

LIMITED LIABILITY COMPANY AGREEMENT

_____, LLC

A MAINE LIMITED LIABILITY COMPANY

This Limited Liability Company Agreement ("Agreement") is made as of the ____ day of _____, 20__ by and among _____, LLC, a Maine Limited Liability Company ("the Company"),

_____, all of whom are referred to as "Members" of the LLC and are bound by the provisions of this Agreement.

BACKGROUND OF THIS AGREEMENT

The Members have formed the Company under the provisions of the Maine Limited Liability Company Act, Title 31, Chapter 21 for the principal purpose of developing and operating _____ Maine, and also for the carrying on of any lawful business, purpose or activity which a Maine LLC is not prohibited from carrying on. The Members shall own the entire equity interest in the Company at the time of its formation, and they wish to protect against ownership of an equity interest in the Company by persons who are not willing or able to continue the Company's policies and purposes. The Members have agreed to restrict transferability of equity interests, require purchase and sale of equity interests under certain circumstances and provide for other matters relating to the Company as are more fully set forth in this Agreement. This Agreement shall constitute a "Limited Liability Company Agreement" as that term is defined under the Maine Limited Liability Company Act.

NOW, THEREFORE, the Company and its Members, in consideration of the foregoing and of the mutual covenants contained herein, and intending to be legally bound hereby agree as follows:

ARTICLE 1 - ORGANIZATION

1.1 Formation. The parties hereto hereby form the Company and they shall promptly file the Certificate of Formation of the Company as provided for in the Maine Limited Liability Company Act, and any and all other documentation necessary to qualify the Company to do business in the State of Maine.

1.2 Principal Office. The principal office of the Company shall be located at _____, Maine. The Company may

have such other offices as the Members may designate or as the business of the Company may from time to time require.

1.3 Purpose and Scope. The purpose of the Company shall be to develop and operate _____. The Company shall also be authorized to carry on any lawful business purpose or activity which a Maine Limited Liability company is not prohibited from carrying on and any other activity which is necessary, appropriate, desirable or incidental thereto.

1.4 Term. The term of the Company shall commence with the execution of this Agreement and the proper filing of the Certificate of Formation and shall continue in full force and effect until sooner terminated or dissolved as provided in this Agreement.

1.5 Tax Status of the Company. It is the intention of the parties hereto that the Company be treated as an "S" corporation [as a partnership] for federal, state and local income tax purposes and the provisions of this Agreement are to be construed consistently with such intention.

ARTICLE 2 - MEETINGS AND VOTING PROCEDURE

2.1 Annual Meeting. The annual meeting of the Members of the Company shall be held on the _____ of _____ each year at 9:00 a.m. at the principal office of the Company, or on such other date as the Members shall determine, for the purpose of electing officers and for the transaction of such other business as may come before the meeting.

2.2 Regular Meetings. The Members may by resolution prescribe the time and place for the holding of regular meetings at such time and place as specified by the Members. The Company may, but shall not be required, to conduct regular meetings.

2.3 Special Meetings. Special meetings of the Members for any purpose may be called by any Member with a minimum of forty-eight (48) hours notice.

2.4 Notice of Meetings. Notice of meetings shall be in writing and may be delivered personally, by mail or by fax. If mailed, such notice shall be deemed to be delivered when received by a Member.

2.5 Quorum. At any meeting of the Members a majority of voting Members shall constitute a quorum for a meeting.

2.6 Proxies. At all meetings of Members a voting Member may vote by proxy executed in writing by the Member and filed with the Company. No proxy shall be valid after three (3) months from the date of execution unless otherwise provided in the proxy.

2.7 Voting. Unless otherwise set forth in this Agreement or any amendment hereto, the affirmative vote of a majority of the voting Members present at a meeting at which a quorum is present shall be the act of the Members.

2.8 Informal Action of Members. Unless otherwise set forth in this Agreement, or otherwise provided by law, any action required to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority in interest of all of the voting Members.

2.9 Telephone Meetings. Members of the Company may participate in any meeting of the Members by means of electronic communication as long as all Members agree to participation in that manner.

2.10 Arbitration. Should the Members be deadlocked on any decision or matter requiring a majority vote, or should any dispute arise between the Members, the Company or either, related to or in respect to this Operating Agreement, the Members and the Company agree to submit the matter to binding arbitration with the American Arbitration Association (“AAA”), and apply the rules and procedures of said AAA. The costs of such proceedings shall be borne equally by all parties to the arbitration procedures.

