**LIMITED LIABILITY COMPANY AGREEMENT**

**of**

**\_\_\_\_\_\_\_\_\_\_\_\_\_ FAMILY CABIN LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT of **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FAMILY CABIN LLC**, (hereinafter referred to as “Company”), a Limited Liability Company organized pursuant to the Washington Limited Liability Company Act, Chapter 25.15 RCW, et seq. (hereinafter “Act”) is entered into on this \_\_\_\_\_ day of September, 2012, by the persons executing this Agreement as Members, and shall be effective as of the effective date as described in this Agreement.

**SECTION 1.**

**FORMATION**

**1.1 Organization.** The Members hereby organize the Company as a Washington Limited Liability Company pursuant to the provisions of the Act.

**1.2 Agreement.** For and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members executing this Company Agreement hereby agree to the terms and conditions of this Company Agreement, as it may from time to time be amended according to its terms. It is the express intention of the Members that this Company Agreement shall be the sole source of agreement of the parties, and shall supersede any and all other written or oral agreements among the Members.

**1.3 Name.** The name of the Company is\_\_\_\_\_\_\_\_\_\_ **\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FAMILY CABIN LLC**, and all business of the Company shall be conducted under that name or under any other name, but in any case, only to the extent permitted by applicable law.

**1.4 Effective Date.** This Company Agreement shall become effective upon the filing and acceptance of the Certificate of Formation with the Secretary of State or upon such later date as is set forth in the Certificate of Formation.

**1.5 Term.** The Company shall have perpetual existence unless the Company shall be sooner dissolved and its affairs wound up in accordance with this Company Agreement.

**1.6 Registered Agent and Office.** The registered agent for the service of process and the registered office shall be that Person and location reflected in the Certificate of Formation as filed in the office of the Secretary of State. The Managing Member, may, from time to time, change the registered agent or office through appropriate filings with the Secretary of State. In the event the registered agent ceases to act as such for any reason or the registered office shall change, the Managing Member shall promptly designate a replacement registered agent or file a notice of change of address as the case may be. If the Managing Member shall fail to designate a replacement registered agent or change of address of the registered office, any member may designate a replacement registered agent or file a notice of change of address.

**1.7 Principal Office.** The Principal Office of the Company shall be located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**.**

**SECTION 2.**

**NATURE OF BUSINESS**

The business of the Company shall be as follows:

2.1 To manage the only asset of the Company for the benefit of the Company and its members to-wit a\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which is authorized under a “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_;( permitting authority or HOA title or other)

* 1. To carry on any lawful business or activity which may be conducted by a Limited Liability Company organized under the Act; and
  2. To exercise all other powers necessary to or reasonably connected with the Company’s business which may be legally exercised by the Limited Liability Companies under the Act.

**SECTION 3**

**NAMES AND ADDRESSES OF MEMBERS**

The names and addresses of the Initial Members are:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sean Henderson

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sheila Henderson

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Thomas Henderson

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Marilyn Henderson

**SECTION 4**

**MANAGEMENT**

**4.1 Managing Member.** All decisions concerning the business affairs of the Company shall be made by the Managing Member. ( OR THE MEMBERS ) The initial Managing Member shall be: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**.**

**4.2 Term of Office as Managing Member.** A Managing Member shall serve until the resignation or dissociation of such Managing Member.

**4.3 Resignation; Replacement of Managing Member.** A Managing Member may resign by providing written notice to the Members. The resignation shall take effect when received by the Members at the address reflected in the Company Agreement, unless the Member has given the Company a notice of a different address, or at a later date stated in the Notice of Resignation. If a Managing Member’s resignation or dissociation leaves the Company without any Managing Member, a new Managing Member will be chosen with the Majority vote of the members at a properly called meeting of the Members.

**4.4 Removal of Managing Member.** At a meeting called expressly for that purpose, the Managing Member may be removed at any time, with or without cause, by the affirmative vote of the holders of two-thirds of the total capital amount held by Members. The removal of a Managing Member shall not affect the withdrawal of a Member, and shall not negate the Managing Member’s right to compensation and reimbursement accrued to the date of removal.

**45. Authority of Managing Member to Bind the Company.** The Members hereby agree that only the Managing Member and authorized agents of the Company shall have the authority to bind the Company. No Member other than a Managing Member shall take any action as a Member to bind the Company, and shall indemnify the Company for any costs or damage incurred by the Company as a result of the unauthorized action of such Member. Except as otherwise provided, the Managing Member has the power, on behalf of the Company, to do all things necessary or convenient to carry out the business and affairs of the Company.

