

STATE OF VERMONT
**MULTI-MEMBER LIMITED LIABILITY COMPANY
OPERATING AGREEMENT (MEMBER-MANAGED)**

Pursuant to 11 V.S.A. Chapter 25
(Vermont Limited Liability Company Act)

**ARTICLE I
ORGANIZATION**

1.01 Formation.

This Limited Liability Company (the "Company") has been organized as a Vermont limited liability company pursuant to the Vermont Limited Liability Company Act, Title 11, Chapter 25 of the Vermont Statutes (the "Act"), by filing Articles of Organization with the Vermont Secretary of State, Business Services Division. This Operating Agreement is entered into pursuant to 11 V.S.A. § 4003.

1.02 Company Name.

The name of the Company as it appears on the Articles of Organization filed with the Vermont Secretary of State is:

NOTE: The Company name must match the Articles of Organization exactly. A name mismatch is the most common cause of bank account opening delays.

1.03 Designated Office and Agent for Service of Process.

VERMONT TERMINOLOGY: Vermont law (11 V.S.A. § 4007, as amended July 1, 2025) uses the term 'designated office' (not 'principal office') and 'agent for service of process' (not merely 'registered agent'). The Company shall at all times maintain a designated office and an agent for service of process in Vermont. The current designated office and agent are:

Designated Office Address:

City, State, Zip:

Agent for service of process:

Agent Address:

1.04 Management Structure.

The Company is organized as a multi-member, member-managed LLC. Under 11 V.S.A. § 4054(a), the default management structure is member-managed. **IMPORTANT:** Vermont's § 4041 provides that a member is NOT an agent of the LLC solely by reason of being a member. Authority to bind the Company requires actual or apparent authority as set forth in Article V.

1.05 L3C Status.

Pursuant to 11 V.S.A. §§ 4023(a)(6) and 4161-4162, the Articles of Organization must state whether the Company is a low-profit limited liability company (L3C). The Company:

- IS an L3C (low-profit LLC) — the Articles so state and the name includes 'L3C' per § 4005)
- IS NOT an L3C — the Company is a standard Vermont LLC

1.06 Purpose.

The purpose of the Company is to engage in any lawful business or activity permitted under Vermont law. The specific business purpose, if any, is:

1.07 Effective Date.

This Operating Agreement is effective as of the date the Articles of Organization were filed with the Vermont Secretary of State, or such other date as stated below:

Effective Date:

ARTICLE II DEFINITIONS

As used in this Operating Agreement, the following terms shall have the meanings set forth below. Capitalized terms not otherwise defined shall have the meanings in the Act.

"Act" means the Vermont Limited Liability Company Act, Title 11, Chapter 25 of the Vermont Statutes, as amended, including the 2025 amendments effective July 1, 2025.

"Agent for Service of Process" means the person or entity designated to receive legal process on behalf of the Company under 11 V.S.A. § 4007 (as amended July 1, 2025). Vermont's statutory term is 'agent for service of process' — not merely 'registered agent.'

"Annual Report" means the annual report filed with the Vermont Secretary of State under 11 V.S.A. § 4033 (as amended July 1, 2025). The fee is \$45 for a domestic LLC (§ 4012(a)(15)). The deadline is within three months after the end of the LLC's fiscal year — NOT a fixed calendar date. Failure to file may result in administrative termination under § 4034; five years of missed reports forfeits the LLC's right to use its name.

"Articles of Organization" means the Articles of Organization filed with the Vermont Secretary of State under 11 V.S.A. § 4023 (as amended July 1, 2025) to form the Company, as may be amended.

"Articles of Termination" means the articles filed under 11 V.S.A. § 4105 to formally terminate the Company upon completion of winding up. Vermont uses 'Articles of Termination' — not 'Articles of Dissolution' or 'Articles of Cancellation.'

"Capital Contribution" means any contribution of money, property, services, or a promissory note made to the Company by a Member, as recorded in the Company's required records under 11 V.S.A. § 4052.

"Charging Order" has the meaning set forth in 11 V.S.A. § 4074. A charging order is the exclusive remedy by which a judgment creditor may reach a Member's distributional interest. SINGLE-MEMBER WARNING: Under § 4074(g), foreclosure of a charging order lien against a single-member LLC results in the purchaser obtaining the sole Member's entire interest and becoming a Member — a major asset-protection risk specific to Vermont single-member LLCs.

