

**For A Place To Live LLC**  
**Operating Agreement**  
**of**  
**“Company Name”**  
**A Texas Limited Liability Company**

This Operating Agreement (the “Agreement”) is entered into as of **August 20, 2017** by and among the Members (hereinafter collectively as the “Members” or “Parties” and individually as “Member” or “Party”) as listed herein this Agreement.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant, contract and agree as follows:

**ARTICLE I**  
**FORMATION OF LIMITED LIABILITY COMPANY**

1. Formation of LLC. The Parties have formed a Texas limited liability company named “Company Name” (“LLC”). The operation of the LLC shall be governed by the terms of this Agreement and the applicable laws of the State of Texas relating to the formation, operation and taxation of a LLC, including the Texas Limited Liability Company Act hereinafter referred to as the “Act”. To the extent permitted by the Act, the terms and provisions of this Agreement shall control if there is a conflict between such Act and this Agreement. The Parties intend that the LLC shall be taxed as a partnership. Any provisions of this Agreement, if any, that may cause the LLC not to be taxed as a partnership shall be inoperative.

2. Articles or Organization. The Members acting through its organizer, **Jamil Hasan**, filed Articles of Organization, (“Articles”) for record in the office of the Texas Secretary of State on Texas, thereby creating the LLC.

3. Business. The business of the LLC shall be:

(a) to do any and all other things necessary, desirable or incidental to the foregoing purposes. The LLC may sell or otherwise dispose of all or substantially all of its assets, subject to any restrictions set out in this Agreement, and any such sale or disposition shall be considered to be within the scope of the LLC’s business.

4. Registered Office and Registered Agent. The registered office and place of business of the LLC shall be 27402 Hurston Glen Lane, Katy, TX 77494 and the registered agent at such office shall be **Jamil Hasan**. The Members may change the registered office and/or registered agent from time to time.

5. Duration. The LLC will commence business as of the date the Members contribute their capital investment in the LLC and will continue in perpetuity.

6. Fiscal Year. The LLC’s fiscal and tax year shall end December 31.

**ARTICLE II  
MEMBERS**

7. Initial Members. The initial members of the LLC, their initial capital contributions, and their percentage interest in the LLC are:

<b>Initial Members</b>	<b>Interest in LLC</b>	<b>Capital Contribution</b>
Member 1		\$0
Member 2		
Member 3		
Member 4		

8. (a) Additional Members. New members may be admitted only upon the consent of all of the Members and upon compliance with the provisions of this agreement.

In the event that the initial members cannot raise additional funds for the purposes of the LLC, such funds may be raised through the sale of new memberships. The initial members will determine the qualifications of the new members and the voting right of the new membership (voting versus non-voting). The percentage interests of the Members in LLC will be adjusted accordingly.

(b) Substitute Members. A substitute member can be allowed who can be a permitted transferee only.

(c) Permitted Transferee. Permitted transferee means the spouse, or any member of a Member's immediate family, or a trust, including a charitable remainder trust, corporation, limited liability company, or partnership controlled by such Member or members of such Member's immediate family, or another Person controlling, controlled by, or under common control with such Member, or any person or entity to whom the Member's Membership Interest is devised or otherwise transferred under the Member's will or other testamentary document or who takes the Member's Membership Interest as a result of intestate succession.

**ARTICLE III  
CONTRIBUTIONS, PROFITS, LOSSES, AND DISTRIBUTIONS**

9. Interest of Members. Each Member shall own a percentage interest (sometimes referred to as a share) in the LLC. The Member's percentage interest shall be based on the amount of cash or other property that the Member has contributed to the LLC and that percentage interest shall control the Member's share of the profits, losses, and distributions of the LLC.

10. Contributions. The initial contributions and initial percentage interest of the Members are as set out in this Agreement.

11. (a) Additional Contributions. Only a majority of the Members of the LLC may call on the Members to make additional cash contributions as may be necessary to carry on the LLC's business. The amount of any additional cash contribution shall be based on the Member's then existing percentage interest. To the extent a Member is unable to meet a cash call, the other Members can contribute the unmet call on a pro rata basis based on the Members' percentage interests at that time, and the percentage interest of each Member will be adjusted accordingly.

(b) Cash Call. To the extent a Member is unable to meet a cash call, the other Members can contribute the unmet call on a pro rata basis based on the Members' percentage interests at that time, and the percentage interest of LLC of each Member will be adjusted accordingly. After the first incidence of unmet contribution, each subsequent incidence will result in a 5 percentage reduction in the interest of the LLC for the default Member. If the other members cannot contribute the additional cash required, the member unable to contribute will have no choice but to give personal guarantee for his/her portion of cash and arrange it from other sources including disposition of other assets he owns/has a share in including personal assets. Each member personally guarantees that he/she will meet his/her share of all the LLC obligations including debt; this includes in the period in which a member might be looking to sell his/her interest.