**4.6 Actions of the Managing Member.** The Managing Member has the power to bind the Company as provided in this Section 4. No person dealing with the Company shall have any obligation to inquire into the power or authority of a Managing Member, when the Managing Member is acting on behalf of and apparently carrying on the usual business or affairs of the Company, including the exercise of the authority indicated in this Section 4. Provided however, the managing member shall give 30 days written notice to all members (or obtaining written consent from a majority of all members) concerning alterations before making permanent alterations to the cabin or the landscaping. A majority of members can reverse a decision of the managing member before alterations are commenced.

**4.7 Compensation of Managing Members**. The Managing Member shall be reimbursed all reasonable expenses incurred in managing the Company and shall be entitled to compensation, in an amount to be determined from time to time by the affirmative vote of a Majority of the Members.

**4.8 No Authority of Member.** Except as authorized by the Managing Member, no Member has the authority to make any contracts, enter into any transactions, or make any commitments on behalf of the Company.

**In this section can set out different duties of each person ie: Secretary to take notes of meetings and keep track of ?**

**Financial person to pay bills and be sure contributions are made and on time**

**Maintenance person to call plumber or electrician if needed and do follow up.**

**SECTION 5**

**RIGHTS AND DUTIES OF MEMBERS**

**5.1 Member Rights.** All Members (other than Assignees) who have not Dissociated shall be entitled to vote on any matter submitted to a vote of the Members. Notwithstanding the foregoing, the following actions require the consent set out below:

* 1. any amendment to this Company Agreement shall require consent by the Members having combined capital accounts equaling or in excess of three-fourths (¾) of the total capital accounts.
  2. the admission of Assignees to Voting and Member rights shall require unanimous consent of the Members.

**5.2 Majority.** Whenever any matter is required or allowed to be approved by a Majority of the members or a Majority of the Remaining Members under the Act or this Company Agreement, such matter shall be considered approved upon the receipt of the affirmative approval, either in writing or at a meeting of the Members, of Members having combined Capital Accounts in excess of 50% of the total Capital Accounts.

**5.3 Liability of Members.** No Member shall be liable for the liabilities of the Company. The failure of a limited liability company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this agreement or the Act shall not be grounds for imposing personal liability on the Members or the Managing Members for liabilities of the limited liability.

**5.4 Indemnification.** The Company shall indemnify the Members, Managing Members, and agents for all costs, losses, liabilities, and damages paid or accrued by such Member, Managing Members or agent in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State of Washington.

**5.5 No Right to Withdraw.** No Member may withdraw prior to the dissolution and commencement of the winding up of the Company without the unanimous consent of the Remaining Members.

**SECTION 6**

**MEETINGS OF MEMBERS**

**6.1 Annual Meeting.** The Annual Meeting of the Members shall be held on the \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_ of each and every year, or at such other date as shall be determined by the Members, for the purpose of the transaction of such business as may come before the Meeting.

**6.2 Special Meetings.** Special Meetings of the Members, for any purpose or purposes, may be called by a Member(s) holding at least a Majority of the ownership of the Limited Liability Company.

**6.3 Place of Meetings.** The Members may designate any place, either within or without of the State of Washington, as a place for any meeting of the Members. If no designation is made, or if a Special Meeting is called, the place of the Meeting shall be the principal office of the Company specified in Section 1.6.

**6.4 Notice of Meetings.** Written notice stating the place, time of day and hour of the meeting, and in the case of a Special Meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by Members calling a Special Meeting to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) calendar days after being deposited in the United States mail, addressed to the Member’s last known address, with the postage thereon prepaid.

**6.5 Quorum.** A majority interest represented in person or by proxy shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the total capital accounts held by Members so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. If the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjournment meeting, notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of capital accounts whose absence would cause less than a quorum.

**6.6 Manner of Acting.** If a quorum is present, the affirmative vote of Members holding more than 50% of the capital accounts represented at the meeting, in person or by proxy, shall be the active Members unless the vote of a greater or lesser percentage is required by this Agreement or the Act.

**6.7 Proxies.** At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member. Such proxy shall be filed with the Managing Member before or at the time of meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

**6.8 Action by Members Without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, executed by Members entitle to vote thereon and delivered to the Managing Member for inclusion in the Company’s minutes. Action taken under this Section 6.9 is effective when all Members entitled to vote thereon have signed such consents, unless such consents specify a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signed a consent.

