

**OPERATING AGREEMENT
FOR**

[REDACTED], LLC

A KENTUCKY SINGLE-MEMBER LIMITED LIABILITY COMPANY

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

ARTICLE I — COMPANY FORMATION

1.01 Formation

The Member formed a Limited Liability Company (the "Company") by filing Articles of Organization (Form KLC) with the Kentucky Secretary of State pursuant to KRS Chapter 275, the Kentucky Limited Liability Company Act. This written Agreement is adopted pursuant to KRS 275.003, which declares Kentucky's policy to give "maximum effect" to freedom of contract and the enforceability of operating agreements. This Agreement is not filed with the Kentucky Secretary of State.

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

1.02 Company Name

LLC Name: [REDACTED]

The LLC name must match the Articles of Organization (Form KLC) exactly.

1.03 Registered Agent and Registered Office

Registered Agent Name: [REDACTED]

Registered Office Address (physical Kentucky street address):

[REDACTED]

1.04 Principal Office Address

Principal Office Mailing Address:

[REDACTED]

1.05 Term

The Company continues perpetually unless dissolved under this Agreement or pursuant to KRS 275.285.

1.06 Business Purpose

The Company may engage in any lawful business activity permitted under KRS Chapter 275 and all other applicable state and federal law.

1.07 Why This Agreement Is Written — KRS 275.177

KRS 275.015(21) recognizes oral and written operating agreements. For a single-member LLC, KRS 275.015 specifically recognizes 'a writing executed by the member' as a valid operating agreement. Under KRS 275.177, any unwritten side deal that contradicts this written Agreement is VOID and unenforceable. Dozens of Kentucky override provisions — including indemnification (KRS 275.180), compensation (KRS 275.165(4)), dissolution override (KRS 275.285), and withdrawal terms (KRS 275.280) — ONLY work if set forth in a WRITTEN operating agreement.

ARTICLE II — THE MEMBER

2.01 Member Information

Member Name:

Member Address:

Ownership Interest: 100%

2.02 Single-Member Written Operating Agreement

Pursuant to KRS 275.015, this writing executed by the Member constitutes a valid operating agreement for this single-member LLC. Banks, lenders, and potential business partners typically require this signed document before transacting with the Company. Under KRS 275.150, the Member is not personally liable for the Company's debts solely by reason of being a Member, unless this Agreement contains clear, unequivocal language to the contrary (see *Racing Investment Fund 2000, LLC v. Clay Ward Agency, Inc.*, 320 S.W.3d 654, Ky. 2010).

2.03 Admission of Additional Members

Under KRS 275.275, a person becomes a member upon compliance with this written operating agreement. If this Agreement does not provide the rule in writing, written consent of ALL members is required. Any new member must be admitted by written amendment signed by the Member.

Amendment Date (if applicable):

ARTICLE III — CAPITAL CONTRIBUTIONS

3.01 Initial Contribution and Agreed Value

The Member's initial contribution is described in Exhibit 1. Under KRS 275.205, Kentucky's

profit/loss default and KRS 275.210 distribution default both hinge on the 'agreed value of contributions stated in LLC records.' Accurate recordkeeping of this agreed value is critical.

Total Agreed Value of Initial Contribution: \$

3.02 Additional Contributions

Any additional contribution shall be documented in writing and recorded in the Company's capital account ledger.

Additional Contribution Terms:

3.03 Capital Account

The Member's capital account shall be maintained per Treasury Regulation § 1.704-1(b)(2)(iv) and KRS 275.185, tracking contributions, distributions, and allocated profits or losses. Accurate records are required because Kentucky's voting, profit, and distribution defaults all tie to 'agreed value of contributions stated in the LLC's records' (KRS 275.175, 275.205, 275.210).

3.04 Withdrawal of Capital

Capital may be withdrawn only through distributions pursuant to Article IV or upon dissolution pursuant to Article X.

ARTICLE IV — PROFITS, LOSSES, AND DISTRIBUTIONS

4.01 Profits and Losses

This written operating agreement provides (as required by KRS 275.205): profits and losses are allocated entirely to the Member. Without this written provision, KRS 275.205 would default to the agreed value of contributions shown in LLC records — for a single-member LLC, this means 100% to the Member in any case.

4.02 Distributions

The Member may distribute available funds at any time, provided sufficient funds remain for the Company's debts and liabilities. Without a written provision, KRS 275.210 defaults to contribution-value allocation. Distributions shall not render the Company insolvent.

Distribution Schedule / Notes:

4.03 In-Kind Distributions

In-kind distributions are permitted if fair market value is determined before distribution and the capital account is adjusted accordingly.

4.04 Withholdings

The Company may withhold amounts required by federal, state, or local law. Withheld amounts shall be treated as distributed to the Member.