"Designated Office" means the Vermont office address of the Company required under 11 V.S.A. § 4007 (Vermont's statutory term — not 'principal office').

"Distributional Interest" means a Member's right to receive distributions from the Company under 11 V.S.A. § 4071.

"Member" means a person admitted to the Company as a member in accordance with the Act and this Agreement.

"Operating Agreement" means this Operating Agreement as authorized by 11 V.S.A. § 4003. NOTE: Vermont § 4003(j) recognizes oral and pre-formation assent as potentially binding. This written Agreement is intended to be the complete and exclusive governance document, superseding all prior oral, implied, or informal understandings. See the integration clause in Section 11.05.

"Secretary of State" means the Vermont Secretary of State, Business Services Division, the filing authority for Vermont LLCs.

"Vermont Minimum Entity Tax" means the \$250 annual minimum tax imposed on LLCs taxed as partnerships under 32 V.S.A. § 5921, due on the federal partnership return date.

ARTICLE III CAPITAL CONTRIBUTIONS

3.01 Initial Capital Contributions.

Each Member's initial Capital Contribution is set forth in Exhibit 1. VERMONT DISTRIBUTION TRAP: Under 11 V.S.A. § 4055(a), absent a written provision to the contrary, distributions are allocated in proportion to the AGREED VALUE of each member's contributions as recorded in the LLC's internal records — NOT by ownership percentage and NOT in equal shares. This means two members each owning 50% can receive different distributions if their recorded contribution values differ. This Agreement overrides that default by specifying ownership percentages as the distribution basis.

3.02 Form of Contributions.

Capital Contributions may be made in cash, property, or services as permitted by 11 V.S.A. § 4052. The agreed value of any non-cash contribution shall be noted in Exhibit 1 and the Company's records.

3.03 Additional Capital Contributions.

No Member shall be required to make additional Capital Contributions beyond the amount in Exhibit 1 unless unanimously agreed in writing. Additional contributions shall be recorded by amendment to Exhibit 1 and the Company's records.

3.04 No Interest on Capital.

No Member shall be entitled to interest on any Capital Contribution unless unanimously agreed in writing.

3.05 Capital Accounts.

The Company shall maintain a separate Capital Account for each Member in accordance with Treasury Regulation § 1.704-1(b)(2)(iv) to the extent applicable.

3.06 No Right to Return of Contributions.

No Member shall have any right to demand or receive the return of any Capital Contribution except as expressly provided in this Agreement or required by the Act under 11 V.S.A. § 4053.

ARTICLE IV ALLOCATIONS AND DISTRIBUTIONS

4.01 Allocation of Profits and Losses.

OVERRIDE OF 11 V.S.A. § 4055(a) CONTRIBUTION-VALUE DEFAULT: Vermont's default rule allocates profits, losses, and pre-dissolution distributions in proportion to the AGREED VALUE of each member's contributions as recorded in the LLC's internal records — not by ownership percentage. This default does not automatically track the percentage everyone assumed. This Agreement expressly overrides that default: net profits and losses shall be allocated in proportion to each Member's ownership percentage as set forth in Exhibit 1.

4.02 Distributions.

OVERRIDE OF § 4055(a) DEFAULT: Distributions shall be made to Members in proportion to their ownership percentages as set forth in Exhibit 1, at such times and amounts as determined pursuant to Article V. This expressly overrides the contribution-value-based default of 11 V.S.A. § 4055(a).

4.03 Limitations on Distributions.

No distribution shall be made under 11 V.S.A. § 4056 if, after giving effect to it: (a) the Company could not pay its debts as they become due; or (b) total assets would be less than total liabilities. Any Member receiving a distribution in violation of § 4056 may be liable under 11 V.S.A. § 4057.

4.04 Tax Distributions.

To the extent feasible, the Company shall make distributions sufficient for each Member to pay federal and Vermont state income taxes on the Member's allocable share at the highest applicable marginal rates. Such tax distributions count against each Member's distributive share.

4.05 Withholding.

The Company may withhold from any distribution any amount required by applicable federal or Vermont tax law. Withheld amounts shall be treated as distributions to the affected Member.

