

# CREO OPERATING AGREEMENT CHECKLIST

Because CREO applicants are jointly purchasing property, it's critical to clearly understand business terms **before** applying. Many collaboratives only discuss this in passing, but it's important to put them down on paper. These terms, and other important governance decisions, are codified in an **operating agreement** for the newly formed joint venture that will hold title to the property. While we can't provide a template, we do have a list of **questions to consider** when drafting your business terms.

## BASIC INFORMATION

- Name of LLC or special purpose entity
- State/location and date the entity is being incorporated
- Purpose of this LLC
- Registered agent of this LLC

## CONTRIBUTIONS & DISTRIBUTIONS

- Initial capital contributions (\$)
- Where & how LLC funds are managed
- Process for additional capital contributions as needed
- Allocation of profits and losses (percentage-based or other?)
- Will the initial ownership percentages be the same for profits & losses?
- Frequency & conditions for distribution

## CONTINGENCY PLANNING

- Protocols in event of bankruptcy, death, partner exits, dissolution

## MEMBER INFORMATION

- Member names, addresses, and primary contact(s)
- Ownership percentage
- Management structure: member-managed or manager-managed?
- Roles of each manager & member

## GOVERNANCE

- Process for calling meetings
- Process for voting on issues
- Decision-making: everyday affairs (payments, contracts, vendors) vs. significant decisions (exits, selling)
- Process for remediating deadlock or stalemate (mediator, tiebreaker, etc.)
- Process for transferring business interests

## MISCELLANEOUS

- Indemnification
- Insurance and tax provisions
- Compliance with laws