



LLC Operating Agreement (Illinois Series)

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[MEMBERSHIP INTEREST VS LLC INTEREST]

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

[NAME OF LLC]

This Limited Liability Company Operating Agreement as amended from time to time, including all Supplements (defined below) (the “**Agreement**”) of [NAME OF LLC], an Illinois limited liability company (the “**Company**”) is entered into as of the ___ day of _____, 20__ by and among [DEVELOPMENT] (the “**Development**”), [MANAGER] (the “**Manager or Management**”) and [LIST OTHER MEMBERS], as members (collectively referred to herein as the “**Members**”).

In order to form a limited liability company pursuant to and in accordance with the Illinois Limited Liability Company Act, 805 ILCS 180/37-40, as amended from time to time (the “**Act**”), the Members hereby agree as follows:

1. Definitions. The following terms as used in this Agreement shall be defined as follows:

1.1 “**Articles of Organization**” means the document filed with the Illinois Secretary of State required to form a limited liability company in the State of Illinois.

1.2 “**Assignee**” means a Person who has acquired a Member’s Membership Interest in the Company, through a Transfer in accordance with the terms of this Agreement.

1.3 “**Accounting Policies and Procedures**” means the policies and procedures adopted from time to time by the Manager for preparation of Company financial statement, financial projects and other accounting reports.

1.4 “**Adverse Consequences**” means all actions, suits, proceedings, hearings, investigations, charges, complaints, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, liens, losses, expenses, and fees, including court costs and reasonable attorney’s fees and expenses.

1.5 “**Affiliate**” means, with respect to a Person, another Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Person in question. The term “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled Person.

1.6 “**Assigning Member**” means a Member who by means of a Transfer has transferred his or her Membership Interest in the Company to an Assignee.

1.7 “**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in [UNITED STATES/STATE OF _____] are authorized or required to be closed under the laws of the [UNITED STATES/STATE OF _____].

1.8 “**Capital Account**” means, as to any Member, a separate account maintained and adjusted in accordance with Section 4.3 (Allocation of Profits and Losses).

1.9 “**Capital Contribution**” means, with respect to any Member, the amount of money, the forgiveness of any debt, the Fair Market Value of any services or property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take “subject to” under IRC Section 752) in

consideration of a Percentage Interest held by such Member. Under no conditions shall a Capital Contribution be deemed a loan.

1.10 “**Code**” or “**IRC**” means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.11 “**Confidential Information**” means all confidential and proprietary information, Intellectual Property Rights, business and marketing plans, technology and technical information, product designs, and business processes, and any information or materials with the name, sign, trade name or trademark of the Company, whether or not it is marked or identified as Confidential Information.

1.12 “**Company Property**” means all assets, real and personal, owned by the Company, whether or not contributed to the Company by a Member.

1.13 “**Dissociated Member**” means a Series Member who has sold or transferred his or her membership interest in the Series.

1.14 “**Encumber**” means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.15 “**Encumbrance**” means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.16 “**Fair Market Value**” or “**FMV**” means, with respect to any item Company Property, the item's adjusted basis for federal income tax purposes, except as follows:

(a) The Fair Market Value of any property contributed by a Member to the Company shall be the value of such property, as mutually agreed by the contributing Member and the Company; and

(b) The Fair Market Value of any item of Company Property distributed to any Member shall be the value of such item of property on the date of distribution, as mutually agreed by the distributee Member and the Company.

1.17 “**Family**” means, with respect to a specified individual, such individual’s lineal or adopted descendants, his or her parents, spouse, siblings, and lineal or adopted descendants of any thereof, and any family limited partnership, trust or other fiduciary or other entity solely for the benefit of (x) such individual, (y) such individual’s lineal or adopted descendants or (z) such individual’s parents, spouse, siblings or lineal or adopted descendants of any thereof.

1.18 “**Fiscal Year**” shall be from [December 31, 20_] of each year until or unless changed by a Majority Vote of the Members.

1.19 “**Initial Member**” or “**Initial Members**” means those Persons whose names are set forth in the first sentence of this Agreement. A reference to an “**Initial Member**” means any of the Initial Members.

1.20 “**Intellectual Property Rights**” means (a) all inventions (whether or not patentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, divisions, continuations, continuations-in-part, revisions, renewals, extensions, and reexaminations thereof, (b) all works of authorship, including all mask work rights, database rights and copyrightable works, all copyrights, all applications, registrations and renewals in connection therewith, and all moral rights, (c) all trade secrets, (d) all registered and unregistered trademarks, service marks, trade dress, domain names, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated

therewith, and all applications, registrations and renewals in connection therewith, (e) all derivative works of any of the foregoing; (f) any other similar rights or intangible assets recognized under any laws or international conventions, and in any country or jurisdiction in the world, as intellectual creations to which rights of ownership accrue, and all registrations, applications, disclosures, renewals, extensions, continuations or reissues of the foregoing now or hereafter in force, and (g) all copies and tangible embodiments of all of the foregoing (a) through (f) in any form or medium throughout the world.

1.21 “**Investment Entity**” means any Person in which the Company or a Series has an Investment.

1.22 “**Involuntary Transfer**” means, with respect to any Membership Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.23 “**Management Series**” means the Series established as herein provided to pursue management activities in the Region.

1.24 “**Management Series Manager**” means Management and each Person hereafter designated as a Management Series Manager in accordance with this Agreement, until such Person ceases to be a Management Series Manager.

1.25 “**Member**” means an Initial Member or a Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who remains a Member, including Development and the Manager. Each Member may be a member with respect to one or more Series as herein provided.

1.26 “**Membership Interest**” or “**Beneficial Interest**” means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.

1.27 “**Member Percentage Interest**” means the percentage set forth on Schedule 1 hereto.

1.28 “**Person**” whether capitalized or not, means any individual, sole proprietorship, joint venture, partnership, corporation, company, firm, bank, association, cooperative, trust, estate, government, governmental agency, regulatory authority, or other entity of any nature.

1.29 “**Preferred Return**” means an amount that accrues at a per annum rate of ___ percent (___%) on all of a Member's Capital Contributions. The Preferred Return shall accrue on all Capital Contributions from the date such contributions were made until they are returned to the contributing Member. The Preferred Return shall be cumulative and shall compound annually.

1.30 “**Project Development Series**” means a Series established as hereinafter provided to pursue development of a discrete real estate project in the Region.

1.31 “**Project Development Series Manager**” means each Person hereafter designated as a Manager of a particular Project Development Series in accordance with this Agreement, as each may from time to time be appointed.

1.32 “**Profits and Losses**” means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703 (a) of the Code.

1.33 “**Region**” shall mean _____ as may be adjusted from time to time via Manager’s consultation with Members and as business needs dictate.

1.34 “**Regional Development Series**” means the Series established as herein provided to oversee, and participate in, development activities in the Region. [It is contemplated that the Regional Development Series shall be a Member of each Project Development Series].

1.35 “**Regional Development Series Manager**” means _____, and each Person hereinafter designated as the Regional Development Series Manager in accordance with this Agreement.

1.36 “**Reserve Amount**” means the amount from time to time established by the Manager as a reserve to meet the reasonably anticipated working capital needs of the Company and the Series.

