

Disclaimer: This content has been made available for informational and educational purposes only and is not meant to be a substitute for legal, accounting, or other professional advice. If you have specific questions about any legal matter, you should consult with an attorney or other professional services provider.

OPERATING AGREEMENT

OF

Abc LLC

This Operating Agreement (the "Agreement") is made and entered into effective as of April 22, 2024, by and among the following:

Names of Members

The members are sometimes hereinafter designated collectively "Members". In consideration of the mutual promises, covenants and conditions hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which the Members acknowledge, the Members agree as follows:

ARTICLE I.

DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

(a) "Affiliate" shall mean anyone who constitutes, participates in, is employed by, is an agent of, or is directly or indirectly interested in or connected with, any Member.

(b) "Agreement" shall mean this Agreement as originally executed and as amended from time to time.

(c) "Capital Account" as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to the date in question pursuant to Article VIII.

(d) "Capital Contribution" shall mean any contribution, in cash or property, to the capital of the Company made by a Member, whenever contributed. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Agreement.

(e) "Code" shall mean the Internal Revenue Code, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

(f) "Company" shall refer to Abc LLC.

(g) "State Act" shall mean the Georgia in which organization is sought Act governing Limited Liability Companies.

(h) "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 payable to lenders; (ii) all expenditures incurred in the operation of the Company's business; (iii) such cash reserves as the Manager(s) deems, in his or her sole discretion, appropriate to the proper operation of the Company's business.

(i) "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association.

(j) "Fiscal Year" shall mean the Company's fiscal year, which absent action to the contrary by the members, shall be the calendar year.

(k) "Interest" shall mean the percentage of ownership interest in the Company as set forth after each Member's name in Article IX, Section 9.01 of this Agreement.

(l) "Manager" shall initially mean a majority of the Members or any outside individual or entity agreed thereon. Following the first annual meeting of the Company, "Manager" shall mean the person or persons elected by the Members of the Company to manage it. The Members shall determine whether the Company shall be managed by a single Manager or by more than one Manager. 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.

(m) "Member" shall mean each entity or group which is listed in the opening paragraph of this Agreement, and executes this Agreement, or any counterpart thereof, as a Member and each Entity or Person who may hereafter become a Member pursuant to Article IV, Section 4.02 or Section 4.03 of this Agreement.

(n) "Person" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so admits.

(o) "Property" shall mean all assets, tangible or intangible, owned by the Company.

(p) "Substitute Member" shall mean any Person or Entity who or which becomes a Member pursuant to Article IV Section 4.02.

ARTICLE II.

FORMATION AND DURATION OF COMPANY

2.01 Formation. On January 1, 2023, the Members organized a Georgia Limited Liability Company under and pursuant to the Georgia Act, with the registered agent serving as the organizer on their behalf.

2.02 Name. The name of the Company is Abc LLC.

2.03 Principal Place of Business. The principal place of business of the Company shall be:

123 LLC Lane (its principal office). The Company may locate its places of business and registered office at any other place or places as the Manager(s) from time-to-time deem advisable.

2.04 Registered Office and Registered Agent. The Company's registered office in Georgia:

123 Registered Agent Dr

and the name of its initial registered agent at such address shall be John Smith, pursuant to an executed "Written Consent to Act As Registered Agent."

2.05 Term. The duration of the limited liability company is perpetual, unless the Company is earlier dissolved in accordance with either the provisions of the Agreement or the Georgia Act. Any dissolution of the Company in contravention of this Agreement shall be a material breach of this Agreement.

2.06 Ratification of Interim Actions. By signing this Agreement, the Members consent fully and without reservation to all actions taken by and on behalf of the Company between the Date of Formation and the Effective Date of this Agreement.

ARTICLE III.

BUSINESS OF COMPANY

3.01 Initial Businesses.

The purpose for which this limited liability company is organized is to transact any and all lawful business for which a limited liability company may be organized under the laws of the State of Georgia, and to have all powers that are afforded a limited liability company under the laws of the State of Georgia.

3.02 Other Businesses. The Company may also engage in any other business allowed under Georgia law which the Members may approve by unanimous vote. The terms and conditions of such other business activities may be reflected by separate exhibits to this Agreement.

3.03 New Business Opportunities. Any Member may present a new business opportunity to the Company by notifying the Manager of Member's intent to present such opportunity. At the next scheduled telephone conference or meeting among Members, the Manager shall call upon the Member to present the opportunity. Members shall vote on the new opportunity during that telephone conference or meeting, or by such other voting method as a majority of the Members shall provide. If the vote is to pursue the opportunity, any contracts or agreements necessary to effect that vote shall be executed on behalf of the Company by the Manager, pursuant to Section 5.03 (ii) of this Agreement.

ARTICLE IV.

NAMES AND ADDRESSES OF MEMBERS

4.01 Names and Addresses. The names of the Members, and the names and addresses of the Members' representatives as of the Effective Date of this Agreement are as follows:

John Smith

123 Member Dr, Atlanta, GA 30342

Jane Doe

456 Member Dr, Atlanta, Georgia 30495

4.02 Substitute Members. By unanimous approval, the Members may designate as Substitute Members such Persons or Entities to whom the Interests of a Member has passed by transfer or assignment in whole or in part, or by testamentary bequest, or by operation of law if the Member died intestate. The Substitute Member shall have all the rights and powers and is subject to all the restrictions and liabilities of his assignor. The substitution of the Substitute Member does not, by itself, release the original Member from liability to the Company.

