

How to complete a LLC Operating Agreement

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

What this form is for

This document establishes the ownership structure, management rules, and operating procedures for your limited liability company. Banks require it to verify who has authority to sign loan documents and how profits and losses are allocated among members.

Before you start

- Your LLC's exact legal name and the date you filed Articles of Organization with the state
- Full legal names and addresses of all members (owners) and their ownership percentages
- Each member's initial capital contribution amount (cash, property, or services)
- Your registered agent's name and address
- Your Employer Identification Number (EIN) from the IRS

Step-by-step

1. Select your governing state at the top of the form. State law controls how certain clauses operate, so this choice affects buyout rights, dissolution procedures, and member liability protections.
2. Fill in the LLC name, formation date, and principal business address in the introductory section.
3. Complete the Members section by listing each owner's name, address, ownership percentage, and initial contribution. Verify that all percentages add up to exactly 100 percent.
4. In the Management section, confirm this is member-managed (all owners participate in decisions) rather than manager-managed. If you have designated managers, you need a different form version.
5. Document voting rules and specify whether decisions require unanimous consent, majority vote, or percentage thresholds based on ownership interest.
6. Fill in capital account provisions showing how additional contributions will be handled and whether members can be required to contribute more funds later.
7. Complete profit and loss allocation clauses. Typically this mirrors ownership percentages, but you can customize if members agree to different splits.
8. Review transfer restrictions that control whether members can sell their ownership interest to outsiders or must offer it to existing members first.
9. Fill in dissolution and buyout provisions, including how you'll value the business if a member exits or the LLC winds down.

10. Have every member sign and date in the signature section. Keep signed originals in your LLC records binder.

What lenders look for

- Banks scrutinize the signature authority clause to confirm who can legally bind the LLC to loan agreements. If only certain members can sign, that must be explicit and those individuals must be present at closing.
- Underwriters verify that capital contributions are documented and match your business financial statements. Undocumented or missing contribution records raise red flags about financial controls.
- Avoid leaving sections blank. If a provision doesn't apply, write "Not Applicable" rather than leaving it empty, which suggests the form is incomplete or unsigned.