1.37 “**Series**” means each separate series of limited liability company interests in the Company established or provided in Sections 2 and 3 of this Agreement and in accordance with Section 37-40(d) of the Act. The Company may establish various Series with differing Members, differing assets and separate liabilities as more specifically provided in Section 3.

1.38 “**Series Manager**” means the Management Series Manager, the Regional Development Series Manager or a Project Development Series Manager, as applicable.

1.39 “**Series Member**” means a Member with respect to a particular Series as established in accordance with this Agreement.

1.40 “**Selling Member**” means a Member desires to sell any of his or her Membership Interests.

1.41 “**Sharing Ratios**” means the percentages in which Members participate in and bear, certain items. Sharing Ratios shall be established separately for each Series and for each Member therein, with each Series Member having the Series Sharing Ratio with respect to such Series as established herein or in the Supplement establishing such Series.

The initial Management Series Sharing Ratio (and the initial Members with respect to the Management Series) is as follows:

Management	_____%
_____	_____%
_____	_____%

The initial Regional Development Series Sharing Ratio (and the initial Members with respect to the Regional Development Series) is as follows:

Development	_____%
_____	_____%
_____	_____%

1.42 “**Substituted Member**” means a Transferee, other than an existing Member, of the Membership Interest who may be admitted as a Member with respect to such Membership Interest.

1.43 “**Successor in Interest**” means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

1.44 “**Supplement**” means a supplement to this Agreement establishing a Series, substantially in the form attached hereto as Schedule 3.1, executed by the Manager and, where required hereunder, the Series Members of the applicable Series. Schedule 3.1 is the general form for establishing a Series hereunder, and is subject to modification as approved by the Manager to establish of other types of Series, to admit new Members to a Series, or to modify the provisions pertaining to an existing Series. Each Supplement is hereby incorporated into, and made a part hereof.

1.45 “**Transfer**” shall have the definition contained in Section 3.2.

2. **Organization.**

2.1 Company Name. The name of the limited liability company formed hereby shall be [NAME OF LLC].

2.2 Purpose. The Company shall have the power (whether conducted directly or indirectly through any type of Investment in any type of Person or through Series) to engage in any activity permitted by law related or complementary to the following activities and approved by the Manager; acquiring, owning, holding, maintaining, improving, constructing, developing, operating, managing, leasing, selling, exchanging, and otherwise dealing with real property; the provision of management, leasing, brokerage, development, construction, construction management or other consulting services in respect of real estate; any other business or activity approved by the Manager; and the financing of any of the foregoing activities. Without limited the generality of the foregoing, (a) Investments may take the form of acquisitions of interests in general partnership, limited partnership, joint ventures, corporation, syndicates, associates, business trust, limited liability companies, undivided interests in real property or co-tenancies in real property, sale-leaseback transition or the direct acquisition of investment assets; (b) the Company may acquire interests in property subject to, or by assuming, the liens, encumbrances or other title exceptions which affect the property; and (c) the Company may guarantee debts or obligations of any other Person, pledge, mortgage encumber and guarantee securities interests in Company property, and buy, sell, lease and dealing in services, personal property and real property.

2.3 Place of Business and Office; Resident Agent. The address of the registered office of the Company in the State of Illinois is [PRINCIPAL OFFICE ADDRESS]. The name and address of the registered agent of the Company for service of process on the Company in the State of Illinois is [NAME OF AGENT AND ADDRESS] or at such location as the Manager may approve.

2.4 Term. The term of the Company shall commence on [DATE] and shall have perpetual existence unless it shall be dissolved and its affairs shall have been wound up as provided in Section 10 (Dissolution and Winding Up of Business).

OR

2.4 Term. The term of the Company shall commence upon the filing of the Articles of Organization with the Illinois Secretary of State and shall continue under [DATE OF DISSOLUTION] unless sooner terminated as provided in Section 10 (Dissolution and Winding Up of Business) or as provided by law.

OR

2.4 Term. The term of the Company shall commence upon the filing of the Articles of Organization with the Illinois Secretary of State and shall have perpetual existence unless it shall be dissolved and its affairs shall have been wound up as provided in Section 10 (Dissolution and Winding Up of Business).

2.5 Qualification in Other Jurisdictions. The Company may register in any other jurisdiction upon the approval of the Manager.

2.6 No State Law Partnership. The Company shall not be a partnership or joint venture under any state or federal law, and no Member or Manager shall be a partner or joint venturer of any other Member or Manager for any purposes; other than under the Code or other applicable tax laws, and this Agreement may not be construed otherwise.

2.7 Series of Members and Membership Interests.

(a) The Company, with the Manager's approval, may establish separate Series, as contemplated by Section 37-40(d) of the Act. The Members currently contemplate that the Company's business shall include (i) [the provision of management and leasing services in the Region, which activity shall be conducted through the Management Series] and (ii) the pursuit and undertaking of development activities in the Region, which shall be conducted through the Regional Development Series and through separate Project Development Series established for each particular development, unless the Manager otherwise approves. [The Members currently contemplate that the Regional Development Series will, in turn, be a Member of each Project Development Series.] Each Series may have separate Members and each Series (i) will have its own name that will include the full name of the Company along with a series designation; (ii) own separate assets, (iii) will have the separate rights and powers as herein provided, and (iv) may have separate investment and business purposes. The debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing from time to time with respect to a particular Series shall be enforceable against the assets of such Series only, and not against the assets of any other Series or of the Company generally, and unless the Manager agrees otherwise, none of the debts, liabilities, obligations and expenses incurred, contract for, or otherwise existing with respect to the Company generally or any other Series shall be enforceable against the assets of such Series. The Company shall file a Certificate of Designation with the Illinois Secretary of State complying with the Act so naming each Series and limiting the liability of each Series as set forth as Schedule 3.1.

(b) Upon admission to the Company, each Member may be designated as a Series Member of a particular Series. A Member may be a member of more than one Series. Each Member shall have the rights, duties and powers as herein provided with respect to each Series of which it is a member. Members of a Series will be designated by the Manager. No Member shall have the right to vote any matter pertaining to a particular Series, or with respect to the Company generally, except as herein expressly provided.

3. Membership Series, Disposition of Interests

3.1 Membership Series.

(a) The Company may from time to time, with the Manager's prior approval, establish Series and admit to such Series as Series Members such Persons as the Manager approves. No other Member shall have any right to vote on the establishment of any new Series of the admission of any Person as a Series Member of any new Series.

(b) The Manager shall establish new Series by completing and executing a Supplement therefore and causing each Series Member of such Series to execute such Supplement, and if any such Series Member is a married individual, causing each such Series Member's spouse to execute a Consent of Spouse ("**Consent**") in the form of Exhibit A. Upon completion and execution of each such Supplement and Consent, and the Certificate of Designation has been filed with the Illinois Secretary of State, a new Series shall be established with the Series Members therein designated, each of which shall have the rights, duties and obligations established by this Agreement as supplemented by such Supplement.