4.03 Additional Members. By unanimous approval, the Members may designate additional Persons or Entities as Members, at the same time specifying the new Allocations of Profits and Losses, and executing an Addendum to this Agreement modifying Article IV, Section 4.01 and Article IX, Section 9.01 accordingly.

4.04 Death or Disability of Members. In the event that a Member becomes partially or completely disabled, or legally incompetent, he shall continue to enjoy all the rights and privileges he previously enjoyed fully as if he continued to be an active Member. In the event that the disability results in a Member becoming legally incompetent, or in the event of the death of a Member, the control and administration of his Member rights and responsibilities shall be treated as provided in Section 10.02.

ARTICLE V.

RIGHTS AND DUTIES OF MANAGER

5.01 Management. The management of the Company shall be exclusively conducted by Members. Such managers are to be selected by the Members by Unanimous vote. Its designated Manager or Manager(s) shall manage the business and affairs of the Company. Each Manager shall have a fiduciary duty to the Company, and consistent with that duty shall direct, manage and control the business of the Company to the best of his or her ability, including but not limited to the specific obligations set forth in this Agreement, and, subject to the limitations contained in the Agreement, the Manager has the complete authority to do any and all things which the Manager shall deem to be in the best interests of the Company.

5.02 Number, Tenure and Qualifications. The number of Manager(s) of the Company shall be fixed from time to time by the Unanimous vote of Members. Each member shall have an equal right to manage and control the limited liability company. All limited liability company decisions will be made by unanimous vote of the Members.

Each Manager shall hold office until the next annual meeting of Members or until a new Manager shall have been elected and qualified. The Members acknowledge that, in the event that Members cannot agree upon the election of the Manager(s) at the annual meeting of Members, then the Manager(s) then in office shall continue to serve until a new Manager shall be elected and qualified. The Manager(s) need not be residents of Georgia or Members of the Company.

5.03 Certain Powers of Manager(s). Subject to the rights and powers vested in the other Members by law and subject to the restrictions as are hereinafter set forth, the Manager(s) shall have the sole power and authority, for and on behalf of the Company to (i) execute and consummate purchases; (ii) commit, encumber and obligate the Company for advancement of the company objectives; (iii) operate, lease, manage and maintain the offices and enter into and execute on the Company's behalf all contracts and instruments which they deem, in their reasonable discretion, advisable and appropriate to discharge such purpose and duties of operating, managing and conducting business; and (iv) pay all expenses and make all debt service payments of the Company on a timely basis.

Unless authorized to do so by this Agreement or by the Members, no Member, agent, or employee of the Company shall have any power or authority to bind the Company in any way,

pledge its credit, or render it liable for any purpose. However, a Manager may act through a duly authorized attorney in-fact.

The Manager(s) shall have the authority to delegate their duties and responsibilities under this Agreement; provided, however, that regardless of any delegation of duties and responsibilities, the Manager(s) shall remain ultimately responsible for the proper and complete performance of such duties and responsibilities.

5.04 Restriction on Powers of Manager(s). Without the Unanimous vote of Members, the Manager(s) shall not be authorized to (a) enter into any contract or agreement to borrow funds, or to encumber the Company or the assets of the Company; (b) enter into any contract or agreement, or disburse funds, for any single expenditure of more than \$500,000 or the cumulative expenditure of more than \$1,000,000 for any single project; (c) create reserves for future expenses or capital expenditures; (d) enter into or modify, terminate, or otherwise alter any agreement on behalf of the Company with respect to part or all of the Property; (e) enter into any transaction with himself, a Member of his family, or any Entity affiliated with the Manager(s), other than the reimbursement of costs incurred by that entity directly on behalf of Company; and (f) receive compensation from any persons related to the business of the Company or his activities with respect thereto, which is not specifically provided for in this Agreement.

5.05 Liability for Certain Acts. The Manager(s) shall exercise his or her business judgment in managing the business operations and affairs of the Company. Unless fraud, deceit, gross negligence, willful misconduct or a wrongful taking shall be proven by a non-appealable court order, judgment, decree or decision, a Manager(s) shall not be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act in conducting the business, operations and affairs of the Company, which may cause or result in any loss or damage to the Company or its Members. Manager(s) does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. Manager(s) shall not be responsible to any Member because of a loss of Member's investment or a loss in operations, unless the loss shall have been the result of fraud, deceit, gross negligence, willful misconduct or a wrongful taking by a Manager(s) proven by a non-appealable court order, judgment, decree or decision as set forth in this Section.

5.06 Manager(s) No Exclusive Duty to Company. A Manager shall not be required to manage the Company as his or her sole and exclusive function and he or she (or any Manager) may have other business interests and may engage in other activities in addition to those relating to the Company. However, this Section 5.06 shall not relieve the Manager(s) of his duty of good faith, or of his duty to use his best efforts in the execution and performance of his duties and his fiduciary duty to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Manager(s) or in the income or proceeds derived therefrom.