ARTICLE V MANAGEMENT AND VOTING

5.01 Member-Managed Company.

The Company is a member-managed LLC under 11 V.S.A. § 4054(a). Under § 4054(b), each member has EQUAL rights in management of a member-managed LLC regardless of contribution size. This Agreement modifies the voting weights as set forth below.

5.02 No Agency Power by Mere Membership.

VERMONT § 4041 — NO AGENCY POWER OF MEMBER AS MEMBER: Vermont's 11 V.S.A. § 4041 provides that a member is NOT an agent of the LLC solely by reason of being a member. To bind the Company, a Member must have actual or apparent authority. The following persons are authorized to execute contracts and instruments on behalf of the Company in the ordinary course:

Authorized Signatory:

Add additional authorized signatories (attach schedule)

5.03 Ordinary Business — Majority Vote.

For all ordinary-course business decisions not listed in Section 5.04, approval requires the affirmative vote of Members holding more than fifty percent (50%) of total outstanding ownership interests.

5.04 Major Decisions — Override of § 4054(d) Unanimous Consent.

OVERRIDE OF 11 V.S.A. § 4054(d) UNANIMOUS CONSENT: Under Vermont law, the following seven matters require unanimous member consent by default. This Agreement replaces unanimous consent with a sixty-six and two-thirds percent (66.67%) supermajority [SM] or retains unanimous consent [UNANIMOUS] as indicated:

- (a) [SM] Amending this Operating Agreement;
- (b) [SM] Amending the Articles of Organization;
- (c) [SM] Admitting a new Member (11 V.S.A. § 4051);
- (d) [SM] Making interim distributions outside the ordinary course;
- (e) [UNANIMOUS] Redeeming an interest subject to a charging order under § 4074;
- (f) [UNANIMOUS] Waiving the requirement to wind up (§ 4101);
- (g) [SM] Disposing of all or substantially all Company property outside the ordinary course;
- (h) [SM] Merging or converting the Company;
- (i) [SM] Incurring a single debt or liability exceeding the threshold below:

For item (i), the applicable debt/liability threshold is:

Debt/liability threshold: \$

5.05 Meetings and Written Consent.

Members may act by meeting or by written consent. A written consent signed by Members holding the requisite percentage is as effective as a vote at a duly held meeting.

5.06 Compensation.

Members shall not be entitled to compensation for managing the Company unless separately approved. Members may be reimbursed for documented expenses under 11 V.S.A. § 4060.

5.07 Annual Report and Vermont Minimum Entity Tax.

VERMONT COMPLIANCE: Annual Report due within three months after fiscal year-end (\$45 fee per § 4012(a)(15)); administrative termination risk under § 4034. Vermont Minimum Entity Tax: \$250/year for LLCs taxed as partnerships (32 V.S.A. § 5921), due on the federal return date.

5.08 Fiscal Year.

The fiscal year shall be the calendar year unless the Members unanimously elect otherwise in writing.

ARTICLE VI FIDUCIARY DUTIES

6.01 Duty of Loyalty.

Each Member owes a duty of loyalty to the Company under 11 V.S.A. § 4059, including: (a) accounting for and holding as trustee any property or benefit derived from Company business without consent; (b) refraining from dealing with the Company as an adverse party; and (c) refraining from competing with the Company before dissolution without unanimous written consent. This duty may be defined by this Agreement within the limits of § 4003(c)-(f), but may not be eliminated.

6.02 Duty of Care.

Each Member shall act in good faith, in a manner reasonably believed to be in the best interests of the Company, with the care a person in a like position would reasonably exercise under similar circumstances, per 11 V.S.A. § 4059.

6.03 Obligation of Good Faith and Fair Dealing.

Each Member and Members shall discharge all duties consistent with the contractual obligation of good faith and fair dealing under 11 V.S.A. § 4059. This obligation is non-waivable under § 4003(b).

6.04 Non-Manager Members in Manager-Managed LLC.

This section applies only to manager-managed LLCs.

6.05 Indemnification.

The Company shall indemnify and hold harmless each Member from claims, liabilities, and expenses (including attorneys' fees) arising from good-faith acts within the scope of authority conferred by this Agreement, per 11 V.S.A. § 4060. No indemnification for bad faith, willful misconduct, or knowing violation of law.

