

**OPERATING AGREEMENT
FOR**

[REDACTED], LLC

AN ILLINOIS MANAGER-MANAGED LIMITED LIABILITY COMPANY

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 with the Illinois Secretary of State pursuant to 805 ILCS 180, the Illinois Limited Liability Company Act. Under 805 ILCS 180/15-5(a), this Operating Agreement governs the relationships between members, managers, and the Company. This Agreement is not filed with the Illinois Secretary of State.

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 Articles of Organization exactly, including punctuation (e.g., 'LLC' vs. 'L.L.C.').

1.03 Registered Agent

Registered Agent: [REDACTED]

Registered Agent Address (physical street address, Illinois):

[REDACTED]

1.04 Business Purpose

Specific Purpose (if any): [REDACTED]

The LLC may engage in any lawful business activity under 805 ILCS 180 and all other applicable state and federal law.

1.05 Duration

Perpetual, unless dissolved per this Agreement or pursuant to 805 ILCS 180/35-1.

1.06 Principal Office

Principal Office 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"/>

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

2.02 Non-Liability

No Member is personally liable for Company debts or obligations pursuant to 805 ILCS 180.

2.03 Member Voting on Reserved Matters

Members vote on matters reserved under Article V, Section 5.04. Under § 15-3(g), Members who are not Managers owe NO fiduciary duties to the Company or to each other — a significant protection for passive investors.

2.04 Members' Meetings

Days' written notice required to call a meeting:

Any Member or the Manager may call a meeting. Written minutes kept in records.

ARTICLE III — CAPITAL CONTRIBUTIONS

3.01 Initial Contributions

As listed in Section 2.01. Under 805 ILCS 180/10-1, a contribution may be cash, property, services, or a binding promise to provide them. Illinois doesn't require a minimum capital contribution.

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 (with refund of prior payments).

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 805 ILCS 180/15-1's per capita 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 § 15-1 Per Capita Default

CRITICAL CLAUSE: Absent this Agreement, 805 ILCS 180/15-1 would split ALL profits and losses per capita equally 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

Per percentage interest, at times determined by the Manager, subject to:

Majority vote Unanimous vote

Illinois LLCs are exempt from the state's franchise tax. The Company must file an annual report with the Illinois Secretary of State before the first day of its anniversary month (fee: \$75). A \$100 late penalty applies after 60 days of non-filing. Administrative dissolution may occur at 180 days.

Distribution Schedule:

4.03 Tax Distribution

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

4.04 PPRT and Illinois Tax

LLCs taxed as partnerships owe Illinois's Personal Property Replacement Tax (PPRT) at 1.5% on net income, filed via Form IL-1065. If the LLC elects corporate taxation, the combined rate is 9.5% (4.95% state income tax + 1.5% PPRT + 2.5% corporate income surcharge, as of 2026). Illinois LLCs have no franchise tax.

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 (MANAGER-MANAGED)

5.01 Manager-Managed Designation — Illinois Requirement

Illinois defaults to member-managed under § 15-1(a). A manager-managed structure requires TWO documents to be consistent: (1) this Operating Agreement must vest authority in managers per § 15-1, and (2) the Articles of Organization filed with the Illinois Secretary of State must name the initial managers. If the two documents conflict, lenders and courts will see

contradictory designations. Under § 15-1, a manager-managed company vests authority 'as provided in the operating agreement.' If the OA is silent on manager powers, the title has no defined authority.

5.02 Appointment of Manager(s)

Manager Name	Address	Status
<input type="text"/>	<input type="text"/>	<input type="checkbox"/> Member
		<input type="checkbox"/> Non-Member
<input type="text"/>	<input type="text"/>	<input type="checkbox"/> Member
		<input type="checkbox"/> Non-Member

5.03 Manager Authority

The Manager has exclusive authority to:

- (a) Manage day-to-day operations and affairs of the Company;
- (b) Bind the Company in contracts and agreements;
- (c) Execute contracts, leases, checks, drafts, notes, and instruments;
- (d) Hire and terminate employees, consultants, and contractors;
- (e) Open and manage bank accounts; Company funds shall not be commingled with personal funds;
- (f) Acquire, sell, lease, or manage Company assets;
- (g) Borrow money and grant security interests in Company assets;
- (h) Settle claims and compromise debts on behalf of the Company; and
- (i) Take any other action necessary to carry out the Company's purposes.

5.04 Reserved Powers (Require Member Approval)

The following require:

- Majority vote of Members Unanimous vote of Members

Actions requiring member approval:

- Sale or disposition of all or substantially all Company assets
- Merger or conversion (unanimous consent per § 15-1(b)(2))
- Amendment of this Operating Agreement (unanimous consent per § 15-1(b)(2))
- Admission of new Members (unanimous consent per § 15-1(b)(2))
- Voluntary dissolution
- Filing for bankruptcy

- Changing the Company's tax classification
- Acts outside the ordinary course of business
- Transactions between Company and a Manager or Member

Incurring debt or liability exceeding (\$):

Other reserved powers (specify):

5.05 Manager Compensation

No compensation

Compensation amount and period (if any):

Reimbursement for reasonable out-of-pocket expenses.