(c) Once a Series has been established and the initial Series Members therefore are admitted to such Series (such admission to be effective upon their execution of the Supplement and, if applicable, the Consent), no additional Members may be admitted to such Series without the Manager's prior approval. If the Manager so approves, additional Members may be admitted to such Series and (except as provided below as to vested interests in Project Series) each Series Member's Sharing Ratio therein shall be subject to dilution to reflect the admission of such new Member under the terms and conditions approved by the Manager. Unless a Series Member agrees otherwise, any such dilution shall be prospective only, and the Series Membership shall continue to share in distributing of funds derived for any accounts receivable or reserves of the Series existing on the date the new Members are admitted thereto in accordance with their Series Sharing Ratios preceding such dilution. Such admission may be reflect as an amendment to the applicable supplement which shall be valid (and such admission be shall be effective) if executed by the Manager and the new Members. Notwithstanding the foregoing, if and to the extent new Member's Series Sharing Ratio in such Project Development Series that has vested pursuant to the provision of Section 3.4 and/or the applicable Supplement shall not be subject tot dilution by such admission; only the position of such Series Sharing Ratios that has not so vested shall be subject to dilution.

(d) In addition to the rights set forth in Section 3.1(c), from time to time a Supplement may be amended with the approval of the Manager and without the consent of any other Member being required.

(e) The Management Series is hereby established, having the name "[**NAME OF LLC**] – **Management Series**" and having the Series Members, Series Manager and the Series Sharing Ratios set forth in Section 1.1. Additional Members may be added to the Management Series as provided by Section 3.1(c).

(f) The Regional Series is hereby established, having the name "[**NAME OF LLC**] – **Regional Series**" and having the Series Members, Series Manager and the Series Sharing Ratios set forth in Section 1.1. Additional Members may be added to the Regional Series as provided by Section 3.1(c).

3.2 Dispositions of Membership Interests.

(a) General Restriction. A Member may not make an assignment, transfer or other disposition (voluntarily, involuntarily or by operation of law) (a "**Transfer**") of all or any portion of its Membership Interest, nor pledge, mortgage, hypothecate, grant a security interest in, or otherwise encumber (an "**Encumbrance**") all or any portion of its Membership Interest, except with the consent of the Manager, which the Manager may grant or withhold in its sole and absolute discretion. Any attempted Transfer of all or any portion of a Membership Interest, other than in strict accordance with this Section, shall be void. A Person to whom a Membership Interest is Transferred may be admitted to the Company as a Member only as provided in this

Section with the consent of the Manager, which may be given or withheld in its sole and absolute discretion. In connection with any Transfer of a Membership Interest or any portion thereof and any admission of an assignee as a Member, the Member making such Transfer and the Assignee shall furnish the Manager with such documents regarding the Transfer as the Manager may request including a copy of the Transfer instrument, a ratification by assignee of this Agreement (if the assignee is to be admitted as a Member) and a legal opinion that the Transfer complies with all applicable federal and state securities laws and will not cause the Company to be terminated under Section 708 of the Code.

(b) Permitted Transfers. [Specify any exceptions to general restrictions].

3.3 Conflicts of Interest. [Specify any restrictions on other activities, if any].

3.4 Resignation and Removal; Vesting and Conversion of Certain Membership Interests. [Specify provisions on withdrawal, removal and vesting of membership interests, if any].

3.5 Creation of Additional Membership Interests. In addition to the establishment of Series pursuant to Section 3.1 (Membership Series), additional Membership Interests may be created and issued to existing Members or to other Persons, and such other Persons may be admitted to the Company as Members in one or more classes, with the approval of the Manager on such terms and conditions as the Manager may approve at the time of admission. The creation of new Membership Interests, the admission of any new Members, or the creation of any new class or group of Members in accordance with this Agreement may (i) result in the dilution of the Sharing Ratios of existing Members, and (ii) be reflected as an amendment to this Agreement or a Supplement which shall be valid if executed by the Manager and the new Member. Any such new Member that is a married individual shall also, as a condition to becoming a Member, cause his or her spouse to execute a Spousal Consent in the form attached hereto as Exhibit A.

3.6 Company Information. In addition to the other rights specifically set forth in this Agreement, each Member is entitled to the following information under the circumstances and conditions set forth in the Act: (1) true and full information regarding the status of the business and financial condition of each Series of which it is a Series Member; (2) promptly after becoming available, a copy of the Company's federal, state and local income tax returns for each year applicable to each Series of which it is a Series Member; (3) a current list of the name and last known business, residence or mailing address of each Member and Manager; (4) a copy of this Agreement and only those Supplements applicable to each Series of which it is a Series Member, the Company's Articles of Organization, and all amendments to such documents; (5) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member, to the extent applicable to each Series of which it is a Series Member; and (6) other information regarding the affairs of the Company to which that Member is entitled by law (including all Company books and records) to the extent applicable to each Series of which it is a Series Member. To the maximum extent permitted by law, neither the Company nor any Manager shall be obligated to provide any information to any Member regarding a Series of which it is not a Series Member, and each Member waives any rights it may have to such company information.

3.7 Liability to Third Parties. Except as required by the Act, no Member solely by reason of being a member shall be liable for the debts, obligations, or liabilities of the Company.

3.8 Waiver of Fiduciary Duties. To the maximum extent permitted by law, each Member absolutely and irrevocably waives any and all claims, actions, causes of action, loss,

damage and expense including any and all attorneys' fees and other costs of enforcement arising out of or in connection with any breach of any fiduciary duty by any other Member or Manager or any of its Affiliates in the nature of actions taken or omitted by any such other Persons, which actions or omissions would otherwise constitute the breach of any fiduciary duty owed to the Members (or any of them), except a breach of any specific term of this Agreement. It is the express intent of the Members that each Member and Manager and each and all of their Affiliates shall be and hereby are relieved of any and all fiduciary duties which might otherwise arise out of or in connection with this Agreement to the Members or any of them.

4. Management of Company and Series

4.1 Management of Company and Series.

(a) The Manager shall have complete and exclusive authority to manage the affairs of the Company and to make all decisions with regard thereto, but the day-to-day affairs of the Company shall be directed by the [President] who shall be fully empowered and authorized to implement the terms and provisions of each approved Business Plan and Annual Budget on behalf of the Company, subject to the limitations set forth in Section 4.1(d). The Members shall have no authority to bind the Company.

(b) The day to day affairs of each Series shall be directed by the Series Manager therefor, but each Series Manager shall be subject to the overriding authority of the [President] and Manager to direct the management of the affairs of each Series.

(c) Not later than [November 1] of each year, the [President] shall deliver to the Manager a detailed proposed business plan (the "**Business Plan**") for the Company's next succeeding fiscal year, which shall include the proposed budget for such year (the "**Annual Budget**"). The Business Plan and Annual Budget shall contain such other information as the [President] wishes to include and shall contain such information as the Manager may request. The Manager will review the proposed Annual Budget and Business Plan, and subject to required revisions, approve the same for the next succeeding fiscal year no later than [December 31] of each year. The Business Plan and Annual Budget shall include projected revenues, expenses for the year in question, projected investment activities and such other matters as the [President] or the Manager may deem appropriate. If the Annual Budget provides for a contingency or similar line item, then unless otherwise specifically provided to the contrary therein, the [President] shall be empowered to expend the amount set forth in such line item for Company obligations. If the Business Plan is not approved by the date set forth above, then: (i) any items or portions thereof that have been approved will become operative immediately; and (ii) with respect to the Annual Budget, the [President] may expend, in respect of noncapital or recurring expenses in any quarter of the then current calendar year, an amount equal to the budget amount for the corresponding quarter of the immediately preceding calendar year, as set forth on the last approved Annual Budget after giving effect to any material changes to the Company or its properties during the prior year; however, if any contract approved as a part of any prior approved Annual Budget or Business Plan provides for automatic increases in costs thereunder after the beginning of the then current calendar year, then the [President] may expend the amount of that increase.