4.05 Kentucky Tax — LLET and Filing Obligations

EVERY Kentucky LLC owes the Limited Liability Entity Tax (LLET). If the Company's gross receipts OR gross profits are \$3 million or less, the minimum LLET is \$175 per year, even if the Company earned no income. As a federally disregarded single-member LLC, the Company may still owe LLET and must file Form 725 with the Kentucky Department of Revenue by the 15th day of the 4th month after the taxable year ends. If the Member elects S-corp or C-corp treatment, different forms apply. Kentucky also offers an elective pass-through entity tax via Form 740-PTET.

Default — Disregarded Entity (Form 725 for LLET) S-Corporation (IRS Form 2553) C-Corporation
Tax Election (if changed):

4.06 Liquidation Distributions

Upon dissolution, liquidation distributions shall follow KRS 275.285 and the Member's positive capital account balance per Treasury Regulation § 1.704-1(b)(2)(iv) after satisfaction of all Company debts.

ARTICLE V — MANAGEMENT

5.01 Member-Managed Structure

Pursuant to KRS 275.165(1), this Company is member-managed, which is Kentucky's default unless the Articles of Organization vest management in one or more managers. IMPORTANT: switching to manager-managed requires an amendment to the Articles of Organization under KRS 275.030 — this Operating Agreement alone cannot change the management structure on file with the Kentucky Secretary of State.

5.02 Powers of the Member

- (a) Make all decisions regarding operations, including the sale, acquisition, lease, or disposition of assets; borrowing funds; hiring and terminating employees; and settling claims.
- (b) Execute all contracts, checks, drafts, notes, leases, and other instruments on behalf of the Company.
- (c) Open, maintain, and close bank accounts. Company funds shall not be commingled with personal funds.
- (d) Take any other action necessary to carry out the Company's purposes.

5.03 Compensation — Written OA Required (KRS 275.165(4))

Under KRS 275.165(4), a member or manager is NOT entitled to remuneration for services unless it is set forth in a WRITTEN operating agreement. This written provision establishes the Member's compensation:

Compensation Amount / Terms:

5.04 Officers and Authorized Persons

Authorized Person(s) / Officer(s):

Title(s):

5.05 Duty of Care — KRS 275.170(1)

Under KRS 275.170(1), the Member is not liable for breach of the duty of care unless the act or omission constitutes WANTON OR RECKLESS MISCONDUCT. This standard applies absent contrary written OA language. The Member shall act in good faith in the best interests of the Company.

ARTICLE VI — LIABILITY AND INDEMNIFICATION

6.01 Limitation of Liability — KRS 275.150

KRS 275.150 provides: the Member is not personally liable for the Company's debts solely by reason of being a Member. CAUTION: Kentucky courts enforce clear operating agreement language that alters this shield. In Racing Investment Fund 2000 (Ky. 2010), the Supreme Court required 'clear, unequivocal' language to impose personal liability. In VanWinkle v. Walker (Ky. Ct. App. 2018), a clause splitting 'profits and liabilities' equally was found clear enough to impose personal liability. Every liability clause in this Agreement is intended solely to confirm — not override — the KRS 275.150 shield.

6.02 Charging Order — KRS 275.260

Under KRS 275.260, a charging order against the Member's interest is the EXCLUSIVE remedy for a judgment creditor. Kentucky also permits FORECLOSURE on the member's interest. The purchaser at foreclosure receives only assignee rights — the right to receive distributions — and does NOT acquire management or voting control. A right of first refusal (Art. IX) allows the Company to buy back the interest before foreclosure transfers it to a stranger.

6.03 Indemnification — Written OA Required (KRS 275.180)

Under KRS 275.180, a WRITTEN operating agreement may eliminate or limit monetary liability for breach of duties under KRS 275.170 and may provide for indemnification. Pursuant to this

written provision: the Company shall indemnify the Member, officers, employees, and agents for judgments, settlements, penalties, fines, and legal expenses arising from their roles in Company business, except where liability arises from wanton or reckless misconduct.

6.04 Exculpation

Acts or omissions undertaken in good faith shall not subject the Member to personal liability, provided the conduct does not constitute wanton or reckless misconduct.

ARTICLE VII — COMPENSATION AND REIMBURSEMENT

7.01 Reimbursement

The Company shall reimburse the Member for documented out-of-pocket expenses incurred in connection with Company business.

ARTICLE VIII — BOOKS AND RECORDS

8.01 Records Location

Address:

8.02 Required Records — KRS 275.185

Per KRS 275.185, the Company shall maintain at its principal office: (a) this written Agreement and all amendments; (b) Articles of Organization (Form KLC) and all amendments; (c) federal and state tax returns for the three (3) most recent years; (d) financial statements for the three (3) most recent years; and (e) a capital account ledger documenting each contribution's agreed value. These records are essential because Kentucky's voting, profit, and distribution defaults all hinge on 'agreed value of contributions stated in the LLC's records.'