5.07 Bank Accounts. A Manager may from time to time open bank accounts in the name of the Company, and the Manager(s) or their appointee shall be the signatory thereon, unless the Manager(s) determine otherwise.

5.08 Indemnity of the Manager(s). The Manager(s) shall be indemnified by the Company under the following circumstances and in the manner and to the extent indicated:

(a) In any threatened, pending or completed action, suit or proceeding to which a Manager was or is a party or is threatened to be made a party by reason of the fact that he or she is or was a Manager(s) of the Company (other than an action by or in the right of the Company) involving an alleged cause of action for damages arising from the performance of his or her activities on behalf of the Company, the Company shall defend and indemnify such Manager(s) against expenses, including attorneys' fees and court costs, judgments and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if the Manager(s) acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the company, and provided that his or her conduct has not been found by a non-appealable court judgment, order, decree or decision to constitute fraud, deceit, gross negligence, willful misconduct, a wrongful taking, or a breach of his or her fiduciary obligations to the Company or the Members. The termination of any action, suit or proceeding by judgment, order, or settlement shall not, of itself, create a presumption that the Manager(s) did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Company.

(b) To the extent the Manager(s) has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsection (a) above, or in defense of any claim, issue or matter therein, the Company shall defend and indemnify the Manager(s) against the expenses, including attorneys' fees and court costs, actually and reasonably incurred by him in connection therewith.

(c) The indemnification set forth in this Section shall in no event cause the Members to incur any liability beyond their total Capital Contributions plus their share of any undistributed profits of the Company, nor shall it result in any liability of the Members to any third party other than the Manager.

5.10 Removal for Cause. A Manager may be removed, for Cause, from his position as Manager of the Company. "Cause", under this section, shall mean any (i) Manager's willful dishonesty towards, fraud upon, crime against, or deliberate injury or attempted injury to the Company, (ii) Manager's failure or inability to substantially comply with Manager's duties under Article V herein, (iii) Manager's breach of fiduciary duty to the Company or the Members; or (iv) Manager's conviction for any felony crime which reflects upon his or her suitability as Manager of the Company or his or her ability to perform under this Agreement.

If any Member(s) believes that there is Cause to remove the Manager from his position as Manager of the Company, the alleging Member(s) shall give written notice to the Manager and

notice to the other Members. Upon notification, the Manager and the Members agree to submit to binding arbitration of the issue of whether Cause exists to remove the Manager from his position as Manager of the Company. The Company shall pay the cost and expenses of the arbitration; however, the Manager and alleging Member(s) shall be responsible for paying any of their own costs and expenses incurred in such arbitration. If, after a hearing in which both the Manager and the alleging Member(s) are allowed to present their claims and defenses, the arbitration determines that Cause does exist for the removal of the Manager, then the affirmative vote of Members entitled to vote and holding a majority of the Interests in the Company may remove the Manager from his position as Manager of the Company. For the purposes of such a vote, any Manager who is also a Member shall not be entitled to vote his Interest.

Upon receipt of the notification of Cause for removal of the Manager, the Members (other than the Manager if the Manager is also a Member) shall by vote of a majority of such Members appoint an Interim Manager to assume the duties of the Manager pending determination of the arbitration proceeding and the installation of the former Manager or a new Manager to undertake the responsibilities of the Manager. During the service of any such Interim Manager, the Manager shall not be responsible for the actions of such Interim Manager or for the performance of any other duties as Manager during such interim period. The removal for Cause (other than an inability to substantially comply with the Manager's duties resulting from the disability of the Manager) of any Manager who is also a Member shall be a breach of this Agreement by such Manager, and the Company and/or the other Members of the Company shall be entitled to seek any and all remedies available at equity or in law against the Manager.

5.11 Vacancies. Any vacancy in the number of Manager(s) occurring for any reason, other than as set forth in the Section 5.08, may be filled by the Unanimous vote of the Members. 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 shall qualify or until his earlier death, resignation or removal.

5.12 Insider employment. The fact that a person or Entity is a Member or is employed by or is directly or indirectly interested in or connected with any Member or any person or Entity employed by the Company to render any service or from whom the Company may buy merchandise (an "Affiliate") shall not prohibit the Manager from employing or dealing with such person or Entity; provided, however, that any contract, employment or arrangement with such person or Entity shall be on an arms-length basis, disclosed to the other Members, approved by Members owning a Unanimous Interest in the Company, and shall be fair and reasonable.

ARTICLE VI.

RIGHTS AND OBLIGATIONS OF MEMBERS

6.01 Limitation of Liability. Each Member's liability shall be limited as set forth in the Georgia Act and other applicable law.

6.02 Company Debt Liability. No Member will be personally liable for any debts or losses of the Company beyond his respective Capital Contributions, except as provided by Georgia law.