(d) Following approval of the Business Plan and Annual Budget, the [President] shall be authorized to take the actions, incur obligations and make the expenditures therein expressly set forth. The [President] shall not have any authority or power to take any action on behalf of the Company that would constitute a Major Decision (as defined below), unless the same is specifically contemplated by an approved Business Plan or Annual Budget, or has

otherwise been expressly approved in writing by the Manager. As used herein, the term “**Major Decision**” shall include the following:

(1) causing the Company or a Series to enter into any agreement which would subject the Company or a Series or its assets to any recourse liability for borrowings, or for capital contributions to any Person;

(2) causing the Company or a Series to grant any interests in the assets, profit, and income of the Company or a Series;

(3) causing a dissolution of the Company or any Series;

(4) regarding Company and Series assets, any sale, transfer, exchange, mortgage, financing, hypothecation or encumbrance of all or any part thereof, or any modification of the terms of the foregoing;

(5) regarding Company and Series financial affairs, (A) determination of major accounting policies including selection of accounting methods and making various decisions regarding treatment and allocation of transactions for federal and state income, franchise or other tax purposes (B) determination of the terms and conditions of all borrowings of the Company or a Series and the identity of the lender thereof, and (C) the making of any expenditure or incurrence of any obligation by or for the Company or a Series in excess of the lesser of (i) ___ percent (___%) in excess of, or (ii) \$_____ in excess of, the amount set forth on the applicable Approved Budget therefor;

(6) regarding any Capital Contributions;

(7) regarding Company and Series operations, approval of insurance coverages, the underwriters thereof and claims related thereto, the settlement of any litigation that is not fully covered by insurance involving more than \$_____, entering into any contract which obligates the Company or a Series for more than \$_____ (except to the extent expressly set forth in an approved Annual Budget) or which cannot be cancelled without payment of a cancellation fee or other premium on not more than thirty (30) days prior notice; and entering in any lease for office space;

(8) filing of any petition or consenting to the filing of any petition that would subject the Company or a Series to a bankruptcy or similar proceeding;

(9) any other action which, considered before the taking thereof, could reasonably be expected to have a material effect upon the business or affairs of the Company or a Series.

(e) Each Manager shall discharge its duties in a good and proper manner as provided for in this Agreement. Each Manager, on behalf of the Company or Series, as applicable, shall enforce agreements entered into by the Company or the applicable Series, and conduct or cause to be conducted the ordinary business and affairs of the Company or Series in accordance with good industry practice and the provisions of this Agreement. No Manager shall be required to devote a particular amount of time to the Company’s or Series’ business, but shall devote sufficient time to perform its duties hereunder. The Company, or any Series, may rely upon any action taken or document executed by the applicable Manager or any Officer without duty of further inquiry, and may assume that such Manager or Officer has the requisite power and authority to take the action or execute the document in question.

4.3 Compensation of Members. Except as otherwise specifically provided herein, no compensatory payment shall be made by the Company to any Member for the services to the Company of such Member or any member or employee of such Member.

4.4 Officers. The Manager shall appoint a [President] and may, from time to time, designate one or more Persons to be other officers of the Company or a Series (an “**Officer**”). No Officer need be a resident of the State of Illinois or a Member. Any Officer so designated shall have such title and authority and perform such duties as the Manager may, from time to time, designate. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such Officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such Officer by the Manager. Each Officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed. The salaries or other compensation, if any, of the Officers and agents of the Company shall be fixed from time to time by the Manager. Any Officer may resign as such at any time. Any Officer may be removed as such, with or without Cause, by the Manager at any time unless otherwise designated at the time of hiring an Officer. Designation of an Officer shall not, in and of itself, create contract rights. The initial Officers of the Company are: _____, [President]; and _____, [Vice President].

4.5 Indemnification; Reimbursement of Expenses; Insurance. To the fullest extent permitted by law, and subject to the limitations set forth in this Section, and with, in each case, the Manager’s prior approval: (a) the Company shall indemnify each Manager, Officer and Member for the entirety of any Adverse Consequences that a Manager, Officer or Member may suffer including, but not limited to, any Manager, Officer, or Member who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (“**Proceeding**”), any appeal therein, or any inquiry or investigation preliminary thereto, solely by reason of the fact that he or she is or was a Manager, Officer or Member and was acting within scope of duties or under the authority of the Members; (b) the Company shall pay, and advance or if the foregoing is not practicable, reimburse a Manager, Officer or Member for expenses incurred by him or her (1) in advance of any disposition of a Proceeding to which such Manager, Officer or Member was, is or is threatened to be made a party, and (2) in connection with his or her appearance as a witness or other participation in any Proceeding. Such indemnification shall also include counsel fees. The Company may indemnify and advance expenses to an employee or agent of the Company to the same extent and subject to the same conditions under which it may indemnify and advance expenses to the Manager, Officers and Members under the preceding sentence. The provisions of this Section shall not be exclusive of any other right under any law, provision of the Certificate or this Agreement, or otherwise. Notwithstanding the foregoing, this indemnity shall not apply to actions constituting gross negligence, willful misconduct or bad faith, or involving a material breach of this Agreement or the duties set forth herein, which breach, in Manager’s reasonable opinion, causes a substantial loss to the Company, but shall apply to actions constituting simple negligence. The Company may purchase and maintain insurance to protect itself and any Manager, Officer, employee or agent of the Company, whether or not the Company would have the power to indemnify such Person under this Section. This indemnification obligation shall be limited to the assets of Company, and no Member shall be required to make a Capital Contribution in respect thereof.

4.6 Removal and Appointment of Managers. Development may resign as Manager at any time, so long as it appoints a new Manager, which new Manager shall agree in writing to be bound by this Agreement. Any Series Manager may be removed by the Manager at any time, with or without Cause, and the Manager shall have the sole right to appoint a new Person to be the replacement Series Manager.

5. Accounts and Records.

5.1 Records and Accounting; Reports; Fiscal Affairs. Proper and complete records and books of accounting of the business of the Company, including a list of names, addresses and interests of all Members, shall be maintained under the direction of the Manager at the Company's principal place of business. Each Member or his or her duly authorized representative may examine the books of account of the Company records, reports and other papers regarding the business and financial condition of the Company, make copies and extracts therefrom at such Member's expense, and discuss the affairs, finances and accounts of the Company with independent public accountants of the Company, all at such reasonable times and as often as may be reasonably requested.

[The books and records of the Company shall be kept on the accrual basis in accordance with generally accepted accounting principles applied on a consistent basis applicable to commercial real estate or on a cash basis as selected by the Manager and, in all events, shall conform with the Accounting Policies and Procedures.]

5.2 Fiscal Year End. The fiscal year end of the Company shall be [December 31].

5.3 Keeper of the Books. At all times during the term of existence of the Company, and beyond that term if deemed by Manager to be necessary, [NAME], as [Officer Title] shall keep or cause to be kept the books of accounts referred to in Section 5.1 (Records and Accounting), and the following:

(a) A current list of the full name and last known business or residence address of each Member and each Series, together with the Capital Contribution and the share in Profits and Losses of each Member;

(b) A copy of the Articles of Organization, as amended; together with a copy of each Certificate of Designation;

(c) Executed counterparts of this Agreement, as amended;

(d) Executed Supplements and Consents, if any;

(e) Separate and distinct records for each Series and all Series Investments and other assets, Series Members, Series Sharing Ratios, and the Membership Interests attributable to each Series in accordance with the provisions of the Act. The separate books and records kept for each Series shall be maintained in accordance with the provisions of this Section.

