

**OPERATING AGREEMENT  
OF  
EQUITY DEVELOPERS LLC  
An Oregon Limited Liability Company**

This OPERATING AGREEMENT (this “Agreement”) is made and entered into effective February \_\_, 2021 (the “Effective Date”), by and among EQUITY DEVELOPERS LLC (the “Company”) and the parties whose signature appears at the bottom of this agreement and are listed on Exhibit A (the “Members”).

**SECTION 1. THE LIMITED LIABILITY COMPANY**

**1.1 Formation.** As of the Effective Date, the Members formed an Oregon limited liability company under the name EQUITY DEVELOPERS LLC, on the terms and conditions set forth in this Agreement and pursuant to the Oregon Limited Liability Company Act (the “LLC Act”). On February 2, 2021, the Members filed Articles of Organization for the Company with the Corporation Division of the Oregon Secretary of State’s office and were assigned Registry Number 177739191 and the rights and obligations of the parties are as provided in the LLC Act except as otherwise expressly provided in this Agreement.

**1.2 Name.** The business of the Company will be conducted under the name EQUITY DEVELOPERS LLC.

**1.3 Purpose.** The purpose of the Company is purchase and develop commercial real estate property (the “Business”) and to engage in all activities incidental to that Business.

**1.4 Office.** The Company maintains its principal business office in Oregon at 1696 Capitol Street NE, Salem, Oregon 97301.

**1.5 Registered Agent.** Mike Bliven is the registered agent in Oregon and the registered office is located at 1696 Capitol St NE, Salem, OR 97301.

**1.6 Term.** The term of the Company commenced on the Effective Date, and will continue until terminated as provided in this Agreement.

**1.7 Names and Addresses of Members.** The Members’ names and addresses are as provided in the attached Exhibit A.

**1.8 Admission of Additional Members.** Except as otherwise expressly provided in this Agreement, no additional members may be admitted to the Company without the prior written consent of the Members.

## **SECTION 2. CAPITAL CONTRIBUTIONS**

**2.1 Initial Capital Contributions.** The Members have contributed to the Company assets (subject to the liabilities of Company) for their units of ownership as described in Exhibit A to this Agreement.

**2.2 Additional Capital Contributions.** Additional capital contributions may be made only on the prior consent of the Members and in such amounts and proportions as the Members mutually agree.

**2.3 Membership Percentages.** Each Member's percentage interest in the Company (the "Membership Percentage") is as provided in Exhibit A.

**2.4 No Interest on Capital Contributions.** The Members are not entitled to interest or other compensation for their capital contributions except as expressly provided in this Agreement.

## **SECTION 3. ALLOCATION OF PROFITS AND LOSSES; DISTRIBUTIONS**

**3.1 Allocations of Income and Loss.** All items of income, gain, loss, deduction, and credit will be allocated among the Members pro rata in proportion to their respective Membership Percentages.

**3.2 Distributions.** No distribution may be made to any Member if, after giving effect to the distribution, in the judgment of the Members either (a) the Company would not be able to pay its debts as they become due in the ordinary course of business or (b) the fair value of the total assets of the Company would not at least equal its total liabilities. Subject to the foregoing limitation, the Company will make distributions, including draws, to Members at such times and in such amounts as the Members mutually agree. All distributions will be allocated among the Members pro rata in proportion to their respective Membership Percentages.

## **SECTION 4. POWERS AND DUTIES OF MEMBERS**

**4.1 Management of Company Business.** The Company is a member-managed limited liability company. The management and control of the Company and its business and affairs are vested exclusively in the Members. The Company does not have "managers," as that term is used in the LLC Act. The Members have all the rights and powers that may be possessed by a member in a member-managed limited liability company pursuant to the LLC Act and those rights and powers that are otherwise conferred by law or are necessary, advisable, or convenient to the discharge of the Members' duties under this Agreement and to the management of the Business and affairs of the Company. Without limiting the generality of the foregoing, and subject to the limitations set forth in Section 4.2 of this Agreement, the Members have the

following rights and powers (which they may exercise at the cost, expense, and risk of the Company):

