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A Simple Starter Template for New Business Owners

Important: This sample is provided for educational purposes only and is intentionally simplified. LLC laws vary by state, and every business has different needs. Business owners should consult an attorney and tax professional before relying on any operating agreement.

Why Even a Simple Operating Agreement Matters

Many small business owners start an LLC without documenting expectations between owners. Even a short operating agreement can help reduce disputes by addressing ownership, voting rights, profit sharing, and what happens if someone leaves the business.

A basic agreement also helps reinforce that the business is operating as a separate legal entity, which is an important part of maintaining liability protection.

For businesses with multiple investors, family members, or long-term succession goals, a more detailed agreement is usually appropriate.

FARLEY LAW BASIC LLC OPERATING AGREEMENT

This Operating Agreement ("Agreement") is entered into as of __________, by and among the following Members of ______________________ LLC ("Company"):

Member Name	Ownership Percentage
____________________	_______%
____________________	_______%
____________________	_______%

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1. Formation

The Members have formed a limited liability company under the laws of the State of _________________.

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2. Purpose

The purpose of the Company is to engage in any lawful business activity permitted under state law.

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3. Capital Contributions

Each Member agrees to contribute the following initial capital to the Company:

Member Name	Contribution
________________	$________
________________	$________
________________	$________

No Member is required to contribute additional capital unless all Members agree in writing.

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4. Management

The Company will be:

☐ Member-Managed
☐ Manager-Managed

If Manager-Managed, the initial Manager(s) shall be:

The Manager or Members may make ordinary business decisions on behalf of the Company.

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5. Voting

Each Member's voting power is based on ownership percentage unless otherwise agreed in writing.

Major decisions require approval of Members holding more than fifty percent (50%) of ownership interests include:

- Admitting new Members
- Borrowing significant funds
- Selling substantially all Company assets
- Dissolving the Company

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6. Profits and Distributions

Company profits and losses are allocated according to ownership percentages.

Cash distributions are made at times determined by the Members or Manager, subject to the Company maintaining adequate reserves for expenses and obligations.

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7. Restrictions on Transfer

No Member may sell, assign, or transfer their ownership interest without first offering it to the remaining Members on the same terms.

Any transfer must be approved by Members holding a majority of the remaining ownership interests.

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8. Death, Disability, or Withdrawal

If a Member dies, becomes permanently disabled, or voluntarily withdraws from the Company, the remaining Members may purchase that Member's ownership interest.

Unless otherwise agreed, the purchase price will be determined by:

☐ Agreement of the Members
☐ Independent appraisal
☐ Book value of the Company

Payment terms may be made in installments if agreed by the parties.

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9. Records and Banking

The Company must maintain appropriate business records and separate bank accounts in the Company's name.

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10. Governing Law

This Agreement shall be governed by the laws of the State of ____________________.

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11. Amendments

This Agreement may be amended only by written agreement signed by Members holding at least ________% of the ownership interests.

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12. Signatures

The Members agree to the terms of this Operating Agreement.

Member Name	Signature	Date
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