(f) Any powers of attorney under which the Company takes action;

(g) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(h) Financial statements of the Company for the six (6) most recent fiscal years; and

(i) All Company records as they relate to the Company's internal affairs for the current and past four (4) fiscal years.

5.4 Member Examination of Records. Each Member, at its expense and under the circumstance and conditions set forth in the Act, may at all reasonable times during usual business hours audit, examine and make copies of account records, files and bank statements of the Company applicable to each Series of which it is a Series Member. Such right may be exercised by any Member or by its designated agents or employees.

5.5 Bank Accounts. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such

locations as shall be determined by the Manager. Withdrawal from such accounts shall require the signature of such Person or Persons as the Manager may designate.

5.6 Members' Tax Requirements. Within sixty (60) days after the end of each taxable year, the Company shall forward to each Member all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for such year.

6. Capital Contributions and Finance

6.1 Membership Records. The name and business address, Capital Contributions, and Percentage Interest of each of the Members is set forth in Schedule 1.

6.2 Capital Contribution. The Manager shall determine if, as, and when Capital Contributions shall be required to enable the Company or a Series to invest in any Investment Entity or to operate its business. Development or Management shall make all Capital Contributions to the Company or a Series. Accordingly, no Member, other than Development or Management, shall have any obligation or right to make any Capital Contribution. Notwithstanding the foregoing, either Development or Management, in their sole and absolute discretion, may at any time elect to not fund further Capital Contributions with respect to the Company or any Investment, Investment Entity, or Series without any liability whatsoever to the Company or any Member, even if such failure to contribute results in the loss of any opportunity or the forfeiture of any Investment or interest in any Investment Entity, or results in any other penalty or liability.

6.2 Return of Contributions. Except as expressly provided herein, no Member shall be entitled to the return of any part of its Capital Contributions, to be paid interest in respect of either its Capital Account or any Capital Contribution made by it or paid for the fair market value of its Membership Interest upon withdrawal or otherwise. Unrepaid Capital Contributions shall not be a liability of the Company, any Series or of any Member. No Member shall be required to contribute or lend any cash or property to the Company or any Series to enable the Company or Series to return any Member's Capital Contributions.

6.3 Member Guaranties. No Member shall undertake to guarantee or otherwise become liable for any obligation of the Company, or any obligation in respect of a Series or an Investment Entity, without the prior approval of the Manager.

7. Investments.

7.1 Investments. All Investments by the Company or any Series shall be made on such terms and conditions as the Manager may determine.

8. Distributions.

8.1 Distributions in General. From time to time, but not less often than semi-annually, the Manager shall determine (i) the amount, if any, by which the Company's funds then on hand exceed the Reserve Amount (such excess being referred to herein as "**Excess Funds**"), and (ii) the Series from which such Excess Funds have been derived. Excess Funds shall be distributed to the Members as provided in Section 8.2 and Section 8.3.

8.2 Temporary Distributions to Development and Management. If the Manager determines that there are Excess Funds subject to distribution but that additional Capital Contributions will be required on the part of Development or Management for future Company or Series needs within the next twelve (12) month calendar month period, then the Manager may elect to make temporary distributions of such Excess Funds to Development or Management (or both) which distributions shall have the effect of reducing the amount of Capital Contributions outstanding on the part of Development or Management, as applicable (which, in turn, means that

such amounts shall no longer accrue the Preferred Return). If any such distributions have not been returned by Management or Development, as applicable, by way of making Capital Contributions to the Company within twelve (12) full calendar months following the date of such distribution (or, if sooner, upon the dissolution, liquidation, and termination of the Company), then Development and/or Management, as applicable, shall return the amount so distributed to them pursuant to this Section as Capital Contributions.

8.3 Distributions to Members.

(a) Not later than _____ of each calendar year, the Excess Funds derived from the business and operations of each Series (the “**Source Series**”) shall be distributed as follows:

(1) First, to Development and Management in payment of any Preferred Return on their Capital Contributions made to the Source Series, in proportion to the unpaid balances thereof;

(2) Next, to Development and Management in return of their unreturned Capital Contributions made to the Source Series, in proportion to the unpaid balances thereof;

(3) Next, subject to Section 8.3(b), to Development and Management in payment of their Preferred Return on their Capital Contributions made to any Series other than the Source Series (the “**Receiving Series**”), in proportion to the unpaid balances thereof;

(4) Next, subject to Section 8.3(b), to Management and Development in return of their unreturned Capital Contributions made to any Receiving Series, in proportion to the unpaid balances thereof;

(5) Next, if the Source Series has previously benefited by distributions of funds derived from another Series in payment of the unpaid Preferred Return and/or unreturned Capital Contributions attributable to the Source Series by way of distributions made on its behalf pursuant to Section 8.3(a)(3) or Section 8.3(a)(4), then to the Series which made such distributions on behalf of the Source Series in repayment of the distributions so made, together with a return thereon at the rate of ten percent (10%) per annum from the date such Series made such distributions until the same have been repaid; and

(6) Thereafter to the Series Members of the Source Series in accordance with their Sharing Ratios therein.

(b) All distributions made to Series Members pursuant to Section 8.3(a)(5) shall be made to the applicable Participating Source Members thereof in accordance with their Sharing Ratios in the Series in question. For the purposes of this Section, if a Series receives distributions of funds pursuant to Section 8.3(a)(5), then the Series receiving such distribution shall be a “**Source Series**” for the purposes of determining the further distribution thereof.

(c) In accordance with Section 35-10 of the Act any distribution made by a Series before its dissolution and winding up must be in equal shares among the Series Members and Dissociated Series Members.

A Member has a right to a distribution before the dissolution or winding up of a Series only if the Series decides to make an interim distribution. Dissociated Members may still be entitled to a distribution upon the Series Manager’s sole discretion.

No Series Member may demand or receive a distribution from a Series in any form other than cash. Except as otherwise provided by law, a Series may distribute an asset-in-kind if each part of the asset is fungible with each other party and each Series Member receives a percentage of the asset equal in value to the respective Series Member’s share of distributions.

8.4 Withholding. The Company may withhold distributions or portions thereof if it is required to do so by any applicable rule, regulation, or law, and each Member hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Member any amount of federal, state, local or foreign taxes that the Manager reasonably determines that the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement. Any amounts so paid or withheld with respect to a Member pursuant to this Section shall be treated as having been distributed to such Member and shall reduce any amounts otherwise distributable to such Member (either currently or in the future) pursuant to Section 8.3 (Distribution to Members) or Section 10 (Dissolution).

9. Capital Accounts, Allocations and Tax Matters.

9.1 Federal Tax Items. Items of income, gain, deduction, loss, credit and all other federal tax items shall be allocated to the Members as provided in Schedule 9 or in any applicable Supplement.