8.03 Annual Report

The Company shall file an annual report with the Kentucky Secretary of State between January 1 and June 30 each year (first report due the year following formation). Fee: \$15. Failure to file by June 30 triggers administrative dissolution. Reinstatement requires clearance from BOTH the Kentucky Department of Revenue and the Division of Unemployment Insurance.

ARTICLE IX — TRANSFER OF INTEREST

9.01 Transfer of Economic Rights — KRS 275.255

Under KRS 275.255, an assignment of the Member's interest transfers only economic rights (the right to receive distributions). The assignee does not gain voting or management power until

admitted as a full member.

9.02 Assignee Admission — KRS 275.265

Under KRS 275.265, unless this WRITTEN operating agreement provides otherwise, an assignee becomes a full member only upon majority-in-interest consent. This written Agreement requires: the Member's written consent before any assignee is admitted as a full member.

9.03 Charging Order and Right of First Refusal — KRS 275.260

Per KRS 275.260, a charging order is the exclusive creditor remedy, but Kentucky also permits foreclosure. The Company shall have a right of first refusal to purchase the Member's interest at fair market value before any foreclosure sale transfers it to a third party.

Days to exercise right of first refusal:

ARTICLE X — DISSOLUTION AND SUCCESSION

10.01 Dissolution Triggers — KRS 275.285

Under KRS 275.285, this WRITTEN operating agreement specifies the following dissolution triggers:

- (a) The Member's written election to dissolve;
- (b) Administrative dissolution by the Kentucky Secretary of State for failure to file the annual report by June 30;
- (c) Judicial dissolution under KRS 275.290; or
- (d) Any other event specified in the Articles of Organization.

10.02 Succession — Single-Member Continuation

Under KRS 275.285, dissolution is triggered by loss of all members unless a written operating agreement or statutory continuation mechanism saves the entity. This WRITTEN Agreement designates the following successor to prevent automatic dissolution if the Member dies or becomes incapacitated:

Successor Member Name:

Successor Member Address:

10.03 Winding Up

Liquidator (if other than the Member):

Upon dissolution: (1) pay all creditors; (2) allocate remaining income/loss to capital account; (3) distribute remaining assets to the Member.

ARTICLE XI — GENERAL PROVISIONS

11.01 Governing Law — KRS 275.003

This Agreement shall be governed by the laws of the Commonwealth of Kentucky, including KRS Chapter 275, the Kentucky Limited Liability Company Act. KRS 275.003 directs courts to give maximum effect to freedom of contract and the enforceability of operating agreements.

11.02 Amendment — KRS 275.177

This WRITTEN Agreement may be amended only by a written amendment signed by the Member. Under KRS 275.177, any unwritten side deal or oral modification that contradicts this Agreement is VOID and unenforceable.

11.03 Venue

County: , Kentucky.

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 KLC), and all exhibits constitute the complete written agreement of the Member. No oral understanding that contradicts this Agreement is enforceable (KRS 275.177).

11.06 No Filing Required

This Agreement shall not be filed with the Kentucky Secretary of State. No notarization is required. Keep a signed copy with the Company's records under KRS 275.185.

CERTIFICATION OF SOLE MEMBER

IN WITNESS WHEREOF, the undersigned, being the sole Member of the Company, has executed this WRITTEN Operating Agreement as of the date first written above. This writing constitutes a valid operating agreement under KRS 275.015.

Date: day of , 20

Signature:

Printed Name:

Ownership Interest: 100%

Address:

EXHIBIT 1 — CAPITAL CONTRIBUTIONS

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

Kentucky Single-Member Limited Liability Company.

NOTE: The 'Agreed Value' column is critical for Kentucky LLCs. KRS 275.205, 275.210, and 275.175 all default to 'agreed value of contributions stated in LLC records.' These records must be maintained per KRS 275.185.

Description of Contribution	Agreed Value (\$)
TOTAL AGREED VALUE	

SIGNED this: day of , 20

Signature:

Printed Name:

EXHIBIT 2 — BANK RESOLUTION

This Bank Resolution is adopted by the sole Member of the Company identified below.

Company Name: [redacted]

Bank Name: [redacted]

Bank Address: [redacted]

Account Title: [redacted]

Principal Office: [redacted]

Resolution Date: [redacted] day of [redacted], 20[redacted]

RESOLVED, the financial institution identified above is hereby designated as the official depository for this Company.

RESOLVED FURTHER, the authorized signer(s) listed below are authorized to sign checks, drafts, and payment orders on behalf of the Company.

RESOLVED FURTHER, Company funds shall not be commingled with the personal funds of any Member or other person.

Authorized Signer(s): [redacted]

Title(s): [redacted]

Date: [redacted] day of [redacted], 20[redacted]

Signature: [redacted]

Printed Name: [redacted]

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 Kentucky-specific statute references under KRS Chapter 275, the Kentucky Limited Liability Company Act. It may not address all legal requirements specific to your LLC or situation.

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