6.03 Additional Capital Contributions. No Additional Capital Contributions shall be permitted unless required as provided in this Section. Additional Capital Contributions in excess of those required under Section 8.01, below, shall be required of each Member only upon the Unanimous vote of the Members of the Company. If such Additional Capital Contributions are approved, they shall be made in the same ratio that profits and losses are shared under Section 9.01 and shall be due and payable in such manner and at such times upon which the Members agree by such Unanimous vote of Member. If a Member shall fail to remit a contribution on the date due, a non-defaulting Member shall have the right to make the payment on behalf of the defaulting Member. If the defaulting Member fails to remit the full amount of the delinquent contribution within 30 days after the payment by the non-defaulting Member(s), the non-defaulting Member is authorized, without prejudice to other remedies provided by this Agreement or by law:

(a) To sue for any unpaid assessment, together with reasonable attorney fees, court costs, and interest on such assessment at the rate of prime plus one percent (1%) per annum;

(b) To receive a first and preferred lien on the defaulting Member's Interest, together with revenues, rights and benefits attributable thereto, and to withhold such revenues from the defaulting Member and instead apply such revenues to the payment of any such unpaid assessment, or any portion thereof, until such unpaid assessment (and past due charges) is paid in full.

6.04 List of Members. Upon written request of any Member, the Manager(s) shall provide a list showing the names, addresses and Interests of all Members in the Company. Subject to the Georgia Act and upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy such Company documents at the Member's expense.

6.05 Priority and Return of Capital. 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 payment of compensation for services rendered or repayment of loans (as distinguished from Capital Contributions), which a Member had made to the Company.

6.06 Compensation of Members. Upon unanimous approval of the Members of the Company, the Manager shall determine if any Member, including himself, is entitled to compensation for services rendered to the Company and the amount of such compensation. Upon such Member approval, the Manager is also specifically delegated the power and authority to pay such amount for and on behalf of the Company, as agreed to by the Members' decision.

6.07 Member Expenses. Each Member shall be solely responsible for his own expenses to promote the Company's business. The Company's only expenses shall be those absolutely necessary for its operation including but not limited to expenses incurred for the day-to-day

management by the Manager, legal, accounting, tax preparation services, and any other expenses which are approved by a Unanimous vote of the Members.

6.08 Fiduciary Duty of Members. No Member, Substitute Member, or Affiliate of any Member or Substitute Member shall either directly or indirectly offer any product or service for sale that competes with a product or service that is a business of the Company except for the benefit of the Company, or as provided for herein. This provision shall not apply to business activities already in place upon execution of this operating agreement (see Section 6.09).

A Member or Substitute Member shall be removed, for Cause, from the Company. "Cause", under this section, shall mean any (i) Member's willful dishonesty toward, fraud upon, crime against, or deliberate injury or attempted injury to the Company. Cause shall include, but not be limited to, unauthorized competition with the Company, which continues more than 30 days beyond provision of notice by the Company to cease such competitive activities. Removal for Cause shall fully and finally terminate Member's Interest. The Company shall refund the violating Member's capital account in 24 equal monthly payments. The Member shall forfeit to the Company, whatever residuals, customers, and all other business relationships and rights that may exist.

The procedure for establishing Cause shall be as follows:

1. Any Member learning of violations shall immediately inform the Company, which shall notify the violating Member and all other Members.
2. If the violation is based on a decision of a court of competent jurisdiction or is a violation that the violating Member voluntarily acknowledges, then no further action is required other than to terminate the violating Member.
3. If the violation is contested by the violating Member, then the Company shall appoint an independent arbitrator, who shall be selected and who shall conduct proceedings in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to examine the facts and reach a conclusion as to the existence of an actual violation which would constitute Cause. The violating Member shall have the option of selecting a second arbitrator, in which case the two arbitrators so selected would select a third arbitrator.
4. The judgment of the three arbitrators shall be conclusive and final.
5. The cost of the first and third arbitrators shall be borne by the Company. The cost of the second arbitrator shall be borne by the violating Member.
6. A conclusion that a violation has actually occurred shall result in immediate termination of the violating Member's Interest, with the effective date of termination being the date on which the violation occurred, rather than any later date.

6.09 Exception to Fiduciary Duty of Members: The Members, Substitute Members or Affiliates of any Member or Substitute Members shall notify the Manager of any pre-existing conflicts which may exist within 30 days of the Company entering into any Initial Businesses, Other Businesses or New Business Opportunities as defined under Section 3.01, 3.02 and 3.03 of this Agreement.

ARTICLE VII.

MEETINGS OF MEMBERS

7.01 Annual Meeting. The annual meeting of the Members shall be held no longer than eighteen months after the most recent Annual Meeting of the Members, on such date and at such time as shall be determined by resolution of the Members, for the purpose of the transaction of such business as may come before the meeting.

7.02 Special Meeting. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by any Manager or by any one Member.

7.03 Place of Meeting. The Members calling the meeting, or the Manager in case of the annual meeting, may designate any place as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting was otherwise called, the place of meeting shall be the principal executive office of the Company. The Manager may designate that any Meetings may take place by telephone conference call.

7.05 Meeting of all Members. If all Members entitled to vote at any meeting shall meet at any time and 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.

7.06 Record Date. For the purpose of determining Members entitled to notice or to vote at any meeting of Members or any adjournment thereof, 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 declaring such distribution is adopted, as the case may be, 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 in the Section, such determination shall apply to any adjournment thereof.

7.07 Quorum. Members holding a majority of the Company's Interests, 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, Members holding at least a majority of the Interests of the Company may adjourn the meeting from time to time, for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

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 during such meeting of that percentage of Interests whose absence would cause less than a quorum.