12. Record of Contributions/Percentage Interests. This Agreement, any amendment(s) to this Agreement, and all Resolutions of the Members of the LLC shall constitute the record of the Members of the LLC and of their respective interest therein.

13. Profits and Losses. The profits and losses and all other tax attributes of the LLC shall be allocated among the Members on the basis of the Members' percentage interests in the LLC.

14. Distributions. Distributions of cash or other assets of the LLC (other than in dissolution of the LLC) shall be made in the total amounts and on a quarterly basis or as determined by a majority of the Members. Any such distributions shall be allocated among the Members on the basis of the Member's percentage interests in the LLC.

15. Change in Interests. If during any year there is a change in a Member's percentage interest, the Member's share of profits and losses and distributions in that year shall be determined under a method which takes into account the varying interests during the year.

#### **ARTICLE IV VOTING; CONSENT TO ACTION**

16. Voting by Members. Members shall be entitled to vote on all matters which provide for a vote of the Members in accordance with each Member's percentage interest.

17. Majority Required. Except as otherwise required, a majority of the Members, based upon their percentage ownership, is required for any action.

18. Meetings - Written Consent. Action of the Members may be accomplished with or without a meeting. If a meeting is held, evidence of the action shall be by Minutes or Resolution reflecting the action of the Meeting, signed by a majority of the Members. Action without a meeting may be evidenced by a written consent or resolution signed by a majority or all of the Members.

19. Meetings. Meetings of the Members may be called by any Member owning 10% or more of the LLC, or, if Managers were selected, by any Manager of the LLC.

20. Majority Defined. As used throughout this agreement the term "Majority" of the Members shall mean a majority of the ownership interest of the LLC as determined by the records of the LLC on the date of the action.

**ARTICLE V**  
**DUTIES AND LIMITATION OF LIABILITY MEMBERS, OFFICERS AND PERSONS SERVING**  
**ON ADVISORY COMMITTEES; INDEMNIFICATION**

21. Duties of Members: Limitation of Liability. The Members, Managers and officers shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the LLC, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. No Member or officer shall have any liability to the LLC or any other Member by reason of being or having been a Member or officer. No Member or officer shall not be liable to the LLC or to any other Member or officer for any loss or damage sustained by the LLC or any other Member or officer unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct, or a wrongful taking by that Member or officer.

22. Members Have No Exclusive Duty to LLC. The Members shall not be required to participate in the LLC as their sole and exclusive business. Members may have other business interests and may participate in other investments or activities in addition to those relating to the LLC. Neither the LLC nor any other Member shall have any right, by virtue of this Agreement, to share or participate in another member's business interests, investments or activities or the income or proceeds derived therefrom. No Member shall incur liability to the LLC or to any other Member by reason of participating in any such other business, investment or activity.

23. Protection of Members and Officers.

(a) As used herein, the term "Protected Party" refers to the Members and officers of the Company.

(b) To the extent that, at law or in equity, a Protected Party has duties (including fiduciary duties) and liabilities relating thereto to the LLC or to any other Protected Party, a Protected Party acting under this Agreement shall not be liable to the LLC or to any other Protected Party for good faith reliance on:

- (i) the provisions of this Agreement;
- (ii) the records of the LLC; and/or
- (iii) such information, opinions, reports or statements presented to the LLC by any person as to matters the Protected Party reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the LLC, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the LLC or any other fact pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

(c) The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Protected Party to the LLC or to any other Protected Party otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Protected Party.

(d) Whenever this Agreement permits or requires a Protected Party to make a decision in its "discretion" or under a grant of similar authority or latitude, the Protected Party shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the LLC or any other Person.

(e) Whenever this Agreement permits or requires a Protected Party to make a decision using a "good faith" or under another express standard, the Protected Party shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

24. Indemnification and Insurance.

(a) Right to Indemnification.

(i) Any person who is or was a member or officer of the LLC and who is or may be a party to any civil action because of his/her participation in or with the LLC, and who acted in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interests of the LLC, shall be indemnified and held harmless by the LLC.

(ii) Any person who is or was a member or officer of the LLC and who is or may be a party to any criminal action because of his/her participation in or with the LLC, and who acted in good faith and had reasonable cause to believe that the act or omission was lawful, shall be indemnified and held harmless by the LLC.