ARTICLE 3 - FISCAL MATTERS

3.1 Fiscal Year. The fiscal year of the Company shall begin on the first day of January and end on the last day of December of each year unless otherwise determined by resolution of the voting Members.

3.2 Deposits. All funds of the Company shall be deposited from time to time to the credit of the Company in such banks, trust companies, or other depositories as the Members may select.

3.3 Checks, etc. All checks, drafts or other orders for the payment of money, and all notes or other evidence of indebtedness issued in the name of the Company may be signed by an officer of the Company or by such Member or Members as the Members may specify from time to time.

3.4 Loans. No loans shall be contracted on behalf of the Company and no evidence of indebtedness shall be issued in its name, unless authorized by not less than two-thirds (2/3's) of the voting Members.

3.5 Contracts. The voting Members may authorize any Member, manager or agent of the Company to enter into any contract or execute any instrument in the name of and on behalf of the Company.

ARTICLE 4 - CAPITAL MATTERS,
DETERMINATION OF PROFITS/LOSSES AND LIQUIDATION PERCENTAGES

4.1 Initial Contributions. Set forth on Schedule "A" to this Agreement opposite the name of each Member is each Member's initial capital contribution, each member's percentage interest in the Company and each member's percentage interest in the profits and losses of the Company.

4.2 Capital Accounts. A capital account shall be established for each Member in the amount of each Member's initial capital contribution. The capital account shall be maintained in accordance with all applicable laws, rules and regulations and shall be increased or decreased by the amount of any subsequent capital contributions, the amount of any income or gain or the amount of any loss or deduction allocated to such Member pursuant to this Agreement.

4.3 Limit of Liability. The liability of each Member shall be limited to the aggregate amount of the capital contribution made by each Member and Members shall have no personal liability for or in respect of the debts, liabilities, contracts or any other obligations of the Company, nor shall the Members be personally liable for any obligations of the Company, except for those which they have personally guaranteed.

4.4 Capital Contributions. No interest shall be paid by the Company on any capital contributions to the Company. No Member shall be required to make further capital contributions or to lend any funds to the Company without the unanimous consent of the voting Members.

ARTICLE 5 - INTERESTS IN THE COMPANY AND TRANSFERABILITY

5.1 Company Interests. The Limited Liability Company interest of each Member shall be considered the personal property of each Member representing an equity interest in the Company and shall be evidenced by a certificate of limited liability company interest shown on a certificate issued by the Company.

5.2 Membership Classes. The only class of membership in the Company is that of voting membership.

5.3 New Members. New Members may be admitted only upon the unanimous consent of all Members.

5.4 Restriction on Transfers. The Company shall not have free transferability of membership interests. No Member shall, in any manner, sell, transfer, donate,

assign, pledge or otherwise dispose of his or her interest in the Company except as expressly set forth in this Agreement.

5.5 Transfer of Membership Interest. In the event of a Member's death, retirement, resignation or bankruptcy, the Company shall purchase (or, if the Company elects not to purchase, the remaining Members shall proportionally purchase), the Member's interest in the Company if the remaining Members and the Company elect to continue the business of the Company. If the remaining Members do not elect to continue the business of the Company, the Company shall be dissolved in accordance with this Agreement and the provisions of Maine law. The price to be paid to a Member for his or her interest shall be as set forth in this Agreement and it shall be paid within twenty-four (24) months of the date of death, retirement, resignation or bankruptcy to the Member or his personal representative if the Company is not dissolved. If the purchase price is not paid in its entirety within thirty (30) days of the effective date of the transfer of Membership interest, the Company, or the remaining members if applicable, shall deliver a Note to the Member or his or her personal representative for the unpaid balance of the purchase price, which balance shall bear interest annually at the prime rate set forth in the *Wall Street Journal* plus one (1%) percent and shall be payable within such twenty-four (24) month period.

