company Interest, then any of the remaining Offered Company Interest may be transferred as a direct result of the Triggering Event, and any person then holding or thereafter receiving any of such Company Interest shall hold such Company Interest as an Assignee subject to all terms and conditions of this Agreement, the Articles of Organization, and the Operating Agreement of the Company. Said Assignee may not become a Member unless admitted under Article 5.

6.12 **Transfer Restrictions on Unit Certificates.** All certificates representing any or all of the Company Interests now or hereafter owned by the Members and/or subject to this Agreement will be inscribed as follows:

This certificate and the Company Interest it represents are subject to and transferrable only in accordance with the provisions of an Operating Agreement in writing dated January 1, 2016, entered into between the Members of **COMPANY NAME**, LLC, which Agreement is made a part of this Certificate as fully as if it appeared here in its entirety.

6.13 **Operating Agreement Binding on Transferees**

6.13.1 **Successors.** The parties agree that no Company Interest of the Company shall be transferred unless prior to such transfer, the recipient of such Company Interest agrees in writing to be bound by the terms of this Agreement. In the event of the failure for any reason of the Interest Holders to sign these Agreements or a counterpart, the acceptance of a membership certificate with an endorsement as provided above has the same effect as though such Interest Holder executed this Agreement.

6.13.2 **Cessation of Membership**. In the event of a sale or other disposition of all of his or her Company Interest in the Company, a present or future Interest Holder ceases to be considered as a continuing party to this Agreement.

6.13.3 **Binding Agreement**. This Agreement is binding upon the heirs, personal representatives, successors, and assigns of the parties to the Agreements and shall inure to the benefit of and be enforceable by the parties and COMPANY NAME, LLC, its successors and assigns.