

How to complete a LLC Operating Agreement in Illinois

Member-managed LLC operating agreement template with state-specific clauses.

What this form is for

This form establishes the internal governance rules for your Illinois limited liability company and defines each member's ownership percentage, voting rights, profit distribution, and management responsibilities. Banks require this document to verify who has authority to sign loan agreements and pledge company assets as collateral.

Before you start

- Articles of Organization filing receipt and state-assigned LLC file number from the Illinois Secretary of State
- Complete legal names, addresses, and Social Security numbers or EINs for all members
- Each member's capital contribution amount (cash, property, or services) and agreed-upon ownership percentage
- Federal Employer Identification Number (EIN) from the IRS
- Professional licenses or certifications if your LLC operates in a regulated Illinois industry (contractors, healthcare, real estate, etc.)

Step-by-step

1. Fill in your LLC's exact legal name as filed with Illinois, the formation date, and the principal business address within the state.
2. Complete the members section by listing each owner's full legal name, address, initial capital contribution amount, and ownership percentage. Verify these percentages total exactly 100 percent.
3. Specify management structure by confirming member-managed status and indicating whether decisions require unanimous consent, majority vote, or percentage-based voting thresholds for routine versus major decisions.
4. Detail capital contribution requirements including the initial amounts already contributed, any additional capital calls allowed, and the procedure for requesting and collecting them.
5. Outline profit and loss allocation, typically matching ownership percentages unless you have a special allocation arrangement. Include the distribution schedule (quarterly, annually, or as determined by vote).
6. Define member authority by specifying dollar thresholds that require full member approval versus individual member action. Banks pay close attention to lending and borrowing limits here.

7. Complete the transfer of interest provisions explaining restrictions on selling or transferring membership stakes, right of first refusal procedures, and whether Illinois statutory buy-sell provisions apply.
8. Address dissolution conditions and winding-up procedures, including Illinois-specific requirements for filing Articles of Dissolution and priority order for paying creditors versus distributing remaining assets.
9. Have every member sign and date in the presence of a notary public. Illinois does not require operating agreements to be filed with the state, but notarization strengthens enforceability.

What lenders look for

- Underwriters will verify that borrowing authority limits specifically permit the loan amount you're requesting and confirm the signing officer has explicit authority to pledge collateral without additional member votes.
- Missing or inconsistent ownership percentages between this document and your Articles of Organization create red flags that delay approval. Cross-check both documents before submission.
- Generic online templates often lack Illinois-specific statutory references. Banks prefer operating agreements that cite relevant Illinois Limited Liability Company Act provisions, especially regarding member liability limitations and fiduciary duties.