5.6 Purchase Price. The price to be paid to a Member upon his or her death, retirement, resignation or bankruptcy shall be the value of the Member's interest in the Company as that value is determined by the Members from time to time and as designated in writing and attached as Schedule "B" to this Agreement. The member's percentage of the value set forth in the attached Schedule "B" shall be the full purchase price for the Member's interest in the Company. The Members shall set the value of the Company annually. In the instance that the Members fail to fix the value for any year, the value to be used for purposes of determining the purchase price shall be the value set for the preceding year. If the Members have not set the value for two (2) consecutive years, the value shall be determined by the Company's accountant, applying generally accepted accounting and valuation principles. The value as set forth on the attached Schedule "B" and as agreed upon from time to time by the Members or as established by the Company's accountant shall be binding and conclusive on the Company and on each Member and their respective heirs, executors, administrators, successors and assigns for the purpose of this Agreement.

5.7 Effective Date of Retirement, Resignation or Bankruptcy. Notice of resignation or retirement must be at a minimum of 180 days prior to the effective date; which 180 day period may be reduced with the consent of all non-retiring or resigning Members. As such, the declaration of retirement or resignation will have an effective date of 180 days from the date of declaration or a lesser date if agreed upon by all non-retiring or resigning Members. The effective date of any bankruptcy proceeding shall be the date of the filing of such proceeding in a Bankruptcy Court of the United States.

5.8 Collateral for Purchase Price. Should the Company or other Members not pay the entire purchase price to the Member or Member's personal representative

within thirty (30) days of the effective date of that Member's transfer of interest in the Company, the Company or the other Members (if applicable) shall deliver the following security for the payment of the purchase price to that Member or his or her personal representative:

A. A Note for the unpaid balance of the purchase price in a form satisfactory to the Company's attorney; and

B. A pledge of membership interest in the form satisfactory to the Company's attorney. Such pledge shall be for the membership interest being transferred and shall allow the Member or his personal representative to resume his or her membership interest and all rights associated therewith upon default of any provision of the Note. Prior to exercising any rights under the membership pledge, the Member transferring his or her interest shall give notice of default and a right to cure within ten (10) days after delivery of the Notice of Default to the Company and to all remaining Members. Should the default not be cured within said ten (10) days, the Member transferring his or her membership interest will be free to exercise any and all rights available under and pursuant to such membership pledge.

ARTICLE 6 - BOOKS AND RECORDS

6.1 Company Books and Records. The books and records of the Company shall be kept at the principal office of the Company and at such other places as the Members shall from time to time determine.

6.2 Right of Inspection. Any Member of the Company shall have the right to examine at any reasonable time or times for any purpose, the books and records of the Company.

6.3 Financial Records. All financial records shall be maintained and reported based on generally accepted accounting principles (GAAP). The Company shall provide each member with financial statements, including Profit and Loss Statement and Balance Sheet, within twenty (20) days following the end of each calendar quarter of the fiscal year and an annual statement not more than ninety (90) days following the end of each fiscal year.

ARTICLE 7 - DISTRIBUTION

7.1 Distribution of Profits/Losses. (a) The Members may from time to time unanimously declare, and the Company may distribute, profits not necessary for the cash needs of the Company's business in accordance with membership rights as set forth in this Agreement. The Members intend to distribute profits quarterly, after the Company has been in operation for a minimum of six (6) months, and also subject to the maintenance of a \$_____ cash reserve before the distribution of

any profit. As with all other provisions of this Agreement, the distribution of profit may be amended from time-to-time by unanimous agreement of the Members.

(b) The Company shall, beginning in the 2nd fiscal year after the effective date of this agreement, distribute to each Member an amount sufficient to permit such Member to pay his or her taxes due on the share of the Company's income attributable to such Member's ownership interest in the Company. The first such payment will be made to the Members not more than ninety (90) days following the end of the Company's first fiscal year; thereafter, such distributions shall be made to the Members not later than April 10, June 10, September 10, and January 10 of each succeeding fiscal year in order to enable such Members to timely make the required quarterly estimated tax payments required of them for the most recently concluded fiscal quarter.

7.2 Allocations. Profits and losses of the Company shall be allocated to the Members in accordance with interest in the Company and in accordance with this Agreement and any amendments thereto.