7.08 Manner of Acting. Except as otherwise specifically provided in this Agreement, if a quorum is present, the affirmative vote of Members holding a majority of the company's Interests, shall be the act of the Members.

7.09 Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney in fact. Such proxy shall be filed with the Manager(s) 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.

7.10 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 Manager(s) of the Company for inclusion in the minutes or for filing with the company records. Action taken under this Section 7.10 is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different date.

The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

7.11 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.

7.12 Voting. The Members holding Interests shall possess sole voting rights with respect to the Company, unless otherwise provided by the Georgia Act. The percentage vote to which a Member holding Interests shall be entitled to is the fraction the numerator of which is the percentage Interest which the Member holds and the denominator of which is the aggregate percentages held by all Members. In the event that there are only two Members and there is a voting deadlock, such deadlock shall be blocked from occurring as follows: The Members shall mutually agree to select and obtain a disinterested third party to break the deadlock. The third party shall cast the deciding vote after listening to the issues as presented by both Members for equal amounts of time. The Company shall pay any fees reasonably necessary to pay the third party for their assistance.

ARTICLE VIII.

CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

8.01 Members' Capital Contributions. Each Member shall contribute the following amount as its share of the Initial Capital Contribution.

John Smith - \$50,000

Jane Doe - \$75,000

8.02 Capital Accounts.

(a) A separate Capital Account shall be maintained in the name of each Member. Initially each Member's Capital Account shall be credited with the fair market value of his or her Initial Capital Contribution, net of liabilities assumed by the Company and liabilities to which the contributed property is subject.

(b) The Capital Account of each Member shall thereafter be increased or decreased, as appropriate in the context, by:

(1) The amount of any cash and the fair market value of any property subsequently contributed to the Company by such Member (net of liabilities assumed by the Company and liabilities to which the contributed property is subject);

(2) The amount of any profits or separately stated items of income or gain allocated to such Member pursuant to this Agreement;

(3) Such Member's share of the Company's income or gain which is not includable in computing the Company's profits and losses, including separately stated items of income or gain; and

(4) The amount of any of the Company's liabilities that are assumed by such Member or that are secured by any of the Company's property distributed to such Member, except to the extent that such liabilities reduce or limit the Capital Account debit under Section 8.02 (c) (2) below.

(c) The Capital Account of each Member shall be decreased by:

(1) The amount of any Company losses or any separately stated items of deduction or loss allocated to such Member pursuant to this Agreement;

(2) The amount of all cash distributions and the fair market value of property distributions (net of liabilities assumed by such Member and liabilities to which the distributed property is subject) to such Member.

(3) Such Member's share of any expenditures of the Company which are not deductible in computing the Company's profits and losses and which are not properly capitalizable, including separately stated items of loss or deductions.

(4) The amount of any liabilities of such Member that are assumed by the Company or that are secured by property contributed by such Member to the company, except to the extent that such liabilities reduce or limit the Capital Account credit under Section 8.02(b)(1) above.

(d) For purposes of this Section, any unrealized appreciation or decline in value with respect to assets distributed in kind shall be allocated among the Members in accordance with the provisions of Article IX of this Agreement, as though such assets had been sold for their fair market value on the date of distribution, and the Members' Capital Accounts shall be adjusted to reflect both the deemed realization of such appreciation or decline in value and the distribution of such property.

(e) If a Member's Interest is sold, exchanged or otherwise transferred, the Capital Account of the transferee shall be the same as the Capital Account of the transferor Member immediately before the transfer, unless the Manager(s) shall determine otherwise.

(f) A loan made by a Member to the Company shall not be considered a contribution to be credited to the Capital Account of the Member.

(g) The foregoing and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Section 1.704 1(b) and shall be interpreted and applied in a manner consistent with such Regulations.

(h) The Company shall not pay any interest to a Member on such Member's Capital Contributions to the Company. Nothing herein provided shall prevent or prohibit the accrual and payment of interest by or to a Member, the Company or third parties for loans.

8.03 Withdrawals or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of the Company's contributions to capital until all liabilities of the Company, except liabilities to Members on account of their contributions to capital, have been paid or there remains property of the Company sufficient to pay them.

(b) No Member shall have the right to withdraw any part of his Initial or Additional Capital Contributions except (a) with the consent of the Manager(s), or (b) except as otherwise specifically permitted pursuant to the terms of this Agreement. Under circumstances requiring a return of a Member's Capital Contributions, no Member shall have the right to receive property other than cash. In the case of distributions in liquidation of the Company, the Manager(s) may, in his or her sole discretion, make distributions in kind, including the distribution of a percentage of an asset, provided that the Manager shall have a duty of impartiality with respect to such distributions in liquidation. No Member shall have priority over any other Member as to return of his or her Capital Contribution(s) or as to distributions, except as otherwise provided in the

Agreement. Each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution(s), and if the assets of the Company are insufficient to return a Member's Capital Contribution(s), such Member shall have no recourse against any other Member for that purpose. No Member shall be required to restore to the Company or to any of the Members the amount of the deficit balance, if any, in such Member's Capital Account, and neither the Company nor such other Members shall have any claim against a Member to restore a Capital Account deficit or to require additional contributions or payments to equalize or proportionalize the Member's Capital Account.