10. Dissolution, Liquidation and Termination, Dissociation.

10.1 Dissolution, Liquidation, and Termination Generally.

(a) In accordance with Section 35-1 of the Act, the Company shall be dissolved upon the first to occur of any of the following:

(1) The sale or disposition of all of the assets of the Company and the receipt, in cash, of all consideration therefor, and the consent of Members not to continue the business of the Company;

(2) The written consent of the majority of the Members to dissolve the Company; and

(3) The occurrence of any event which, as a matter of law, requires that the Company be dissolved.

(b) In accordance with Section 35-1 of the Act, any Series of the Company shall be dissolved upon the first to occur of any of the following:

(1) The sale or disposition of all of the assets of the Series and the receipt, in cash, of all consideration therefor, and the determination of the Manager not to continue the business of the Series directly or through an Investment Entity;

(2) The determination of the Series Manager to dissolve the Series, if there is no Series Manager, then the Series Members shall by majority consent to dissolve the Series;

(3) The occurrence of any event which as a matter of law requires that the Series be dissolved.

10.2 Liquidation and Termination. Upon dissolution of the Company or a Series such Person as the Manager may designate shall act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company or Series and make final distributions as provided herein. The costs of liquidation shall be a Company or Series expense, as applicable. Until final distribution, the liquidator shall continue to operate the Company or Series with all of the power and authority of the Manager hereunder. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a firm of certified public liquidator shall cause a proper accounting to be made by a firm of certified public accountants acceptable to the Manager of the Company's or Series' assets, liabilities, and operations through the last day of the

calendar month in which the dissolution shall occur or the final liquidation shall be completed, as applicable;

(b) the liquidator shall cause the Company or Series to satisfy all of the debts and liabilities of the Company or (whether by payment or the making of reasonable provision for payment thereof); and

(c) all remaining assets of the Company or Series shall be distributed to the Members or applicable Series Members as follows:

(1) the liquidator may sell any or all Company or Series property and the sum of (A) any resulting gain or loss from each sale plus (B) the fair market value of such property that has not been sold shall be determined and (notwithstanding the provisions of Section 9 (Capital Accounts)) income, gain, loss, and deduction inherent in such property (that has not been reflected in the Capital Accounts previously) shall be allocated among the Members to the extent possible to cause the Capital Account balance of each Member to equal the amount distributable to such Member under Section 10.2(c)(2); and

(2) Company or Series property shall be distributed to the Members as provided in Section 8.3 (Distribution to Members).

10.3 Deficit Capital Accounts. No Member shall be required to pay to the Company, to any other Member or to any third party any deficit balance which may exist from time to time in the Member's Capital Account.

10.4 Cancellation of Certificate. In the case of the dissolution, liquidation and termination of the Company, on completion of the distribution of Company assets, the Manager (or such other person as the Act may require or permit) shall file a Certificate of Dissolution with the Secretary of State of Illinois, cancel any other filings made pursuant to Section 2.5 (Qualification in Other Jurisdictions) and take such other actions as may be necessary to terminate the existence of the Company. In the case of the dissolution, liquidation and termination of a Series, the Manager shall file such certificates as may be required by the Act or other law in respect thereof.

10.5 Member's Power to Dissociate. In accordance with Section 35-45 of the Act, any Member has the power to dissociate as a Member at any time, rightfully or wrongfully, by withdrawing as a Member by express will.

10.6 Effect of Dissociation. Upon the effective date of becoming a Dissociated Member, the Dissociated Member may not participate in the management of the company or conduct any of the company's activities. Subject to Section 35-60 of the Act, upon a member's dissociation the Company must cause the Dissociated Member's distributional interest to be purchased for its fair value determined as of the date of the member's dissociation if the member's dissociation does not result in a dissolution and winding up of the company's business under Section 35-1 of the Act. A Member's dissociation as a Member does not of itself discharge the Member of any debt, obligation or other liability to the company or other Members that incurred while the Dissociated Member was a Member in good standing.

11. Arbitration

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled by binding arbitration in [CITY/STATE]. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of American Arbitration Association ("AAA"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by AAA (the "**Arbitrator**"); (b) each party to the arbitration will pay its pro rata share of

the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the Arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the Arbitrator's rules and regulations) of the proceeding has been given to such party. The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive and may be entered in any court having jurisdiction thereof as a basis of judgment and of the issuance of execution for its collection. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity, provided however, that nothing in this subsection shall be construed as precluding bringing an action for injunctive relief or other equitable relief. The Arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER MATTER INVOLVING THE PARTIES HERETO.

12. Miscellaneous.

12.1 Notices. All notices provided for or permitted to be given pursuant to this Agreement must be in writing and shall be given or served by (a) depositing the same in the United States mail addressed to the party to be notified, postpaid and certified with return receipt requested, (b) by delivering such notice in person to such party, or (c) by facsimile. All notices are to be sent to or made at the addresses set forth on the signature pages hereto. All notices given in accordance with this Agreement shall be effective upon delivery at the address of the addressee. By giving written notice thereof, each Member shall have the right from time to time to change its address pursuant hereto.

If to Company at: [ADDRESS]
Attn: _____
Fax No.: _____

If to Member(s): See addresses on Schedule 1.

12.2 Governing Law. This Agreement and the obligations of the Members hereunder shall be construed and enforced in accordance with the laws of the State of Illinois, excluding any conflicts of law rule or principle which might refer such construction to the laws of another state or country.

12.3 Entireties; Amendments. This Agreement and its exhibits constitute the entire agreement between the Members relative to the formation of the Company. Except as otherwise provided herein, no amendments to this Agreement shall be binding upon any Member unless set forth in a document duly executed by such Member.

12.4 Waiver. No consent or waiver, express or implied, by any Member of any breach or default by any other Member in the performance by the other Member of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Member of the same or any other obligation hereunder. Failure on the part of any Member to complain of any act or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver of rights hereunder.

12.5 Severability. If any provision of this Agreement or the application thereof to any Person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

12.6 Ownership of Property and Right of Partition. A Member's interest in the Company shall be personal property for all purposes. No Member shall have any right to partition the property owned by the Company.

12.7 Captions, References. Pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character, and the singular shall include the plural wherever and as often as may be appropriate. Article and section headings are for convenience of reference and shall not affect the construction or interpretation of this Agreement. Whenever the terms "hereof," "hereby," "herein," or words of similar import are used in this Agreement they shall be construed as referring to this Agreement in its entirety rather than to a particular section or provision, unless the context specifically indicates to the contrary. Any reference to a particular "Article" or a "Section" shall be construed as referring to the indicated article or section of this Agreement unless the context indicates to the contrary.

12.8 Involvement of Members in Certain Proceedings. Should any Member become involved in legal proceedings unrelated to the Company's business in which the Company is required to provide books, records, an accounting, or other information, then such Member shall indemnify the Company from all expenses incurred in conjunction therewith.

12.9 Interest. No amount charged as interest on loans hereunder shall exceed the maximum rate from time to time allowed by applicable law.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Limited Liability Company Agreement as of the date and year first aforesaid.

