

**OPERATING AGREEMENT
FOR**

[REDACTED], LLC
**A HAWAII MULTI-MEMBER LIMITED LIABILITY COMPANY
(MEMBER-MANAGED)**

Effective Date: [REDACTED] day of [REDACTED], 20[REDACTED]

ARTICLE I — FORMATION AND ORGANIZATION

1.01 Formation

This LLC was formed by filing Articles of Organization (Form LLC-1) with the DCCA Business Registration Division pursuant to HRS Chapter 428, Uniform Limited Liability Company Act. Under § 428-203(c), this Operating Agreement controls over the Articles of Organization for all internal disputes. The Articles of Organization control only for third parties who relied on them. This Operating Agreement is not filed with the DCCA.

Filing Date: [REDACTED] day of [REDACTED], 20[REDACTED]

1.02 Name

LLC Name: [REDACTED]

The LLC name in this Agreement must match the name on the approved Articles of Organization exactly, down to punctuation.

1.03 Registered Agent

Registered Agent: [REDACTED]

Registered Agent Address (physical street address):

[REDACTED]

1.04 Term and Duration

Pursuant to § 428-203(d), Hawaii treats every LLC as an at-will entity unless the Articles of Organization specify a fixed term. This Agreement overrides that default and designates the Company as perpetual in duration.

1.05 Business Purpose

Specific Purpose (if any): [REDACTED]

The LLC may engage in any lawful business activity under HRS Chapter 428 and all other

applicable state and federal law.

1.06 Principal Office

Principal Office Address (physical street address):

ARTICLE II — MEMBERS

2.01 Members and Ownership

Member Name	Address	Contribution (\$)	% Interest
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

*(Attach additional pages as needed for LLCs with more than 4 members)

2.02 Non-Liability

No Member is personally liable for Company debts, obligations, or liabilities pursuant to HRS Chapter 428.

2.03 Compensation

Members are not compensated solely for being Members. Members may be compensated as employees, officers, or independent contractors by separate written agreement.

2.04 Other Business Activities

Each Member agrees not to engage in competing business activity that would materially diminish their ability to perform obligations to the Company.

Non-Compete Terms (if any):

ARTICLE III — CAPITAL CONTRIBUTIONS

3.01 Initial Contributions

As listed in Section 2.01. Under § 428-401, contributions may take any form the members agree on, including cash, property, or services. Under § 428-402(b), each Member's contribution obligation is enforceable even if the Member cannot perform.

Contributions due on or by: day of , 20

3.02 Additional Contributions

May be required by:

Majority vote Unanimous vote

3.03 Failure to Contribute

Remaining Members may by unanimous vote:

(a) Reschedule payment:

Late penalty (\$):

Interest rate: % per annum

(b) Cancel the delinquent Member's membership.

3.04 No Interest on Capital

No interest shall be paid on capital contributions.

3.05 Capital Accounts

Maintained per IRC regulations. Reflects contributions + profits – losses – distributions. This Agreement overrides § 428-405(a)'s equal-share default.

3.06 Withdrawal Restrictions

No withdrawal of capital except with written consent of all Members.

ARTICLE IV — PROFITS, LOSSES, AND DISTRIBUTIONS

4.01 Allocation — Override of § 428-405(a)

CRITICAL CLAUSE: Absent this Agreement, § 428-405(a) would split ALL distributions in equal shares among members, regardless of capital contributed. This Agreement overrides that default. Profits, losses, income, gain, deduction, and credit are allocated per each Member's percentage interest as listed in Section 2.01. No priority or preference among Members.

4.02 Distributions

Distributed per percentage interest, as decided by:

Majority vote Unanimous vote

Hawaii imposes no franchise tax on LLCs. The Company must file an annual report with the DCCA Business Registration Division each year (fee: approximately \$15), due at the end of the quarter in which the Company was originally formed. A \$10 late fee applies for missed deadlines.

Distribution Schedule:

4.03 GET and Tax Allocation

The Company is subject to Hawaii's General Excise Tax (GET) on gross income at 4% (4.5% for Oahu, Kauai, and Hawaii County). The operating agreement specifies that GET obligations are allocated to each Member in proportion to their percentage interest, and quarterly GET estimated payments shall be funded from Company funds before distributions. Register for GET via Form BB-1 (\$20). Hawaii's top individual income tax rate reaches 11%.