ARTICLE IX.

ALLOCATIONS, INCOME TAX ELECTIONS AND REPORTS

9.01 Allocations of Profits and Losses. Except as otherwise provided in this Agreement, or in any Addendum approved by unanimous vote of the Members, each Member shall share in Company profits and losses and separately stated items of income, gain, loss, deduction and credit according to the following percentages, which shall constitute the Interest of each Member for purposes of this Agreement:

John Smith 40%

Jane Doe 60%

Member Profit Share

Special tax allocations are permitted provided they constitute substantial economic effect for all affected Members. Any special allocation of income, losses or other tax attributes (i.e., benefits or burdens) requires capital account maintenance (Reg. 1.7041(b)(2)(ii)(b)(1)). Thus Members' capital accounts must be maintained and determined in accordance with the capital maintenance rules of the above-mentioned Regulation. In addition, this agreement provides for liquidation provisions related to any special allocation in effect, such that any liquidation proceed(s) will be made in accordance with the positive capital account balances of the Members (Reg. 1.704(b)(2)(ii)(b)(2)). Likewise, if a Member has a deficit balance in his capital account following the liquidation of his Interest in the LLC, he is obligated to restore the amount of such deficit balance to the LLC by the end of the LLC taxable year in which his Interest is liquidated or, if later, within 90 days after the date of such liquidation. The restoration proceeds will be distributed to either the creditors, if any, or to the other Members in accordance with their positive capital account balances.

9.02 Qualified Income Offset. Notwithstanding any other provisions of this Agreement to the contrary, if, with respect to any taxable year of the Company, a Member receives an unexpected adjustment, allocation or distribution of the type described in Section 1.704 1(b) (2) (ii) (d) (4), (5) OR (6) of the Regulations under Section 704 of the Code that results in such Member's Capital Account having a negative balance, gross income and the amount realized on the

disposition of Company property for such taxable year and all subsequent taxable years shall be allocated to such Member in an amount necessary to eliminate such negative balance in such Member's Capital account as quickly as possible. The provisions of this Section 9.02 are intended to constitute a "qualified income offset" within the meaning of Section 1.704 1(b) (2) (ii) (d) (3) of the Regulations under Section 704 of the Code and shall be construed in accordance with such intention.

9.03 Minimum Gain Chargeback. Beginning in the first taxable year in which there are "nonrecourse deductions" or a distribution is made of proceeds of a nonrecourse liability that are allocable to an increase in the minimum gain of the Company, as determined under the rules of Section 1.704 IT(b) (4) (iv) (e) of the Regulations under Section 704 of the Code, or any successor provision, and thereafter throughout the full term of the Company's existence, the "minimum gain chargeback" rules of Section 1.704 IT(b) (4) (iv) (e) of the Regulations under Section 704 of the Code, or any successor provision, shall apply with respect to the allocation of all Company items in such year(s). If there is a net decrease during a taxable year of minimum gain attributable to Member nonrecourse debt within the meaning of Section 1.704 T(b) (4) (iv) (h), or any successor provision, then the chargeback rules of Section 1.704 IT(b) (4) (iv) (h) (4), or any successor provision, shall apply.

9.04 Allocations Upon Liquidation. Income (including gain) or loss of the Company resulting from the sale or disposition of all or substantially all of the assets of the Company, or the dissolution of the Company without an election to continue the Company shall be allocated to the Members in proportion to the compensation that each Member had received from the total distributions of income (or losses) over the preceding twelve calendar months. If only a portion of the business of the Company is sold, then the resulting income (including gain) or loss shall be distributed in proportion to the compensation that each Member had received from the total distributions of income (or losses) from that portion of the Company's business over the preceding twelve calendar months. The sum of distributions to Members under this Section shall equal 100 percent.

9.05 Required Distributions. In the event the Company realizes net income in any calendar year, the Members shall be entitled to monthly distributions from the Company in an amount equal to that deemed appropriate by the Manager(s) after working capital requirements, allocable to such Members in the same proportions as profits and losses of the Company are allocated an amount to the Members pursuant to the provisions of Article IX, Section 9.01.

9.06 Distributions. Distributions of "Distributable Cash" (other than required distributions under Section 9.05) shall be made to the Members in the same proportions as profits and losses of the Company are allocated among the Members pursuant to the provisions of Article IX, Section 9.01. The Manager(s) shall make such distributions at such times, in such manner and in such amounts as shall be determined by the affirmative vote of Members holding at least a majority of the Company's Interests.

9.07 Limitation of Distributions. Notwithstanding the foregoing, no distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their Capital Contributions.

9.08 Accounting Principles. Profits and losses of the Company shall mean net income or net loss, respectively, of the Company, as determined for federal income tax purposes, under the cash receipts and disbursements method of accounting. Separately stated items include those items of income, gain, loss, deduction or credit, which are accounted for separately pursuant to the Code.

The Company's accounts shall be maintained in accordance with the Federal Income Tax Basis of Accounting, and the other provisions of this Agreement.