- (a) To expend the funds of the Company in furtherance of the Company's business.
- (b) To perform all acts necessary to manage and operate the Business, including engaging such persons as the Members deem advisable to manage the Business.
- (c) To execute, deliver, and perform on behalf of and in the name of the Company any and all agreements and documents deemed necessary or desirable by the Members to carry out the Business, including any lease, deed, easement, bill of sale, mortgage, trust deed, security agreement, contract of sale, or other document conveying, leasing, or granting a security interest in the interest of the Company in any of its assets, or any part thereof, whether held in the Company's name, the name of a Member, or otherwise. No other signature or signatures are required.
- (d) To borrow or raise money on behalf of the Company in the Company's name or in the name of the Members for the benefit of the Company and, from time to time, to draw, make, accept, endorse, execute, and issue promissory notes, drafts, checks, and other negotiable or nonnegotiable instruments and evidences of indebtedness, and to secure the payment thereof by mortgage, security agreement, pledge, or conveyance or assignment in trust of the whole or any part of the assets of the Company, including contract rights.

**4.2 Limitation on Authority of Member.** Notwithstanding any other provision of this Agreement or the LLC Act, no Member is authorized to take any of the following actions without the prior express approval or consent of a majority of the units of ownership of the Members:

- (a) Amend the Company's Articles of Organization or this Agreement;
- (b) Sell or otherwise dispose of any assets owned by the Company other than in the ordinary course of business;
- (c) Dissolve the Company;
- (d) Merge the Company with another entity or convert the Company into a different type of entity;
- (e) Admit a new Member; or
- (f) Borrow money or otherwise incur indebtedness in the name of the Company in excess of \$500 in a single transaction or in a series of related transactions.

**4.3 Duties of the Members.** The Members will manage and control the Company's business and affairs to the best of their ability and will use their best efforts to carry out the Business. The Members will devote such time to the business and affairs of the Company as is reasonable, necessary, or appropriate. Whenever reasonably requested by any Member, the Members will render a full and complete accounting of all dealings

and transactions relating to the Business. Each Member will have a fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in his or her immediate possession or control, and the Members may not employ or permit another person to use those funds or assets in any manner except for the exclusive benefit of the Company.

**4.4 Limitation on Liability of Members.** Subject to the restrictions in Section 4.6, no Member will have any liability to the Company or to the other Member for any loss suffered by the Company or the other Members that arises out of any action or inaction of the Members as long as the Member's conduct was in good faith and the Member reasonably believed that the conduct was in the best interests of the Company.

**4.5 Indemnification of Members.** Each Member will be indemnified by the Company against any losses, judgments, liabilities, expenses, and amounts paid in settlement of any claims sustained against the Company or against the Member in connection with the Company, as long as the Member's conduct was in good faith and the Member reasonably believed that the conduct was in the best interests of the Company. The satisfaction of any indemnification and any saving harmless will be out of, and limited to, Company assets, and no Member will have any personal liability on account of such indemnification.

**4.6 Restrictions.** No Member will be relieved of liability pursuant to Section 4.4 or be entitled to indemnification pursuant to Section 4.5 for:

- (a) Any breach of the Member's duty of loyalty to the Company;
- (b) Any acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law;
- (c) Any unlawful distribution to the Members in violation of ORS 63.235; or
- (d) Any transaction from which the Member derives an improper personal benefit.

**4.7 Other Business.** During the term of this Agreement no Member may carry on any other business in direct competition with the Company. Subject to this restriction, nothing in this Agreement will be deemed to restrict in any way the freedom of any Member or Manager to conduct any other business or activity whatsoever without any accountability to the Company or any Member.

**4.8 Loans.** Any Member may, but will not be obligated to; make loans to the Company to cover the Company's cash requirements and those loans will bear interest at a rate mutually determined by the Members.

**4.9 Dealing with the Company.** The Members may deal with the Company by providing or receiving property and services to or from the Company, and may receive from others or the Company normal profits, compensation, commissions, or other income

incident to those dealings, but the Member must first obtain written consent from the other Members for those dealings.

**4.10 Liability of the Members for Company Obligation.** Except to the limited extent provided in the LLC Act, none of the Members will have any personal liability for any Company obligation, expense, or liability. The Members will not, without their consent, be required to make any capital contribution beyond their mutually agreed on capital contributions as expressly described in Section 2.1.

## **SECTION 5. COMPENSATION AND REIMBURSEMENT OF EXPENSES**

**5.1 Organization Expenses.** The Company will pay all expenses incurred in connection with organization of the Company.

**5.2 Other Company Expenses.** The Members may charge the Company for their actual out-of-pocket expenses incurred in connection with the Company's Business. Any amounts paid by a Member to satisfy obligations of the Company will be treated as loans to the Company under Section 4.8.