ARTICLE 8 – MANAGERS & OFFICERS

8.1 Manager. The Company shall have the power to appoint a "Manager" by majority vote of the Members. The "Manager", which may be more than one person, or a separate legal entity such as an LLC, shall be the chief executive officer of the Company responsible for the overall supervision of the business and affairs of the Company. The Manager may be removed by majority vote of the Members. The Manager shall preside at all meetings of the Members. The Manger may sign, on behalf of the Company, such contracts or other instruments which have been authorized by the Members and such other documents in the normal and ordinary course of the business for the purposes of carrying out the business of the Company. The Manager shall direct and supervise the operations of the Company, shall establish such charges for services and products of the Company as may be necessary to provide adequate income for the efficient operation of the Company, set and adjust wages and rates of pay for personnel of the Company within a budget established by the voting Members and hire, fire, and manage the personnel of the Company. The Manager shall keep all members advised of all matters pertaining to the operation of the Company in a timely manner and as reasonably requested by the Members. The Manager shall not have the authority to incur debt, except for normal operational trade accounts, for which the Company could be obligated, nor shall the Manager have the right to establish the salary and benefits to be paid to the Manager.

8.2 Other Officers. The Company may, at the discretion of the Members, have additional Officers including without limitation a Treasurer and Secretary. One person may hold two or more offices; provided, however, the same person may not serve as both President and Secretary of the Company.

8.3 Election and Tenure. The Officers of the Company shall be elected annually by the Members at the annual meeting and they shall hold office until otherwise determined by the Members.

8.4 Salaries. The compensation of the Manager and Officers shall be fixed from time to time by the Members.

8.5 Management. The Manager of the Company shall have the right to manage the Company, to exercise the Company's powers and to control the Company's business and affairs and possess all rights and powers generally conferred by law. A group consisting of less than a majority the Members shall not have continued and exclusive authority to make management decisions and the Company will be managed by the Manager. Notwithstanding any contrary provision of law, the Members recognize and agree that under the Maine Limited Liability Company Act there exists an implied contractual covenant of good faith and fair dealing in every Maine limited liability company agreement.

8.6 Initial Manager. The initial "Manager" of the Company shall be _____ The initial Treasurer of the Company shall be _____.

ARTICLE 9 - DISSOLUTION

9.1 Events Causing Dissolution. The Members agree that, unless the business of the Company is continued by the unanimous consent of all Members within ninety (90) days following the occurrence of any event set forth in Article 5, the Company shall be dissolved, or may be dissolved upon the written consent of all Members, upon a Member becoming bankrupt or executing an assignment for the benefit of creditors, or the death, retirement, resignation, expulsion or dissolution of a Member or by the entry of a decree of judicial dissolution.

ARTICLE 10 - MISCELLANEOUS

10.1 Indemnification. The Company agrees that it shall indemnify and hold harmless any Member, Manager or Officer who becomes a party or threatened to be made a party in any threatened, pending or filed action, suit, or proceeding of any nature, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Member of the Company, Manager, Officer, employee or agent of the Company, or was serving at the request of the Company, including payment of all expenses including reasonable attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Members determine that he or she acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Company or had reasonable cause to believe that his or her conduct was lawful. The Company shall not

provide indemnification in any case in which the act giving rise to the claim for indemnification is determined by a Court to have constituted criminal acts, willful misconduct or recklessness.

10.2 Documents. Every Member of the Company shall take such further action and execute and deliver such documents as may be reasonably necessary or appropriate to effectuate the terms of this Agreement.

10.3 Applicable Law. Maine law shall govern the validity, construction, interpretation and effect of this Agreement and the parties submit to the jurisdiction of the courts of Portland, Maine for such purposes. Notwithstanding any contrary provision of law, the Members recognize and agree that under the Maine Limited Liability Company Act there exists an implied contractual covenant of good faith and fair dealing in every Maine limited liability company agreement.

10.4 Parties Bound. This Agreement shall be binding upon the parties hereto together with their respective heirs, executors, administrators, successors and assigns. No Member shall assign any interest in the Company.

10.5 Amendments. This Agreement may be altered, amended, restated or repealed on unanimous consent of all voting Members.

IN WITNESS WHEREOF, and intending to be legally bound the parties have signed this Agreement the date and year first written above.

WITNESS:

_____, LLC

_____ By: _____ [SEAL]

_____(SEAL)
Member

_____(SEAL)
Member

_____(SEAL)
Member

_____(SEAL)
Member

SCHEDULE "A"
CAPITAL CONTRIBUTIONS

Member (____%) \$ _____

Member (____%) \$ _____

Member (____%) \$ _____

Member (____%) \$ _____

SCHEDULE "B"

PURCHASE PRICE FOR A MEMBER'S INTEREST.

The Members agree that as of _____, 20__ the Purchase Price for a Member's interest in _____, LLC shall be \$_____, multiplied by that Member's percentage interest in the Company.

Member

Member

Member

Member