9.09 Interest on and Return of Capital Contributions. No Member shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.

9.10 Loans to Company. Nothing in this Agreement shall prevent any Member from making secured or unsecured loans to the Company by agreement with the Company, subject to the necessary Member approval.

9.11 Records and Reports. At the expense of the Company, the Manager(s) shall maintain records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its principal place of business the following records:

- (a) A current list of the full names and last known business, residence, or mailing address of each Member and Manager, both past and present;
- (b) A copy of the Articles of Organization of the Company and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;
- (c) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three (3) most recent years;
- (d) Copies of the company's currently effective written Agreement, copies of any writings permitted or required with respect to a Member's obligation to contribute cash, property or services, and copies of any financial statements of the Company for the three (3) most recent years;
- (e) Minutes of every annual, special and court ordered meeting;
- (f) Any written consents obtained from Members for actions taken by Members without a meeting.

The Company's books shall be kept and its financial statements shall be prepared and maintained in accordance with the Federal Income Tax Basis of Accounting, and in accordance with the obligations set forth in this Agreement, including but not limited to those obligations set forth in Section 12.02

9.12 Returns and Other Elections. The Manager(s) shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year. For state tax purposes, the Manager(s) shall file with the state, if appropriate, an agreement of each non-resident Member to file a proper state income tax return and to make timely payment of all state taxes, if any, imposed with respect to such Member's share of the Company income, as required by applicable laws.

The members of the limited liability company elect to have the company treated as a Corporation for state and federal income tax purposes. The members agree to execute and file any documents necessary to secure this tax treatment. All other elections permitted to be made by the Company under federal or state laws shall be made by the Manager in his sole discretion.

ARTICLE X.

RESTRICTIONS ON TRANSFER

10.01 Restrictions on Transfer. Except as otherwise specifically provided for in this Agreement, no Member shall have any right to sell, gift, assign, encumber, transfer or otherwise dispose of his Interest in the Company, other than to another Member(s) without the Unanimous consent of the Members. Any sale, gift, assignment, encumbrance, transfer or otherwise disposition of his Interest in the Company in contravention of the terms of this Agreement shall be null and void.

10.02 Death or Legal Incompetency of Member. Upon the death or legal incompetency of a Member, such Member's authorized representative shall have all of the rights of a Member for the purpose of settling or managing such Member's estate. The authorized representative shall have such power as the decedent or incompetent possessed to assign such Member's Interest in the Company to an assignee and to join with such assignee in making application to substitute such assignee as a Member. The legal representative of a deceased, incompetent, dissolved or terminated Member has:

- A. All the rights of the Member for purpose of settling or administering the Member's property or Interest.
- B. Power to assign or transfer the Member's Interest in accordance with the provisions of this Agreement.

C. Power to appoint an assignee of a Member, as provided in this Agreement.

It is the express intent of this document to ensure that the income stream that would normally flow to the deceased Member, continue to be paid to the Member's estate or heir(s), as appropriate. Thus, the percentage Interest held by the deceased Member will inure to that Member's estate or heirs.

ARTICLE XI.

DISSOLUTION AND TERMINATION

11.01 Dissolution.

(a) The Company shall be dissolved only upon the occurrence of any of the following events:

(1) When the period fixed for the duration of the Company shall expire;

(2) The unanimous written agreement of all Members;

(3) The sale or other disposition of the Property;

(4) Upon the death, disability, resignation, bankruptcy, dissolution of a Member or occurrence of any other event which terminates the continued membership of a Member in the Company (a "Withdrawal Event"), unless the business of the Company is continued by the consent of all the remaining Members within 60 days after the Withdrawal Event and there are at least two remaining Members. This subsection (4) shall not be construed to limit a Member's liability for resignation prior to the date for termination as set forth above, which shall be considered a material breach of this Agreement. Each of the remaining Members hereby agrees that within the 60 days after the occurrence of a Withdrawal Event (and provided that there are at least two remaining Members of the Company), he or she will consent, in writing, to continue the business of the Company. The written consent shall be mailed to the principal place of business of the Company. The sole remedy for breach of a Member's obligation to consent to continue the business of the Company under this subsection (4) shall be money damages (and not specific performance), as well as immediate termination of such non-consenting Member's Interest, and the pision of that Interest among the remaining Members in proportion to their pre-existing Interests.

(b) As soon as possible following the occurrence of any of the events specified in the Section effecting the dissolution of the Company, the appropriate representative of the Company shall execute a statement of intent to dissolve in such form as shall be prescribed by the State of Georgia and file same with such State.

11.02 Waiver of Partition and Withdrawal. The Members acknowledge that this Agreement provides for the fair and just payment and liquidation of the Members' Interests in the Company and that partition of the Company's property prior to any of the occurrences contemplated in

this Article would cause irreparable damage to the Company. Accordingly, each Member hereby waives and renounces his or her right, if any, to seek appointment, for any reason, by any court of a liquidator of the Company, or to seek the partition of the Company or any Company property. Further, except as specifically provided in this Agreement, it is agreed that no Member shall have the right to withdraw any part of his or her Capital Contribution prior to the termination of this Company, and then only as contemplated in this Article and to the extent of the Company's assets.