**6.9 Waiver of Notice.** When any notice is required to be given to a Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

**SECTION 7**

**CONTRIBUTIONS AND CAPITAL ACCOUNTS**

**7.1 Initial Contributions.** In exchange for their interests in the Company, ( Tom and Sheila Henderson have deeded their real property at (address here) tax parcel number \_--------

each Member has contributed his/her \_\_\_\_\_\_\_\_\_\_\_\_\_th interest in said cabin property and permit.

Thomas and Marilyn Henderson have contributed materials and payments in the amount of as their percentage.

The total capital account and percent ownership thereof shall be adjusted to reflect changes in each Member’s ownership interest caused by additional contributions of the Members, or contributions of new Members.

No interest shall accrue on any Capital Contribution and no Member shall have the right to withdraw or be repaid any Capital Contribution except as provided in this Company Agreement. Notwithstanding anything herein to the contrary, this Company Agreement shall not be construed as creating a deficit restoration obligation or otherwise personally obligate any Member to make a Capital Contribution in excess of the Initial Contribution.

**7.2 Maintenance of Capital Accounts.** The Company shall establish and maintain Capital Accounts for each Member and Assignee. The Capital Accounts shall be maintained in accordance with the Capital Accounting Rules of the Code Section 1.704-1(b)(2)(iv) Treasury Regulations (the “Regulations”).( These are the accounts that designates the amount of taxes paid or deducted)

Each Member’s Capital account shall be increased (“credited”) by:

(a) The amount of any Money actually contributed by the Member to the capital of the Company.

(b) The fair market value of any Property contributed, as determined by the Company and the contributing Member at arm’s length at the time of contribution (net of liabilities assumed by the Company or subject to which the company takes such Property, within the meaning of Section 752 of the Code), and

(c) Income and gain (or items thereof) allocated to the Member pursuant to this Agreement, including income and gain exempt from tax and other income and gain required by the Regulations.

Each Member’s Capital account shall be decreased (“debited”) by:

(d) The amount of any Money distributed to the Member by the Company.

(e) The fair market value of any Property distributed to the Member (net of liabilities of the Company assumed by the Member or subject to which the Member takes such Property within the meaning of Section 752 of the Code),

(f) The Member’s allocable share of expenditures of the Company not deductible in computing its federal taxable income and not properly treated as capital expenditures; and

(g) Losses and deductions (or items thereof) allocated to the Member pursuant to this Agreement and as required by the Regulations.

**7.3 Revaluation.** Upon the occurrence of the following events, the Company shall revalue the Company assets, and any revaluation gain or loss shall be allocated to the member’s Capital Accounts in the same manner as if the Company assets had been sold:

(a) in connection with the contribution of money or other property to the Company by a new or existing Member as consideration of a Membership Interest;

(b) in connection with the liquidation of the Company or a distribution of money or other property by the Company to a retiring or continuing Member as consideration of a Membership Interest.

**7.4 Drawing Accounts.** An individual Drawing Account shall not be maintained for each member.

**7.5 Accounting Records.**

**(a) Records to be Maintained.** The Company shall maintain records at the Principal Office pursuant to RCW 25.15

(1) any right of a Member to receive, or of the Company to make, distributions to a Member which include a return of all or any part of the Member’s Capital Contribution; and

(2) any events upon the happening of which the Company is to be dissolved and its affairs wound up.

**(b) Reports to Members:**

(1) The managing Member shall provide reports at least annually to the Members other than Assignees at such time and in such manner as the Managing Members may determine reasonable.

(2) The Managing Member shall provide all Members with those information returns required by the Code and the laws of any state.

**(c) Accounts.** The Managing Member shall maintain a record of Capital Account for each Member in accordance with Paragraph 7.2.

**SECTION 8.**

**ALLOCATIONS AND DISTRIBUTIONS**

**8.1 Allocations of Net Profits and Net Losses from Operations.** Except as may be required by Section 704(c) of the Code, and Subparagraphs 14.5(b), (c), and (d), net profits, net losses, and other items of income, gain, loss, deduction and credit shall be apportioned among the Members in proportion to their percentage ownership of total Capital Account (percentage of interest in Company).

**8.2 Interim Distributions.** From time to time, the Managing Members, by reasonable judgment, shall determine to what extent, if any, the Company’s cash on hand exceeds the current and anticipated needs, including, without limitation, needs for operating expenses, debt service, acquisitions, reserves, and mandatory distributions, if any. To the extent such excess exists, the Managing Members shall make distributions to the Members in accordance with their Membership interest. Such distributions shall be in cash or Property (which need not be distributed proportionately) or partly in both, as determined by the Managing Member.