[MEMBER]

[MEMBER]

[MEMBER]

SCHEDULE 1

[NAME OF LLC]

List of Members - _____ Series

Member Name	Taxpayer ID Number	Address	Capital Contribution	Percentage of Ownership

**FORM OF SUPPLEMENT
FOR ESTABLISHING SERIES**

Supplement for [NAME OF LLC]

THIS SUPPLEMENT (the “**Supplement**”) is entered into by and among the undersigned to create a Series under the Limited Liability Company Agreement of [NAME OF LLC] dated [DATE], as amended and supplemented from time to time (the “**Operating Agreement**”). Unless otherwise specified herein, all capitalized terms used herein shall have the meanings assigned to them in the Operating Agreement. The [Project Development] Series created hereby and the rights and obligations of the Members shall be governed by the Operating Agreement as supplemented hereby.

Name of Series: [NAME OF LLC] - [Project Development] Series _____

Purpose: The purpose of this Series is to [DESCRIBE PURPOSE].

Series Members and Series Sharing Ratios:

Name Series Sharing Ratio

[Regional Development Series] _____%

_____ %

Note: The percentages stated above are subject to change if additional Members are admitted to the Series, either at formation or subsequently; see Section 3.1 of the Operating Agreement.

Distributions: -Distributable funds shall be distributed in accordance with Series Sharing Ratios.

Member Vesting Provisions: [as agreed upon]

Special Tax Provisions (if any): See attached Tax Schedule

Other Provisions Pertaining to Series: [DESCRIBE IF ANY]

SERIES MANAGER:

By: _____

Its:

MEMBERS:

CAPITAL ACCOUNTS, ALLOCATIONS AND TAX MATTERS

1. Definitions. The following terms shall have the following meanings:

(a) **“Adjusted Capital Account”** means, with respect to a Member, such Member’s Capital Account as of the end of each fiscal year, as the same is specially computed to reflect the adjustments required or permitted to be taken into account in applying Regulations Section 1.704-1(b)(2)(ii)(d) (including adjustments for Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain).

(b) **“Adjusted Capital Account Deficit”** means, for each Member, the deficit balance, if any, in that Member’s Adjusted Capital Account.

(c) **“Capital Account”** shall have the meaning set forth in Section 2.

(d) **“Code”** means the Internal Revenue Code of 1986, as amended from time to time, and any corresponding provisions of succeeding law.

(e) **“Depreciation”** means, for each taxable year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for the year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of the year or other period, Depreciation will be an amount which bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for the year or other period bears to the beginning adjusted tax basis, provided that if the federal income tax depreciation, amortization, or other cost recovery deduction for the year or other period is zero, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable method selected by the Manager .

(f) **“Gross Asset Value”** has the meaning assigned to it in Section 3.

(g) **“Partner Nonrecourse Debt”** has the meaning assigned to it in Regulations Sections 1.704-2(b)(4) and 1.752-2.

(h) **“Partner Nonrecourse Debt Minimum Gain”** has the meaning assigned to it in Regulations Section 1.704-2(i)(3).

(i) **“Partner Nonrecourse Deductions”** has the meaning assigned to it in Regulations Section 1.704-2(i)(2).

(j) **“Partnership Minimum Gain”** has the meaning assigned to it in Regulations Section 1.704-2(d).

(k) **“Profits”** and **“Losses”** mean, for each taxable year or other period, an amount equal to the Company’s (including all Series’) taxable income or loss for the year or other period determined in accordance with Section 703(a) of the Code (including all items of income, gain, loss or deduction required to be stated separately under Section 703(a)(1) of the Code), with the following adjustments:

(1) Any income that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses will be added to taxable income or loss;

(2) Any expenditures described in Code Section 705(a)(2)(B) or treated as Section 705(a)(2)(B) expenditures under Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, will be subtracted from taxable income or loss;

(3) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Gross Asset Value of the property, notwithstanding that the adjusted tax basis of the property differs from its Gross Asset Value;

(4) In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing taxable income or loss, there will be taken into account Depreciation for the taxable year or other period;

(5) Any items which are specially allocated under Sections 4(b), 4(c) or 4(d) will not affect calculations of Profits or Losses; and

(6) If the Gross Asset Value of any asset is adjusted under Sections 3(b) or 3(c), the adjustment will be taken into account as gain or loss from disposition of the asset for purposes of computing Profits or Losses.

(l) “**Regulations**” means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Regulations shall include any corresponding provisions of succeeding, similar, substitute proposed or final Regulations.

(m) “**Regulatory Allocations**” has the meaning assigned to it in Section 4(c).

2. **Capital Accounts.**

(a) Establishment and Maintenance. A separate capital account will be maintained for each Member (each capital account maintained for a Member is herein called a “**Capital Account**”). The Capital Accounts of each Member will be determined and adjusted (with all calculations being made on an individual basis) as follows:

(1) Each Member’s Capital Account will be credited with the Member’s Capital Contributions, the Member’s distributive share of Profits, any items in the nature of income or gain that are specially allocated to the Member under Sections 4(b) or 4(c), and the amount of any Company liabilities that are assumed by the Member or secured by any Company property distributed to the Member;

(2) Each Member’s Capital Account will be debited with the amount of cash and the Gross Asset Value of any Company property distributed to the Member under any provision of this Agreement, the Member’s distributive share of Losses, any items in the nature of deduction or loss that are specially allocated to the Member under Section 4(b) or 4(c), and the amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by the Member to the Company;

(3) If any interest in the Company is transferred in accordance with the terms of this Agreement, the transferee will succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(b) Modifications by Manager. The provisions of this Section and the other provisions of this Agreement relating to the maintenance of Capital Accounts have been included in this Agreement to comply with Section 704(b) of the Code and the Regulations promulgated thereunder and will be interpreted and applied in a manner consistent with those provisions. The Manager may modify the manner in which the Capital Accounts are maintained under this Section to comply with those provisions, as well as upon the occurrence of events that might otherwise cause this Agreement not to comply with those provisions; however, without the unanimous consent of all Members, the Manager may not make any modification to the way Capital Accounts are maintained if such modification would have the effect of changing the amount of distributions to which any Member would be entitled during the operation, or upon the liquidation, of the Company.

3. Adjustment of Gross Asset Value. “Gross Asset Value”, with respect to any asset, is the adjusted basis of that asset for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed (or deemed contributed under Code Sections 704(b) and 752 and the Regulations promulgated thereunder) by a Member to the Company will be the fair market value of the asset on the date of the contribution, as determined by the Manager;

(b) The Gross Asset Values of all Company assets will be adjusted to equal the respective fair market values of the assets, as determined by the Manager, as of (1) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis capital contribution, (2) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company if an adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company, and (3) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(c) The Gross Asset Value of any Company asset distributed to any Member will be the gross fair market value of the asset on the date of distribution;

(d) The Gross Asset Values of Company assets will be increased or decreased to reflect any adjustment to the adjusted basis of the assets under Code Section 734(b) or 743(b), but only to the extent that the adjustment is taken into account in determining Capital Accounts under Regulations Section 1.704-1(b)(2)(iv)(m), provided that Gross Asset Values will not be adjusted under this Section 3 to the extent that the Manager determines that an adjustment under Section 3.(b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment under this Section 3.(d);

(e) After the Gross Asset Value of any asset has been determined or adjusted under Sections 3(a), 3(b) or 3(d), Gross Asset Value will be adjusted by the Depreciation taken into account with respect to the asset for purposes of computing Profits or Losses.