11.03 Liquidation and Winding up of the Company.

(a) Upon filing the Statement of Intent to Dissolve with the State of Georgia, the Company shall not terminate but shall be liquidated and shall continue until the winding up of the Company's affairs has been completed. The Manager(s) shall be responsible for winding up, liquidating and dissolving the Company. A reasonable time will be allowed for the orderly liquidation of the Company and its discharge of liabilities so as to enable the Company to minimize any losses attendant upon liquidation.

(b) Winding up of the Company's affairs shall include completing all pending Company business and thereafter collecting and disposing of Company assets, paying Company creditors and distributing to the Members the balance of any Company assets.

(c) The Members shall continue to share net profits, net losses, and distributable cash of the Company during the winding up of the Company's affairs in the same proportions as if the Company were not winding up its affairs. Any gain or loss realized by the Company on disposition of Company assets in the process of liquidating and winding up its affairs shall be credited or debited to the Members as provided in Section 9.04.

(d) For purposes of this Agreement, any unrealized appreciation or decline in value with respect to Company assets distributed in kind to a Member shall be allocated among the Members in accordance with the provisions of Article IX regarding the allocation of the Company's profits and losses as though such assets were sold for their fair market value on the date of distribution. The Members' capital accounts shall be adjusted to reflect both the deemed realization of such appreciation or decline in value and the distribution of such Property.

11.04 Articles of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets of the Company have been distributed to the Members, Articles of Dissolution shall be executed in duplicate and verified by the person signing the articles, which articles shall set forth the information required by the Georgia Act.

11.05 Order of Payment. On dissolution, the assets of the Company shall be used and distributed in the following order: (a) to pay or provide for the payment of all Company liabilities

and liquidating expenses and obligations, including loans and obligations to the Members, in the order of priority provided by law; (b) to the setting up of any reserves which the Manager deems necessary (subject to Member approval as provided in Section 5.04) for the payment of any contingent or unforeseen liabilities or obligations of the Company. Such reserves shall be paid over to a bank or person as shall be appointed by the Manager(s) to be held for the purpose of disbursing such reserves in payment of any such contingencies and, at the expiration of such period as the Manager(s) deems advisable, the bank or such other person shall distribute the balance thereafter in payment to the Members in discharge of the Capital Accounts; (c) after the payment of debts and liabilities according to Subparagraph (a) above, to the Members in discharge of their Capital Accounts according to the proportionate pro rata share of the total outstanding Capital Accounts. Upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company's assets remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return the Capital Contribution of each Member, such Member shall have no recourse against the Company or any other Member, with respect to return of his Capital Contribution or equalization or proportionalization of Capital Accounts. Neither the Company nor such other Members shall have any claim against any Member for restoration of a Capital Account deficit or with respect to equalization or proportionalization of Capital Accounts. No Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

11.06 Filing of Articles of Dissolution.

(a) Duplicate originals of such Articles of Dissolution shall be delivered to the Secretary of State, as required by the Georgia Act.

(b) Upon the issuance of a Certificate of Dissolution, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Georgia Act. The Manager(s) shall thereafter be trustee(s) for the Members and creditors of the company and as such shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

12.01 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the Member or to an executive officer of the Member to whom the same is directed or, if set by registered or certified mail, postage and charges prepaid, addressed to the Member's and/or Company's address as it appears in the Company's records,

as appropriate. Except as otherwise provided herein, any such notice shall be deemed to be given 3 business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

12.02 Books of Account and Records. Proper and complete records and books of account shall be kept or shall be caused to be kept by the Manager in which shall be entered fully and accurately all transactions and other matters relating to the Company's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Company. Such books and records shall be maintained in accordance with the terms and conditions of this Agreement and shall be open for inspection by any of the Members, and any of the Company's books and the right to make a separate audit of the Company's books and records at the Member's own expense. Unaudited quarterly financial statements shall be prepared and mailed to each Member on a regular basis, not less than 30 days after the end of the calendar quarter.

12.03 Application of Georgia Law. This Agreement, and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Georgia.

12.04 Amendments. Any amendment to this Agreement may be proposed to the Members by Members holding at least fifty percent of all Interests in the Company. A vote on an amendment to this Agreement shall be taken within 30 days after notice thereof has been given to the Members unless such period is otherwise extended by applicable laws, regulations, or agreement of the Members. A proposed amendment shall become effective at such time as it has been approved by Members owning a majority of the Interest in the Company.

12.05 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of Interest and holdings, designations, powers of attorney and other instruments (i) necessary to comply with any laws, rules or regulations or (ii) desirable to carry out the terms and conditions of this Agreement.

12.06 Construction. Whenever the singular number is used in this Agreement and when required by the context, the singular shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa, as is appropriate or necessary to give effect to the language.

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

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

12.09 Rights and Remedies Cumulative. The rights and remedies provided by this 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 or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

12.11 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 the Agreement, their respective heirs, legal representative, successors and assigns.

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

12.13 Counterparts. This 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.

12.14. Addenda. All Addenda made and executed in accordance with the terms of this Agreement will be incorporated herein and treated as a part of this Agreement.

IN WITNESS WHEREOF, the Two founding Members have executed this Agreement as of the day and year first above written.

John Smith

Signature

Date