

# How to complete a LLC Operating Agreement in Pennsylvania

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

## What this form is for

This form establishes the internal governance structure and member rights for your Pennsylvania LLC. Banks require it to verify ownership percentages, management authority, and capital contribution commitments before approving business loans or opening commercial accounts.

## Before you start

- Each member's full legal name, mailing address, and Social Security number or EIN
- Exact ownership percentage for each member (must total 100 percent)
- Dollar amount of initial capital contribution each member has made or will make
- Pennsylvania business entity number from your Certificate of Organization filing
- Your LLC's registered office address in Pennsylvania and registered agent name

## Step-by-step

1. Complete the heading with your LLC's exact legal name as registered with Pennsylvania and the formation date from your Certificate of Organization.
2. Fill in Article I with member names, addresses, and ownership percentages. Double-check these percentages add to exactly 100 percent. This section binds members legally and must match your cap table.
3. In Article II (Capital Contributions), list each member's initial contribution amount and whether paid in cash, property, or services. Pennsylvania requires you document the fair market value of non-cash contributions.
4. Complete Article III (Management) by checking the member-managed box and listing which members have signing authority for contracts, loans, and bank accounts. Lenders pay close attention here to confirm who can legally bind the company.
5. Fill in Article IV (Profit and Loss Allocation) with each member's distribution percentage. This often matches ownership but doesn't have to. Be explicit if distributions differ from equity stakes.
6. Article V covers voting rights. Specify the percentage required for major decisions like taking loans, admitting new members, or dissolving the LLC. Most use 50 percent or more, but some require supermajority for borrowing.
7. Complete transfer restrictions in Article VI. Banks want to see that membership interests cannot transfer freely without member approval, protecting their borrower relationship.

8. Sign and date the signature page. Every member must sign. Pennsylvania does not require notarization for operating agreements, but some lenders prefer notarized signatures for loan files.

## What lenders look for

- Underwriters verify that the person signing loan documents has explicit authority in the management section. Vague language like "members may act" instead of naming specific signing officers causes delays.
- Capital contribution amounts signal owner investment and commitment. Low or zero contributions raise red flags about skin in the game.
- Missing or inconsistent ownership percentages between this document and your Articles of Organization will stall underwriting immediately. Cross-check both filings before submission.