4.04 Tax Distribution

The Company shall distribute to each Member an amount sufficient to cover their estimated Hawaii income tax liability on allocated Company income each year.

4.05 Tax Classification

Partnership (default) S-Corporation (IRS Form 2553)

Other classification (specify):

4.06 Tax Year

Calendar year Fiscal year ending:

Fiscal year end date (if selected):

4.07 Tax Matters Partner

Name:

4.08 Annual Returns

Copies of all returns and Schedule K-1 forms provided to each Member within 60 days of tax year end.

4.09 Bank Accounts

Designated Member(s) authorized for banking:

Company funds shall NOT be commingled with personal funds of any Member.

4.10 Title to Assets

All property shall be held in the Company's name, not in the names of individual Members.

ARTICLE V — MANAGEMENT (MEMBER-MANAGED)

5.01 Management by Members

Pursuant to § 428-404(a), this Company is member-managed. Each Member has equal rights in management, and ordinary business decisions require a majority vote by headcount (not by ownership percentage). **IMPORTANT:** under § 428-301(a), in a member-managed LLC, every Member is an agent of the Company and can bind the LLC in the ordinary course of business. Extraordinary decisions require the consent of ALL Members under § 428-404(c).

NOTE: A manager-managed structure requires designation in the Articles of Organization (Form LLC-1) at the time of DCCA filing. It cannot be created through the operating agreement alone. To add manager-managed status after formation, file Articles of Amendment (Form LLC-3).

5.02 Voting

This Agreement overrides the equal-vote-per-head default. Each Member's vote is weighted by percentage interest. Majority means combined interests exceeding 50%.

5.03 Actions Requiring Unanimous Consent

The following require unanimous written consent per § 428-404(c):

- Amending this Operating Agreement
- Admitting new Members
- Filing for bankruptcy
- Sale of all or substantially all Company assets
- Merger, conversion, or domestication
- Voluntary dissolution
- Any extraordinary act outside the ordinary course of business

Other unanimous consent items (specify):

5.04 Decisions Without Meeting

Under § 428-404(d), decisions may be taken by written consent without a formal member meeting. Written consent signed by the required members is effective when received by the Company.

5.05 Deadlock Prevention

Hawaii defaults to majority by headcount under § 428-404(a), which can produce equal-vote deadlocks in two-member LLCs. This Agreement requires mediation before any Member seeks judicial dissolution under § 428-801(4).

Mediator selection method:

5.06 Members' Meetings

Days' written notice required:

Quorum: Members holding % or more of total interests.

Meeting frequency:

Annual As needed Other:

Other frequency:

Written minutes of all meetings shall be kept in Company records.

5.07 Officers (Optional)

President:

Secretary:

Treasurer:

Officers serve at the pleasure of the Members.

5.08 Fiduciary Duties

In a member-managed LLC, ALL Members share the duty of loyalty and duty of care under § 428-409. Under § 428-103(b), these duties can be narrowed but not eliminated, and any limitation must not be 'manifestly unreasonable.' No clause may exonerate anyone from liability for bad faith, willful misconduct, or knowing violation of law.

ARTICLE VI — LIABILITY AND INDEMNIFICATION

6.01 Non-Liability

No Member is personally liable for Company obligations pursuant to HRS Chapter 428.

6.02 Indemnification

The Company indemnifies Members, officers, agents, and employees for costs incurred in connection with Company business, except for bad faith, willful misconduct, or knowing violation of law.

ARTICLE VII — BOOKS AND RECORDS

7.01 Records Location

Address:

7.02 Required Records

Articles of Organization (Form LLC-1) and all amendments; this Agreement; Hawaii and federal tax returns (3 years); financial statements (3 years); membership register; meeting minutes.

7.03 Inspection Rights

Any Member may inspect Company records upon reasonable notice per § 428-408. This right is non-waivable under § 428-103(b).

7.04 Annual Report

The Company shall file an annual report with the DCCA each year (fee: approximately \$15), due at the end of the quarter of original formation. \$10 late fee applies. Failure may result in administrative dissolution.

ARTICLE IX — TRANSFER AND WITHDRAWAL

9.01 Withdrawal

Written notice required — days before effective date:

9.02 Distributional Interest Transfer

Under § 428-501, a Member may transfer their distributional interest (the right to receive distributions) to any person. Under § 428-502, a transferee cannot vote, inspect records, or participate in management without all members' consent. Transfer of full membership interest requires all non-transferring Members' approval.