5.06 Removal of Manager

The Manager may be removed by:

Majority vote of Members Unanimous vote of Members

5.07 Resignation of Manager

Days' written notice to all Members required:

5.08 Vacancy

Replacement Manager appointed by:

Majority vote of Members Unanimous vote of Members

Days to appoint replacement Manager:

If no replacement is appointed within that period, the LLC shall be managed by Members until a new Manager is designated.

5.09 Multiple Managers

If more than one Manager is appointed, decisions shall be made by:

Majority vote of Managers Unanimous vote of Managers

Chief Executive Manager (if applicable):

5.10 Officers (Optional)

President:

Secretary:

Treasurer:

ARTICLE VI — MANAGER LIABILITY, FIDUCIARY DUTIES, AND INDEMNIFICATION

6.01 Manager Not Personally Liable

The Manager is not personally liable for Company obligations solely by reason of being a Manager pursuant to 805 ILCS 180.

6.02 Manager Fiduciary Duties — P.A. 102-0230

Under 805 ILCS 180/15-3(a), managers owe fiduciary duties of care and loyalty to the Company and Members. Per P.A. 102-0230 (effective January 2022), this Agreement may restrict the duty of loyalty with member consent and define categories of non-violating conduct. However:

- (a) Duty of Care: Per § 15-3(c), the Manager is liable for gross negligence, reckless conduct, or knowing violations of law. This standard can be modified but not eliminated.
- (b) Duty of Loyalty: Act in good faith in the Company's best interests. No self-dealing, competition, or usurping Company opportunities.

Per § 15-3(g), Members who are NOT Managers owe NO fiduciary duties to the Company or to each other. The implied covenant of good faith and fair dealing (§ 15-5(b)(7)) cannot be eliminated. No clause may authorize intentional misconduct or knowing violations of law.

6.03 Exculpation

No liability for good-faith acts unless gross negligence, reckless conduct, intentional misconduct, or knowing violation of law.

6.04 Indemnification

The Company indemnifies the Manager per 805 ILCS 180. The Company may advance defense costs upon the Manager's undertaking to repay if not entitled.

ARTICLE VIII — BOOKS AND RECORDS

8.01 Records Location

Address:

8.02 Required Records

Articles of Organization; this Agreement and all amendments; federal and state tax returns (3 years); financial statements (3 years); membership register; meeting minutes.

8.03 Inspection Rights

Any Member may inspect Company records. Per 805 ILCS 180/15-5(b), the operating agreement

cannot unreasonably restrict a member's right to inspect company records.

8.04 Annual Report

The Company shall file an annual report with the Illinois Secretary of State before the first day of its anniversary month (fee: \$75). A \$100 late penalty applies after 60 days. Administrative dissolution may occur at 180 days.

ARTICLE IX — TRANSFER AND WITHDRAWAL

9.01 Withdrawal

Written notice required — days before effective date:

9.02 Transfer of Economic Rights

Under 805 ILCS 180/30-5, a Member may transfer the economic rights attached to their membership interest (the right to receive distributions) without restriction. A transferee does not acquire voting rights, management authority, or access to company records.

9.03 Full Membership Transfer

Per § 30-5(a)(4), transfer of full membership interest, including governance rights, requires the consent of all non-transferring members unless this Agreement says otherwise.

9.04 Right of First Refusal

A 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):

ARTICLE X — DISSOLUTION

10.01 Dissolution Triggers

The Company shall dissolve upon:

Days for remaining Members to vote to continue (upon Member departure):

- (a) Written agreement of ALL Members to dissolve;
- (b) Administrative dissolution by the Illinois Secretary of State;
- (c) Judicial dissolution under 805 ILCS 180/35-1 — the right to seek judicial dissolution is non-waivable per § 15-5(b) and cannot be restricted by this Agreement.

10.02 Wind-Up Obligations

Per 805 ILCS 180/35-1, this Agreement continues to govern asset distribution during the wind-up period until the final accounting is complete.

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 § 35-1.

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 Illinois, including 805 ILCS 180, the Illinois Limited Liability Company Act, and amendments thereto including P.A. 102-0230.

11.02 Amendment

Written amendment signed by all Members and Manager(s). Under 805 ILCS 180/15-1(b)(2), if this Agreement is silent, unanimous consent of all members is required.

11.03 Venue

County: , Illinois.

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, and all exhibits hereto constitute the complete agreement.

11.06 No Filing Required

This Agreement shall not be filed with the Illinois Secretary of State. No notarization is required, though Illinois banks typically require a signed copy before opening a business checking account.

SIGNATURE BLOCKS

IN WITNESS WHEREOF, the Manager(s) and Members of the Company have executed this Operating Agreement as of the date first written above.

MANAGER(S)

Date — Manager 1: day of , 20

Signature — Manager 1:

Printed Name — Manager 1:

Manager Type: Member-Manager Non-Member Manager

Date — Manager 2: day of , 20

Signature — Manager 2:

Printed Name — Manager 2:

Manager Type: Member-Manager Non-Member Manager

MEMBERS

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):

Illinois Manager-Managed 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 Illinois-specific statute references under 805 ILCS 180, the Illinois Limited Liability Company Act, including amendments under P.A. 102-0230. It may not address all legal requirements specific to your LLC or situation.

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