**5.3 Compensation.** The Company may pay the Members reasonable compensation (as the Members mutually determine in good faith) for services actually performed in operating the Business.

## **SECTION 6. BOOKS OF ACCOUNT; ACCOUNTING REPORTS; TAX RETURNS; FISCAL YEAR; BANKING**

**6.1 Books of Account.** The Company's books and records, a register showing the names of the Members and the respective interests held by each of them, and this Agreement will be maintained at the principal office of the Company. The Members will have access to those books and records at all reasonable times. The Members will keep and maintain books and records of the operations of the Company that are appropriate and adequate for the Company's Business and for carrying out this Agreement.

**6.2 Accounting Reports.** The Members will be furnished with copies of internally prepared financial statements of the Company upon request.

**6.3 Tax Returns.** The Members will cause all federal and state income tax returns for the Company to be prepared and timely filed with the appropriate authorities as necessary. As soon as practicable after the end of each taxable year, each Member will be furnished with a statement that may be used by the Member in preparing the Member's income tax returns, showing the amounts of any distributions, gains, profits, losses, or credits allocated to or against the Member during the fiscal year.

**6.4 Taxable Year.** The taxable year end of the Company is December 31.

**6.5 Banking.** All funds of the Company must be deposited in a separate bank account or in an account or accounts of a savings and loan association in the Company's name as the Members determine. Those funds may be withdrawn from the account or accounts on the signature of the person or persons who are designated by the Members.

## **SECTION 7. TRANSFER OF MEMBERSHIP INTEREST; VOLUNTARY WITHDRAWAL**

**7.1 Transfer Prohibited.** None of the Members may assign, pledge, mortgage, sell, or otherwise transfer ("Transfer") any part of his or her interest in the Company, and none of the Members have any right to substitute an assignee or any other person in the Member's place, and no assignee or any other person may be admitted to the rights of a Member without the prior written consent of all of the existing Members. This consent may be given or withheld in the absolute discretion of the Members. The Members are entering into this Agreement to carry on the Business in mutual reliance on the close personal relationship between the Members and mutually agree that the foregoing restriction on the Members' ability to transfer their interest in the Company is reasonable under the circumstances.

**7.2 Voluntary Withdrawal.** The Members may withdraw from the Company at any time for any reason or for no reason whatsoever but only after sixty (60) days prior written notice to all of the other Members. For purposes of this Agreement, the death of a Member will be treated as a withdrawal by the deceased Members and the sixty (60) days' notice requirement will not apply. On withdrawal by a Member, the other Members will have the right, in their sole discretion, to elect to:

- (a) Dissolve the Company as provided in Section 9;
- (b) Continue the Company and treat the withdrawing Member or his or her representative as an assignee of the economic rights and benefits of the membership interest of the withdrawing Member, in which case the withdrawing Member will cease to have any voting or other management rights under this Agreement with respect to such membership interest and neither the remaining Members nor the Company will have any obligation to purchase or redeem the membership interest of or otherwise make any liquidating distribution to the withdrawing Member before the dissolution of the Company; or
- (c) Continue the Company (with or without the admission of another member to retain the status of the Company as a partnership for income tax purposes) and cause the Company to purchase the membership interest of the withdrawing Member or his or her representative for the price and subject to the payment terms described in Section 8.

## **SECTION 8. PURCHASE PRICE AND PAYMENT TERMS**

**8.1 Purchase Price.** On election by the other Members to purchase the membership interest of a withdrawing Member pursuant to Section 7.2(c), the purchase

price will be the amount the withdrawing Member would have received in a liquidation of the Company if all the Company's assets were sold, as of the effective date of the withdrawal, for their respective fair market values as determined by the Members (or the other Member and the representative of a deceased Member) and all Company liabilities were satisfied out of those proceeds. For this purpose, a discount of five percent (5%) for lack of marketability or for a minority interest will be used. If the Members cannot agree on the fair market value of the Company's assets, the value will be determined by an appraiser selected by and paid for by the withdrawing Member from a list of five qualified independent MAI appraisers proposed by the other Members.

**8.2 Payment.** The purchase price determined as provided in Section 8.1 will be payable, together with interest at Prime plus 2 %, in 120 substantially equal monthly installments of principal and interest commencing no later than 180 days after the effective date of the withdrawal. The Company may prepay the purchase price at any time without prepayment penalty. The withdrawing Member shall have a one (1) time option for a balloon payment on or before the sixtieth (60<sup>th</sup>) month but not prior to the thirty-sixth (36<sup>th</sup>) month after withdrawal with a one hundred eighty (180) day written notice to the remaining members. The deferred purchase price will be an unsecured obligation of the Company.