4. Profits, Losses and Distributive Shares of Tax Items.

(a) Allocations of Profits and Losses. Except as otherwise provided in this Agreement, and after taking into account any allocations under Sections 4.(b) and 4.(c), Profits and Losses of the Company (including all Series) shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to (i) the distributions that would be made to such Member pursuant to Section 8.3 if the Company were dissolved, its affairs wound up and its assets (including all Series assets) sold for cash equal to their Gross Asset Value, all Company liabilities (including all Series liabilities) were satisfied (limited with respect to each nonrecourse liability to the Gross Asset Value of the assets securing such liability), and the net assets of the Company (and all Series) were distributed in accordance with Section

8.3 and to the Members immediately after making such allocation, minus (ii) such Member's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

(b) Special Allocations. The following special allocations will be made in the following order and priority before the allocations of Profits and Losses under Section 4(a):

(1) Partnership Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain during any taxable year or other period for which allocations are made, before any other allocation under this Agreement, each Member will be specially allocated items of Company income and gain for that period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in Partnership Minimum Gain during such year determined in accordance with Regulations Section 1.704-2(g)(2). The items to be allocated will be determined in accordance with Regulations Section 1.704-2(g). This Section is intended to comply with the Partnership Minimum Gain chargeback requirements of the Regulations, will be interpreted consistently with the Regulations and will be subject to all exceptions provided therein.

(2) Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4 (other than Section 4.(b)(1) which shall be applied first), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain with respect to a Partner Nonrecourse Debt during any taxable year or other period for which allocations are made, any Member with a share of such Partner Nonrecourse Debt Minimum Gain (determined under Regulations Section 1.704-2(i)(5)) as of the beginning of the year will be specially allocated items of Company income and gain for that period (and, if necessary, subsequent periods) in an amount equal to such Member's share of the net decrease in the Partner Nonrecourse Debt Minimum Gain during such year determined in accordance with Regulations Section 1.704-2(g)(2). The items to be so allocated will be determined in accordance with Regulations Section 1.704-2(g). This Section 4.(b)(2) is intended to comply with the Partner Nonrecourse Debt Minimum Gain chargeback requirements of the Regulations, will be interpreted consistently with the Regulations and will be subject to all exceptions provided therein.

(3) Qualified Income Offset. A Member who unexpectedly receives any adjustment, allocation or distribution described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) will be specially allocated items of Company income and gain in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible.

(4) Nonrecourse Deductions. Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated among the Members in proportion to their respective Series Sharing Ratios for the Series obligated on the nonrecourse liabilities giving rise to the Nonrecourse Deductions.

(5) Partner Nonrecourse Deductions. Notwithstanding anything to the contrary in this Agreement, any Partner Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated to the Member who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which the Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i).

(6) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset under Code Sections 734(b) or 743(b) is required to be taken into account in determining Capital Accounts under Regulations Section 1.704-1(b)(2)(iv)(m), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated

to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Regulations Section 1.704-1(b)(2)(iv)(m).

(c) Curative Allocations. The allocations set forth in Section 4.(b) (the “**Regulatory Allocations**”) are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may effect results which would be inconsistent with the manner in which the Members intend to divide Company distributions. Accordingly, the Manager is authorized to divide other allocations of Profits, Losses, and other items among the Members, to the extent that they exist, so that the net amount of the Regulatory Allocations and the special allocations to each Member is zero. The Manager will have discretion to accomplish this result in any reasonable manner that is consistent with Code Section 704 and the related Regulations.

(d) Tax Allocations—Code Section 704(c). For federal, state and local income tax purposes, Company income, gain, loss, deduction or expense (or any item thereof) for each fiscal year shall be allocated to and among the Members to reflect the allocations made pursuant to the provisions of this Section 4 for such fiscal year. In accordance with Code Section 704(c) and the related Regulations, income, gain, loss and deduction with respect to any property contributed to the capital of the Company, solely for tax purposes, will be allocated among the Members so as to take account of any variation between the adjusted basis to the Company of the property for federal income tax purposes and the initial Gross Asset Value of the property (computed in accordance with Section 3). If the Gross Asset Value of any Company asset is adjusted under Section 3(b), subsequent allocations of income, gain, loss and deduction with respect to that asset will take account of any variation between the adjusted basis of the asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the related Regulations. Any elections or other decisions relating to allocations under this Section will be made in any manner that the Manager determines reasonably reflects the purpose and intention of this Agreement. Allocations under this Section are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing, any Member’s Capital Account or share of Profits, Losses or other items or distributions under any provision of this Agreement.

(e) Members Bound. Members shall be bound by the provisions of this Section in reporting their shares of Company income and loss for income tax purposes.

5. Tax Returns. The Manager shall cause to be prepared and filed all necessary federal and state income tax returns for the Company, including making the elections described in Section 6 (Tax Elections). Each Member shall furnish to the Manager all pertinent information in its possession relating to Company operations that is necessary to enable such income tax returns to be prepared and filed.

6. Tax Elections. The following elections shall be made on the appropriate returns of the Company:

- (a) to adopt the calendar year as the Company’s fiscal year;
- (b) to keep the Company’s books and records on the income-tax method;
- (c) if there is a distribution of Company property as described in section 734 of the Code or if there is a transfer of a Company interest as described in section 743 of the Code, upon written request of any Member, to elect, pursuant to section 754 of the Code, to adjust the basis of Company properties; and
- (d) to elect to amortize the organizational expenses of the Company ratably over a period of sixty (60) months as permitted by section 709(b) of the Code.

No election shall be made by the Company or any Member to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state laws.

7. Tax Matters Member. The Manager shall be the “**tax matters partner**” of the Company pursuant to section 6231(a)(7) of the Code. As tax matters partner, such Member shall take such action as may be necessary to cause each other Member to become a “**notice partner**” within the meaning of section 6223 of the Code. Such Member shall inform each other Member of all significant matters that may come to its attention in its capacity as tax matters partner by giving notice thereof within ten days after becoming aware thereof and, within such time, shall forward to each other Member copies of all significant written communications it may receive in such capacity. Such Member shall not take any action contemplated by sections 6222 through 6232 of the Code without the consent of the Manager. This provision is not intended to authorize such Member to take any action left to the determination of an individual Member under sections 6222 through 6232 of the Code.

8. Allocations on Transfer of Interests. The Company income, gain, loss or deduction allocable to any Member in respect of any interest in the Company which may have been transferred shall be allocated during such year based upon an interim closing of the Company’s books as described in the first sentence of Treasury Regulations § 1.706-1(c)(2)(ii), taking into account the actual results of Company operations during the portion of the year in which such Member was the owner thereof, and the date, amount and recipient of any distribution which may have been made with respect to such interest.

EXHIBIT A

[NAME OF LLC]

SPOUSAL CONSENT

I hereby acknowledge that I have read the Operating Agreement (the “**Agreement**”) of [NAME OF LLC], an Illinois limited liability company (the “**Company**”) and that I know and understand its contents. I am aware that pursuant to the Operating Agreement my spouse agrees to sell all of his or her Membership Interests of the Company, including my community interest in them, upon the occurrence of certain events contained and described therein. I hereby consent to any sale and provisions contained in this Agreement. I further agree and understand that the provisions of such agreement govern the Membership Interests subject to this Agreement and my interest in them. I hereby confirm that at no time will I take any action to hinder the operation of this Operating Agreement regarding my spouse’s Membership Interests or my interest in them.

Dated: _____

Printed Name:
