

SINGLE-MEMBER LLC OPERATING AGREEMENT

This document is an operating agreement contract template for LLCs that

- Have only one owner (i.e. a “member”);
- Are “member-managed LLC”;
- Are formed in the State of Vermont; and
- Are taxed as a disregarded entity.
 - If you don’t know how you’re taxed, you’re likely taxed as a disregarded entity (the default); only a small number of LLCs elect to be taxed as an S Corporation.

This contract template is part of the many resources we provide to Legal GPS users. Using this resource does not create an attorney-client relationship. While this template and the corresponding information cover basic and common terms that apply to most businesses, it is impossible to address every situation that can arise -- some attorneys can do that. But, we can’t guarantee this template is exactly what you need for your business.

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OPERATING AGREEMENT

OF

[_____]

FORMED IN THE STATE OF Vermont

This operating agreement is adopted as of [_____] (the “**Effective Date**”), by [_____], an individual and the sole member (the “**Member**”) of [_____] (the “**Company**”).

The Member hereby adopts this agreement as the operating agreement of the Company, which agreement sets forth the entire understanding of the Member regarding its subject matter and supersedes all prior understandings and agreements regarding its subject matter.

1. The business and affairs of the Company will be managed by the Member. The vote, action, decision, or consent of the Member will constitute a valid decision of the Member and the Company.

2. The Member may appoint one or more officers (including the Member, if the Member is an individual) who will have such powers and authority to act on behalf of the Company granted to them by the Member.

3. The duration of the Company will be perpetual.

4. The Member’s capital contribution(s) to the capital of the Company for the Member’s membership interest in the Company will be reflected on the books and records of the Company.

5. The following indemnification provisions will apply:

(1) To the fullest extent permitted by applicable law, the Member, the officers, and the organizer of the Company and their respective affiliates, stockholders, members, managers, directors, officers, partners, employees, agents, trustees, and representatives (individually, an “**Indemnitee**”) will be indemnified by the Company against any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits, or proceedings, civil, criminal, administrative, or investigative, in which the Indemnitee may be involved, or threatened to be involved, as a party or otherwise by reason of the Indemnitee’s status as any of the foregoing, which relates to



or arises out of the Company or its assets, business, or affairs, if in each of the foregoing cases (A) the Indemnitee acted in good faith and in a manner the Indemnitee believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful, and (B) the Indemnitee's conduct did not constitute gross negligence or willful or wanton misconduct. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, will not, of itself, create a presumption that the Indemnitee acted in a manner contrary to that specified in clause (A) or (B) above. Any indemnification under this section 5 will be made only out of the assets of the Company, and the Member will not have any personal liability on account thereof.

- (2) Expenses (including reasonable legal fees) incurred by an Indemnitee in defending any claim, demand, action, suit, or proceeding described in the foregoing paragraph may, from time to time, be advanced by the Company before the final disposition of the claim, demand, action, suit, or proceeding, in the discretion of the Member, upon receipt by the Company of an undertaking by or on behalf of the Indemnitee to repay the amount if it is determined that the Indemnitee is not entitled to be indemnified as authorized in this section 5.
- (3) The indemnification and advancement of expenses set forth in this section 5 will not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, the Company's articles of organization, this agreement, any other agreement, a vote of the Member, a policy of insurance, or otherwise and will not limit in any way any right that the Company may have to make additional indemnifications with respect to the same or different persons or classes of persons, as determined by the Member. The indemnification and advancement of expenses set forth in this section 5 will continue as to a person or entity who has ceased to hold the position giving rise to the indemnification with respect to any claims, demands, actions, suits, or proceedings related to such Indemnitee's former position and will inure to the benefit of the heirs, executors, administrators, successors, and assigns of such a person or entity.
- (4) The Company may purchase and maintain insurance on behalf of any Indemnitee against any liability asserted against an Indemnitee and incurred by an Indemnitee in such capacity, or arising out of the Indemnitee's status as aforesaid, whether or not the Company would have the power to indemnify the Indemnitee against the liability under this section 5.



(5) If an amendment to this Agreement reduces or eliminates any Indemnitee's right to indemnification under this section 5, the amendment will not be effective with respect to any Indemnitee's right to indemnification that accrued prior to the date of the amendment. For purposes of this section 5, a right to indemnification will accrue as of the date of the event underlying the claim that gives rise to the right to indemnification. All calculations of claims and the amount of indemnification to which any Indemnitee is entitled under this section 5 will be made (A) giving effect to the tax consequences of any such claim and (B) after deduction of all proceeds of insurance net of retroactive premiums and self-insurance retention recoverable by the Indemnitee with respect to the claims.

(6) The Member hereby ratifies all actions undertaken by the organizer of the Company pursuant to and for the purposes of causing the organization of the Company, and all other acts incidental thereto are hereby approved, confirmed, and ratified. The organizer will not be liable in any manner for any debts or obligations of the Company.

6. The Company will be disregarded for federal and state income tax purposes. The admission of one or more additional members, however, will cause the Company to be recognized for tax purposes, and to be taxed, as a partnership.

7. Upon the occurrence of any event which terminates the continued membership of the Member in the Company, the Company will not be dissolved, and the business of the Company will continue. The Member hereby specifically consents to such continuation of the business of the Company upon any such event. The Member's legal representative, assignee, or successor will automatically become an assignee of the Member's interest and will automatically become a substitute Member in place of the withdrawn Member.

8. This agreement and the articles of organization of the Company may not be altered, modified, or changed, and no provision of this agreement may be waived, except by an amendment or waiver, as applicable, approved by the Member.

9. The failure of the Company or the Member to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this operating agreement or the laws of the State of Vermont will not be grounds for imposing personal liability on the Member for liabilities of the Company.



The Member is signing this operating agreement as of the Effective Date.

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