(b) Advancement of Expenses. Expenses (including attorney's fees) incurred by an indemnified person in defending any proceeding shall be paid in advance of the proceeding's final disposition. Should the indemnified member or officer ultimately be determined to not be entitled to indemnification, that member or officer agrees to immediately repay to LLC all funds expended by the LLC on behalf of the member or officer.

(c) Non-Exclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this section shall not be exclusive of any right which any person may have or hereafter acquire under any statute, provision of this Agreement, contract, agreement, vote of Members or otherwise. The Members and officers are expressly authorized to adopt and enter into indemnification agreements for Members, officers and advisory committee members.

(d) Insurance. The Members may cause the LLC to purchase and maintain insurance for the LLC, for its Members and officers, and/or on behalf of any third party or parties whom the members might determine should be entitled to such insurance coverage.

(e) Effect of Amendment. No amendment, repeal or modification of this Article shall adversely affect any rights hereunder with respect to any action or omission occurring prior to the date when such amendment, repeal or modification became effective.

25. Duties of Persons Serving on Advisory Committees; Limitation of Liability; Indemnification. The Members shall have the right to form advisory committees. Persons serving on an advisory committee, whether or not a Member or officer, shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the LLC, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A person serving on an advisory committee shall not have any liability to the LLC or to any Member or officer for any loss or damage sustained by the LLC or any Member or officer unless the loss or damage was the result of fraud, deceit, gross negligence, willful misconduct, or a wrongful taking by such person.

**ARTICLE VI**  
**MEMBERS INTEREST TERMINATED**

26. Termination of Membership. A Member's interest in the LLC shall cease upon the occurrence of one or more of the following events:

- (a) A Member provided notice of withdrawal to the LLC thirty (30) days in advance of the withdrawal date. Withdrawal by a Member is not a breach of this Agreement.
- (b) A Member assigns all of his/her interest to a third party.
- (c) A Member dies.
  - (i) Except that, in the event of the death of a Member, the Company shall continue with such Member's substitute member as a Permitted Transferee. Unless specified otherwise, the Permitted Transferee will be deceased Member's spouse.
- (d) There is an entry of an order by a court of competent jurisdiction adjudicating the Member incompetent to manage his/her person or his/her estate.
  - (i) In which event, the Company shall continue with such Member's attorney-in-fact or other representative as if such attorney-in-fact or representative was the Member.
- (e) In the case of an estate that is a Member, the distribution by the fiduciary of the estate's entire interest in the LLC.
- (f) A Member, without the consent of a majority of the Members: (1) makes an assignment for the benefit of creditors; (2) files a voluntary petition in bankruptcy; (3) is adjudicated a bankrupt or insolvent; (4) files a petition or answer seeking for himself any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation; (5) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of the nature described in this paragraph; (6) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member or of all or any substantial part of his properties; or (7) if any creditor permitted by law to do so should commence foreclosure or take any other action to seize or sell any Member's interest in the LLC.
- (g) If within one hundred twenty (120) days after the commencement of any action against a Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, the action has not been dismissed and/or has not been consented to by a majority of the members.
- (h) If within ninety (90) days after the appointment, without a member's consent or acquiescence, of a trustee, receiver, or liquidator of the Member or of all or any substantial part of the member's properties, said appointment is not vacated or within ninety (90) days after the expiration of any stay, the appointment is not vacated and/or has not been consented to by a majority of the members.
- (i) Any of the events provided in applicable code provisions that are not inconsistent with the dissociation events identified above.

27. Effect of Dissociation. Any dissociated Member shall not be entitled to receive the fair value of his LLC interest solely by virtue of his dissociation. A dissociated Member that still owns an interest in the LLC shall be entitled to continue to receive such profits and losses, to receive such distribution or distributions, and to receive such allocations of income, gain, loss, deduction, credit or similar items to which he would have been entitled if still a Member. For all other purposes, a dissociated Member shall no longer be considered a Member and shall have no rights of a Member.

**ARTICLE VII  
RESTRICTIONS ON TRANSFERABILITY OF LLC INTEREST;  
SET PRICE FOR LLC INTEREST**

28. LLC Interest. The LLC interest is personal property. A Member has no interest in property owned by the LLC.

29. Encumbrance. A Member can encumber his LLC interest by a security interest or other form of collateral only with the consent of a majority of the other Members. Such consent shall only be given if the proceeds of the encumbrance are contributed to the LLC to respond to a cash call of the LLC.