9.03 Right of First Refusal

Before transferring any distributional interest to a third party, the selling Member must first offer the interest to other Members in writing.

Days for other Members to accept ROFR offer:

Purchase price determined by:

Mutual agreement Fair market value by independent appraiser Book value

Other price method (if selected):

9.04 Company Purchase Upon Dissociation

Upon a Member's dissociation under § 428-601, the Company shall purchase the dissociating Member's distributional interest at fair value pursuant to § 428-701. The buyout method is:

Fair market value by independent appraiser Book value Other:

Other buyout method:

ARTICLE X — DISSOLUTION AND CONTINUATION

10.01 Continuation Clause

This Agreement overrides Hawaii's at-will default under § 428-203(d). Upon any Member's departure, the remaining Members shall vote within _____ days on whether to continue or wind up the Company.

Days for remaining Members to vote to continue:

10.02 Dissolution Triggers

The Company shall dissolve upon:

- (a) Written agreement of ALL Members to dissolve;
- (b) Administrative dissolution by the DCCA for failure to maintain compliance;
- (c) Judicial dissolution ordered pursuant to § 428-801(4) when controlling members have acted in a manner that is illegal, oppressive, fraudulent, or unfairly prejudicial — this right cannot be restricted by this Agreement;
- (d) Any other event specified in this Agreement or the Articles of Organization.

10.03 Winding Up

Liquidator (or as designated by majority vote):

Order of distribution: (1) Pay all creditors; (2) Allocate remaining income/loss to capital accounts; (3) Distribute per positive capital account balances.

ARTICLE X — DISPUTE RESOLUTION

10.01 Mediation

All disputes arising under this Agreement shall first be submitted to mediation before any other proceeding, including judicial dissolution under § 428-801(4).

Mediator: Mutually agreed by parties Mediator: Court-appointed

10.02 Arbitration

If mediation fails, binding arbitration per AAA rules. All parties share initial costs equally. Prevailing party awarded attorney fees and expenses.

10.03 Binding

All arbitration decisions are final and binding.

ARTICLE XI — GENERAL PROVISIONS

11.01 Governing Law

This Agreement shall be governed by the laws of the State of Hawaii, including the Hawaii Uniform Limited Liability Company Act, HRS Chapter 428.

11.02 Amendment

Written amendment signed by all Members. Review annually alongside the DCCA annual report filing.

11.03 Venue

County: , Hawaii.

11.04 Severability

If any provision is held invalid, it shall be severed; the remainder shall continue in full force.

11.05 Entire Agreement

This Agreement, the Articles of Organization (Form LLC-1), and all exhibits hereto constitute the complete agreement.

11.06 No Filing Required

This Agreement shall not be filed with the DCCA. It is a private, internal document. Hawaii law does not require notarization, but a notarized signature adds authentication if the Agreement is challenged.

SIGNATURE BLOCKS

IN WITNESS WHEREOF, the Members of the Company have executed this Operating Agreement as of the date first written above.

Date — Member 1: day of , 20

Signature — Member 1:

Printed Name — Member 1:

Percentage Interest — Member 1: %

Date — Member 2: day of , 20

Signature — Member 2:

Printed Name — Member 2:

Percentage Interest — Member 2: %

Date — Member 3: day of , 20

Signature — Member 3:

Printed Name — Member 3:

Percentage Interest — Member 3: %

[Attach additional signature pages as needed]

EXHIBIT 1 — CAPITAL CONTRIBUTIONS

This Exhibit is attached to the Operating Agreement for (LLC Name):

Hawaii Multi-Member Limited Liability Company.

Description of Contribution

Amount (\$)

TOTAL INITIAL CONTRIBUTION

SIGNED this: day of , 20

Signature:

Printed Name:

LEGAL DISCLAIMER

This Operating Agreement template is provided by Boost Suite (boostsuite.com) for informational and educational purposes only. It does not constitute legal advice and should not be relied upon as a substitute for consultation with a licensed attorney.

This template is customized with Hawaii-specific statute references under the Hawaii Uniform Limited Liability Company Act, HRS Chapter 428.

It may not address all legal requirements specific to your LLC or situation.

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Your Hawaii LLC Resources:

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