6.06 Non-Waivable Provisions (§ 4003(b)).

The following cannot be eliminated by this Operating Agreement: (a) the LLC's capacity to sue and be sued in its own name; (b) applicable governing law for a domestic Vermont LLC; (c) the Superior Court's power to order judicial dissolution under § 4101(a)(4); (d) fiduciary duties beyond the limits in § 4003(c)-(f); (e) the contractual obligation of good faith and fair dealing; and (f) reasonable access to books, records, and information rights under § 4058.

ARTICLE VII TRANSFER OF DISTRIBUTIONAL INTEREST

7.01 Nature of Distributional Interest.

A Member's distributional interest is the Member's right to receive distributions from the Company under 11 V.S.A. § 4071. The distributional interest may be transferred, but management rights and voting rights do not transfer automatically with an assignment of the distributional interest.

7.02 Restriction on Transfer.

No Member may transfer all or any portion of the Membership Interest or Distributional Interest without the prior written consent of Members holding at least sixty-six and two-thirds percent (66.67%) of total outstanding ownership interests (excluding the transferring Member). Any attempted transfer without such consent is void.

7.03 Rights of Transferee — Economic Rights Only.

Under 11 V.S.A. § 4073, a transferee of a distributional interest receives only the right to receive distributions to which the transferring Member would be entitled. A transferee does NOT become a Member and does NOT acquire management rights, voting rights, or information rights unless admitted under Section 7.04.

7.04 Admission of Transferee as Member.

A transferee may be admitted as a Member upon: (a) approval by Members holding at least sixty-six and two-thirds percent (66.67%) of total ownership interests — this overrides the § 4054(d) unanimous consent default for new member admission; (b) execution of a joinder

agreement; and (c) payment of any reasonable admission fee.

7.05 Right of First Refusal.

Before transferring any Membership Interest to a third party, the transferring Member must first offer the interest to the remaining Members pro rata at the same price and terms. The remaining Members have thirty (30) days to exercise this right by written notice. If not exercised, the transferring Member may proceed, subject to Section 7.02.

7.06 Charging Order — Exclusive Creditor Remedy.

Pursuant to 11 V.S.A. § 4074, a charging order against a Member's distributional interest is the exclusive remedy by which a judgment creditor may satisfy a judgment. A creditor with a charging order receives only a lien on distributions; it does NOT give management rights, permit seizure of LLC property, or make the creditor a Member.

7.07 Death or Incapacity.

Upon dissociation of a Member under 11 V.S.A. § 4081, the Member's distributional interest passes to the estate or named beneficiary as a transferee — economic rights only. The remaining Members shall within ninety (90) days either admit the successor as a Member or purchase the distributional interest under Article VIII.

ARTICLE VIII DISSOCIATION AND BUYOUT

8.01 Events of Dissociation.

A Member dissociates under 11 V.S.A. § 4081 upon: (a) the Member's express will to withdraw; (b) transfer of all distributional interest; (c) expulsion under Section 8.06; (d) certain bankruptcy filings; (e) death or incapacity; or (f) judicial dissociation.

8.02 Power to Dissociate; Wrongful Dissociation.

Under 11 V.S.A. § 4082, a Member may dissociate at any time by express will. Dissociation is 'wrongful' if it breaches this Agreement or occurs before the expiration of a term company. Wrongful dissociation makes the dissociating Member liable to the Company and other Members for damages.

8.03 Effect of Dissociation.

Upon dissociation under 11 V.S.A. § 4083, the dissociated Member loses management rights and voting authority and holds only the distributional interest as a transferee. The Company or remaining Members (at their election) may purchase the distributional interest.

8.04 Valuation Method.

The purchase price shall be determined as follows (select one):

- Book Value: the Member's Capital Account balance as of the last day of the month preceding dissociation.
- Independent Appraisal: fair market value by a mutually agreed appraiser within sixty (60) days of dissociation.
- Formula: a multiple of trailing twelve-month EBITDA equal to:
EBITDA Multiple:

Other (describe):

8.05 Payment Terms.

The purchase price shall be paid as follows (select one):

- Lump sum within ninety (90) days of the valuation date.
- Equal monthly installments over:
Number of months:

at an interest rate equal to the applicable federal rate (AFR), evidenced by a promissory note.