30. Sale of Interest. A Member can sell his LLC interest only as follows:

(a) No partner may transfer, sell, convey, encumber, pledge, assign, or otherwise dispose of (collectively, "Transfer") an ownership interest without the prior written consent of all other partners, and within two years of the formation of the LLC unless the cap rate of return reaches 10 percent within two years of formation of the LLC. If a partner desires to Transfer before the two-year term expires and the cap rate return is below 10 percent, he or she is entitled to receive proceeds equal to 85% his or her total capital contributions or 85% of market value (SET Price defined in this Agreement), whichever is lower. After two years, a partner may sell his or her LLC interest at the SET Price, as described in this section.

(b) If a Member desires to sell his/her interest, in whole or in part, he/she shall give written notice to the LLC of his desire to sell all or part of his/her interest and must first offer the interest to the LLC. The LLC shall have the option to buy the offered interest at the then existing Set Price as provided in this Agreement. The LLC shall have thirty (30) days from the receipt of the assigning Member's notice to give the assigning Member written notice of its intention to buy all, some, or none of the offered interest. The decision to buy shall be made by a majority of the other Members. Closing on the sale shall occur within sixty (60) days from the date that the LLC gives written notice of its intention to buy. The purchase price shall be paid in cash at closing unless the total purchase price is in excess of \$50,000 in which event the purchase price shall be paid in twelve (12) equal quarterly installments beginning with the date of closing.

(c) To the extent the LLC does not buy the offered interest of the Member, the other Members shall have the option to buy the offered interest at the Set Price on a pro rata basis based on the Members' percentage interests at that time. If Member does not desire to buy up to his/her proportional part, the other Members can buy the remaining interest on the same pro rata basis. Members shall have fifteen (15) days from the date the LLC gives its written notice to the selling Member to give the selling Member notice in writing of their intention to buy all, some, or none of the offered interest. Closing on the sales shall occur within sixty (60) days from the date that the Members give written notice of their intention to buy. The purchase price from each purchasing Member shall be paid in cash at closing.

(d) To the extent the LLC or the Members do not buy the offered interest, the selling Member can then assign the interest to a non-member. The selling Member must close on the assignment within ninety (90) days of the date that he gave notice to the LLC. If he does not close by that time, he must again give the notice and options to the LLC and the LLC Members before he sells the interest.

(e) A non-member purchaser of a member's interest cannot exercise any rights of a Member unless a majority of the non-selling Members consent to him becoming a Member. The non-member purchaser will be entitled, however, to share in such profits and losses, to receive such distributions, and to receive such allocation of income, gain, loss, deduction, credit or similar items to which the selling member would be entitled, to the extent of the interest assigned, and will be subject to calls for contributions under the terms of this Agreement. The purchaser, by purchasing the selling member's interest, agrees to be subject to all the terms of this Agreement as if he were a Member.

31. Set Price. The Set Price for purposes of this Agreement shall be the price fixed by consent of a majority of the Members. The Set Price shall be memorialized and made a part of the LLC records. The initial Set Price for each Member's interest is the amount of the Member's contribution(s) to the LLC as provided above, as updated in accordance with the terms hereof. Any future changes in the Set Price by the Members shall be based upon net equity in the assets of the LLC (fair market value of the assets less outstanding indebtedness), considering the most recent appraisal obtained by the LLC for its assets, as may be adjusted by the Members in their discretion. The initial Set Price shall be adjusted no later than Dec 31, 2018. This basis for determining the Set Price shall remain in effect until changed by consent of a majority of the Members. The Members will consider revising the basis for determining the Set Price as needed.

#### **ARTICLE VIII OBLIGATION TO SELL ON A DISSOCIATION EVENT CONCERNING A MEMBER**

32. Dissociation. Except as otherwise provided, upon the occurrence of a dissociation event with respect to a Member, the LLC and the remaining Members shall have the option to purchase the dissociated Member's interest at the Set Price in the same manner as provided in ARTICLE VII and as if the dissociated Member had notified the LLC of his desire to sell all of his LLC interest. The date the LLC received the notice as provided in ARTICLE VII triggering the options shall be deemed to be the date that the LLC receives actual notice of the dissociation event.

#### **ARTICLE IX DISSOLUTION**

33. Termination of LLC. The LLC will be dissolved and its affairs must be wound up only upon the written consent of a majority of the Members.

34. Final Distributions. Upon the winding up of the LLC, the assets must be distributed as follows: (a) to the LLC creditors; (b) to Members in satisfaction of liabilities for distributions; and (c) to Members first for the return of their contributions and secondly respecting their LLC interest, in the proportions in which the Members share in profits and losses.

#### **ARTICLE X TAX MATTERS**

35. Capital Accounts. Capital accounts shall be maintained consistent with Internal Revenue Code § 704 and the regulations thereunder.