## **SECTION 9. DISSOLUTION AND WINDING UP OF THE COMPANY**

**9.1 Dissolution.** The Company will be dissolved on the occurrence of any of the following events:

- (a) The agreement of the Members;
- (b) The election of the nonwithdrawing Member as described in Section 7.2(a); or
- (c) Otherwise by operation of law.

**9.2 Winding Up.** On dissolution of the Company, the Members will take full account of the Company's assets and liabilities, and the assets will be liquidated as promptly as is consistent with obtaining their fair value, and the proceeds, to the extent sufficient to pay the Company's obligations with respect to the liquidation, will be applied and distributed in the following order:

- (a) To payment and discharge of the expenses of liquidation and of all the Company's debts, including debts and liabilities owed to the Members;
- (b) To the Members to the extent of, and allocated among them pro rata in proportion to, their respective previously unreturned capital contributions; and
- (c) To the Members and allocated among them pro rata in proportion to their respective Membership Percentages.

## **SECTION 10. MISCELLANEOUS PROVISIONS**

**10.1. Binding Effect.** This Agreement will be binding on and inure to the benefit of the Members and their respective heirs, personal representatives, successors, and assigns.

**10.2. Assignment.** Neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned by any party without the prior written consent of all of the other Members.

**10.3. No Third-Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended or will be construed to confer on any person, other than the parties to this Agreement, any right, remedy, or claim under or with respect to this Agreement.

**10.4. Amendments.** This Agreement may be amended only by an instrument in writing executed by all the Members.

**10.5. Signatures.** DocuSign or Facsimile transmission of any signed original document, and retransmission of any signed DocuSign or facsimile transmission, will be the same as delivery of an original. At the request of any Member, the Members will confirm facsimile transmitted signatures by signing an original document.

**10.6. Waiver.** Any provision or condition of this Agreement may be waived at any time, only in writing, by the Member entitled to the benefit of such provision or condition. Waiver of any breach of any provision will not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

**10.7. Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state of Oregon, without regard to conflict-of-laws principles.

**10.8. Attorney Fees.** If any arbitration, suit, or action is instituted to interpret or enforce the provisions of this Agreement, to rescind this Agreement, or otherwise with respect to the subject matter of this Agreement, the Members prevailing on an issue will be entitled to recover with respect to such issue, in addition to costs, reasonable attorney fees incurred in the preparation, prosecution, or defense of such arbitration, suit, or action as determined by the arbitrator or trial court, and if any appeal is taken from such decision, reasonable attorney fees as determined on appeal.

**10.9. Venue.** Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement will be brought against any of the Members in Marion County Circuit Court of the State of Oregon or, subject to applicable jurisdictional requirements, in the United States District Court for the District of Oregon,



and each of the Members consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to such venue.

**10.10. Exhibits.** The exhibits referenced in this Agreement are part of this Agreement as if fully set forth in this Agreement.

**10.11. Severability.** If any provision of this Agreement is invalid or unenforceable in any respect for any reason, the validity and enforceability of such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired.

**10.12. Entire Agreement.** This Agreement (including the documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the Members with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the Members with respect to such subject matter.

The Members enter into this Agreement as of the date first written above.

### EQUITY DEVELOPERS LLC

DocuSigned by:  
*Mike Bliven*  
DE74599853DA48E...  
Mike Bliven, Member

DocuSigned by:  
*Jeff O. Miller*  
B325030E4FAD454...  
Jeff Miller, Member

DocuSigned by:  
*DAVIS EVENSON*  
773275140168476...  
Davis Evenson, Member

**EXHIBIT A****ASSETS, LIABILITIES, CONTRIBUTIONS & UNITS OF OWNERSHIP**

<b>NAME</b>	<b>CONTRIBUTION</b>	<b>UNITS OF OWNERSHIP</b>
Mike Bliven 1696 Capitol Street NE, Salem, Oregon 97301.	Assets and cash as provided on the capitol account established by Company's Accountant	50
Jeff Miller 1696 Capitol Street NE, Salem, Oregon 97301.	Assets and cash as provided on the capitol account established by Company's Accountant	50
Davis Evenson 1696 Capitol Street NE, Salem, Oregon 97301.	Assets and cash as provided on the capitol account established by Company's Accountant	50