8.06 Expulsion of Member.

A Member may be expelled by unanimous written consent of the remaining Members upon: (a) material breach not cured within thirty (30) days of written notice; (b) an event making it unlawful to continue with the Member; or (c) judicial expulsion.

**ARTICLE IX
DISSOLUTION AND WINDING UP**

9.01 Events Causing Dissolution.

The Company shall be dissolved and wound up upon any of the following under 11 V.S.A. § 4101:

- (a) An event or circumstance specified in this Operating Agreement or the Articles of Organization;

(b) Written consent of Members at the threshold specified in this Agreement (66.67% supermajority), or unanimous consent if this Agreement is silent to dissolve;

(c) The passage of ninety (90) consecutive days during which the Company has no members;

(d) A Vermont Superior Court dissolution for unlawful or impracticable conduct under § 4101(a)(4) — this dissolution right is non-waivable under § 4003(b);

(e) A Vermont Superior Court dissolution for fraudulent or oppressive management under § 4101(a)(4).

9.02 Continuation After Dissolution.

Pursuant to 11 V.S.A. § 4102, dissolution does not terminate the Company's existence. The Company continues solely for winding up its business.

9.03 Winding Up.

Upon dissolution, the Company shall be wound up by a liquidating Member designated by the Members, or upon application, by a person appointed by a Vermont Superior Court under § 4103. During winding up: (a) collect all amounts owed; (b) pay and discharge all debts; (c) distribute remaining assets per Capital Account balances and then ownership percentages, consistent with 11 V.S.A. § 4106.

9.04 Articles of Termination.

VERMONT TERMINOLOGY: Upon completion of winding up, the Company shall file Articles of TERMINATION (not 'dissolution' or 'cancellation') with the Vermont Secretary of State under 11 V.S.A. § 4105 to formally terminate the Company's existence.

ARTICLE X TAX MATTERS

10.01 Federal Tax Classification.

For federal income tax purposes, the Company shall be treated as:

- Partnership (default for multi-member LLC — file IRS Form 1065 federally; Vermont Form BI-471 for pass-through entities)
- C Corporation (elected via IRS Form 8832; subject to federal corporate tax and Vermont corporate income tax)
- S Corporation (requires IRS Form 8832 and Form 2553)

10.02 Vermont Minimum Entity Tax.

VERMONT-SPECIFIC: Under 32 V.S.A. § 5921, any LLC taxed as a partnership owes a \$250 minimum entity tax annually, due on the same date as the federal partnership return. This minimum tax applies IN ADDITION TO any Vermont income tax flowing through to members' individual returns. The \$250 minimum is separate from the \$45 annual report fee.

10.03 Vermont Annual Report Fee.

CURRENT VERIFIED FEE (§ 4012(a)(15)): The Annual Report fee for a domestic Vermont LLC is \$45 — not the stale \$35 figure still shown on some third-party pages. The deadline is within three months after the LLC's fiscal year-end, which varies by fiscal year choice.

10.04 Employer Identification Number.

Company EIN:

10.05 Tax Matters Representative.

The Tax Matters Representative of the Company is:

Name:

10.06 Tax Elections.

All federal and Vermont state tax elections materially affecting the Company's tax treatment shall be made by the Members by majority ownership vote and documented in writing.

**ARTICLE XI
MISCELLANEOUS**

11.01 Amendments.

OVERRIDE OF 11 V.S.A. § 4054(d) UNANIMOUS CONSENT FOR AMENDMENTS: Vermont law requires unanimous member consent to amend the operating agreement by default. This Agreement overrides that default: amendments require approval by Members holding at least sixty-six and two-thirds percent (66.67%) of total ownership interests. All amendments shall be in writing, signed by the requisite Members, and attached to this Agreement.

11.02 Governing Law.

This Agreement shall be governed by the laws of the State of Vermont, including Title 11, Chapter 25 of the Vermont Statutes (the Act), without regard to conflict of law principles. Pursuant to 11 V.S.A. § 4011, Vermont law governs a domestic Vermont LLC's internal affairs.

11.03 Conflict with Articles of Organization.

Under 11 V.S.A. § 4023(b)-(c), the Articles of Organization may include provisions permitted in an operating agreement. Where this Agreement conflicts with the Articles: (a) this Agreement controls as to Members, managers, and transferees; and (b) the Articles control as to third-party reliance on filed public records.