36. Intentionally Omitted.

37. Partnership Election. The Members elect that the LLC be taxed as a partnership and not as an association taxable as a corporation.

Member's Initial: \_\_\_\_\_

**ARTICLE XI  
RECORDS AND INFORMATION**

38. Records and Inspection. The LLC shall maintain at its place of business the Articles of Organization, any amendments thereto, this Agreement, and all other LLC records required to be kept by the Act, and the same shall be subject to inspection and copying at the reasonable request, and the expense, of any Member.

39. Obtaining Additional Information. Subject to reasonable standards, each Member may obtain from the LLC from time to time upon reasonable demand for any purpose reasonably related to the Member's interest as a Member in the LLC: (1) information regarding the state of the business and financial condition of the LLC; (2) promptly after becoming available, a copy of the LLC's federal, state, and local income tax returns for each year; and (3) other information regarding the affairs of the LLC as is just and reasonable.

**ARTICLE XII  
MISCELLANEOUS PROVISIONS**

40. Amendment. Except as otherwise provided in this Agreement, any amendment to this Agreement may be proposed by a Member. Unless waived by the Members, the proposing Member shall submit to the Members any such proposed amendment together with an opinion of counsel as to the legality of such amendment and the recommendation of the Member as to its adoption. A proposed amendment shall become effective at such time as it has been approved in writing by a majority of the Members. This Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by the party sought to be charged with such amendment or waiver, except as otherwise provided in this Agreement.

41. Applicable Law. To the extent permitted by law, this Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

42. Pronouns, Etc. References to a Member or Manager, including by use of a pronoun, shall be deemed to include masculine, feminine, singular, plural, individuals, partnerships or corporations where applicable.

43. Counterparts. This instrument may be executed in any number of counterparts each of which shall be considered an original.

44. Specific Performance. Each Member agrees with the other Members that the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the non-breaching Members may be entitled, at law or in equity, the non-breaching Members shall be entitled to injunctive relief to prevent breaches of this Agreement and, specifically, to enforce the terms and provisions of this Agreement in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

45. Further Action. Each Member, upon the request of the LLC, agrees to perform all further acts and to execute, acknowledge and deliver any documents which may be necessary, appropriate, or desirable to carry out the provisions of this Agreement.

46. Method of Notices. All written notices required or permitted by this Agreement shall be hand delivered or sent by registered or certified mail, postage prepaid, addressed to the LLC at its place of business or to a Member as set forth on the Member's signature page of this Agreement (except that any Member may from time to time give notice changing his address for that purpose), and shall be effective when personally delivered or, if mailed, on the date set forth on the receipt of registered or certified mail. The Parties agree that this Agreement, any documents to be delivered pursuant to this Agreement, any other Repurchase Document and any notices hereunder may be transmitted between them by email also. The Parties intend that electronically imaged signatures such as .pdf files shall constitute original signatures and are binding on all parties.

47. Facsimiles. For purposes of this Agreement, any copy, facsimile, telecommunication or other reliable reproduction of a writing, transmission or signature may be substituted or used in lieu of the original writing, transmission or signature for any and all purposes for which the original writing, transmission or signature could be used, provided that such copy, facsimile telecommunication or other reproduction shall have been confirmed received by the sending Party.

48. Computation of Time. In computing any period of time under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

**ARTICLE XIII  
DUTIES AND COMPENSATION OF MANAGEMENT**

The duties of the managers and their compensation are as described in a separate document entitled, "Management Agreement".

WHEREFORE, the Parties have executed this Agreement on the dates stated below their signatures on the attached signature page for each individual Party.

NOTICE: EACH MEMBER HEREBY CERTIFIES THAT HE OR SHE HAS RECEIVED A COPY OF THIS OPERATING AGREEMENT AND FORMATION DOCUMENT OF "COMPANY NAME", A TEXAS LIMITED LIABILITY COMPANY. EACH MEMBER REALIZES THAT AN INVESTMENT IN THIS COMPANY IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK. EACH MEMBER IS AWARE AND CONSENTS TO THE FACT THAT THE INTERESTS IN THE COMPANY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR SECURITIES ACT OF THE STATE OF TEXAS. EACH MEMBER AGREES TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS OF THIS AGREEMENT AND THE FORMATION CERTIFICATE OR ARTICLES.

Member: \_\_\_\_\_ Date \_\_\_\_\_  
Member 1

Member: \_\_\_\_\_ Date \_\_\_\_\_  
Member 2

Member: \_\_\_\_\_ Date \_\_\_\_\_  
Member 3

Member: \_\_\_\_\_ Date \_\_\_\_\_  
Member 4