11.04 Dispute Resolution.

The parties agree to attempt good-faith negotiation before formal proceedings. If negotiation fails within thirty (30) days of written notice:

- Mediation before a mutually agreed mediator in Vermont, before proceeding to litigation.
- Binding arbitration in Vermont under the rules of the American Arbitration Association.
- Vermont Superior Court (no mandatory mediation or arbitration); venue: county of the Company's designated office.

11.05 Integration Clause.

VERMONT § 4003(j) ORAL/PRE-FORMATION ASSENT RISK: Vermont's 11 V.S.A. § 4003(j) recognizes oral and pre-formation assent as potentially binding components of an operating agreement. This creates a risk that prior conversations, emails, or informally agreed terms could be treated as binding OA provisions. This Agreement expressly supersedes that risk: THIS WRITTEN OPERATING AGREEMENT, together with the Articles of Organization and all exhibits and amendments signed in writing, constitutes the ENTIRE, COMPLETE, AND EXCLUSIVE agreement of the Members and supersedes ALL prior and contemporaneous oral, implied, written, email, electronic, pre-formation, or other understandings and arrangements, regardless of form.

11.06 Severability.

If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue in full force and effect.

11.07 No Third-Party Beneficiaries.

This Agreement is for the exclusive benefit of the parties hereto and their permitted successors and assigns, except as otherwise required by the Act.

11.08 Waiver.

No failure or delay in exercising any right under this Agreement shall operate as a waiver thereof.

11.09 Counterparts and Electronic Signatures.

This Agreement may be executed in counterparts, each constituting an original. Electronic signatures are valid under Vermont law and shall be deemed original signatures for all purposes.

11.10 Notices.

All notices shall be in writing and deemed given when: (a) delivered personally; (b) sent by overnight courier with tracking; or (c) sent by email with confirmation of receipt, to the address on file with the Company.

11.11 Authority.

Each person executing this Agreement represents that the person has full power and authority to execute this Agreement and that execution does not violate any other agreement to which the person is a party.

SIGNATURE PAGE

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

MEMBER 1

Name:

Title:

Address:

City, State, Zip:

Email:

Ownership %:

Signature

Date: _____

MEMBER 2

Name:

Title:

Address:

City, State, Zip:

Email:

Ownership %:

Signature _____

Date: _____

MEMBER 3

Name:

Title:

Address:

City, State, Zip:

Email:

Ownership %:

Signature _____

Date: _____

(Attach additional Member signature pages as needed)

EXHIBIT 1 — MEMBERS AND CAPITAL CONTRIBUTIONS

VERMONT NOTE: 11 V.S.A. § 4055(a) defaults to allocating distributions by agreed contribution VALUE. This Agreement overrides that default via the ownership percentages below. Record contribution values accurately — Vermont courts read § 4055(a) literally.

Member Name	Address	Capital Contribution	Ownership %

TOTAL CAPITAL CONTRIBUTIONS:

TOTAL: 100%

(Attach additional sheet for more than 3 Members)

LEGAL DISCLAIMER

This Vermont LLC Operating Agreement template is provided by Boost Suite for informational and general reference purposes only. It does not constitute legal advice and does not create an attorney-client relationship. This template is based on the Vermont Limited Liability Company Act, Title 11, Chapter 25 of the Vermont Statutes, including 2025 amendments to §§ 4007, 4023, and 4033 (effective July 1, 2025). Laws may change after publication. Vermont's contribution-value distribution default (§ 4055(a)), single-member charging order foreclosure rule (§ 4074(g)), and the agent-for-service-of-process requirement (§ 4007) are Vermont-specific issues that differ from most other states. You should consult a licensed Vermont attorney before executing this Agreement. The Vermont Bar Association Lawyer Referral Service (vtbar.org) can connect you with a licensed Vermont business attorney. Boost Suite makes no representation that this template is suitable for your specific circumstances. Use is at your own risk.

Your Vermont LLC Resources:

→ boostsuite.com/llc-operating-agreement/vermont/

→ boostsuite.com/how-to-start-an-llc/vermont/

→ boostsuite.com/how-to-start-an-llc/cost/vermont/

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