**8.3 Limitations on Distributions.** No distribution shall be declared and paid unless, after the distribution is made, the current assets of the Company are in excess of all current liabilities of the company, except liabilities to Members on account of their Capital Accounts.

**8.4 No Rights to Return of Contribution.** No Member has a right to have their Membership Interest redeemed or their contribution returned prior to the termination of the Company, even if the Member dissociates prior to termination of the Company. Even at termination, the right to return of contribution or redemption is subject to Section 12.

**SECTION 9.**

**DISPOSITION OF MEMBERSHIP INTERESTS**

**( I suggest replacing this section with the buyout language)**

**9.1 Disposition.** A Member or Assignee may dispose of all or a portion of the Member’s or assignee’s Membership Interest only upon compliance with this Section 9. No disposition may be made if the disposition of the Membership Interest, when added to the total of all other Membership Interests sold or transferred within a period of twelve (12) consecutive months prior thereto, would, in the opinion of counsel for the Company, result in the Company being terminated within the meaning of Section 708 of the Code.

**9.2 Transfer to Third Party, Right of First Refusal.** No Membership Interest shall be transferred to a third person without first obtaining the written consent of all of the Remaining Members (other than Assignees) and without first allowing the Company or the Remaining Members (other than Assignees) to exercise a right to purchase such interest (“Right of First Refusal”). A third person shall mean any person or organization that is not another Member or a “Member’s Immediate Family” as that term is defined in Paragraph 9.3.

(a) In the event of a disposition of a Member’s Interest to a third person, that Member desiring to sell all or a portion of his/her interest shall obtain from his/her proposed Purchaser a bonafide written offer to purchase such interest, stating terms and conditions upon which the purchase is to be made and the conditions offered hereunder. The Company and the remaining Members (other than Assignees) shall have a Right of First Refusal to purchase such interests. The Company may exercise its Right of First Refusal by giving written notice to the Selling Member within forty-five (45) days following receipt of notice of the intended disposition to a third person or fifteen (15) days from the determination of the fair market value of the Selling Member’s interest as described below, whichever is longer. If the Company does not exercise its Right of First Refusal as to the entire transferred interest, or portion thereof, the remaining Members (other than Assignees) on a basis pro-rata to their ownership interest, shall each have fifteen (15) days to elect to purchase that portion not purchased by the Company or prior Member of Right. In the case of a bonafide offer to purchase from a third person, the purchase price and terms of payment shall be those contained in the offer. In all other events, the purchase price and terms of payment shall be determined as set forth below. If the Company and the Members do not exercise the Right of First Refusal to purchase the transferred interest, the transferee shall be an Assignee as defined in Paragraph 11.1 and not a Substitute Member, unless the provisions of Paragraph 11.2 are satisfied.

(b) The purchase price of a Member’s interest shall be fair market value, taking into account all relevant factors, including without limitation, lack of marketability, minority interest, ability or inability to conduct or direct business decisions or distributions, the distribution income stream, the underlying assets, and strength of management. The appraiser shall be selected by the Managing Member within fifteen (15) days after receipt of such notice.

If any Member(s) disagrees (hereinafter “Dissenting Member(s)” with such value, the valuation of the Company shall be determined by arbitration in the following manner. In the event a dispute among the Members as to the valuation of the Company and all of its assets occurs, which cannot be resolved with a vote of the Members, such dispute shall be resolved by arbitration.

The Dissenting Member or Members shall agree within thirty (30) days among themselves and select an arbitrator. The Managing Member shall, within a similar period, select a different arbitrator, and the two arbitrators so chosen shall select a third within one (1) week of their selection. The three arbitrators chosen shall each establish a fair market value, taking into account all relevant factors, including without limitation, lack of marketability, minority interest, ability or inability to conduct or direct business decisions or distributions, the distribution income stream, the underlying assets, and strength of management. The third arbitrator shall determine the fair market value of the Company by taking an average of the two closest values within thirty (30) days, after the two arbitrators have been chosen, and which decision shall be binding on the parties and which decision may be confirmed in a court of law, if necessary, in accordance with the provisions of RCW 7.04. If the two arbitrators cannot agree on a third arbitrator, within the one (1) week period, then the Company’s accountant shall choose between the values within thirty (30) days after the two arbitrators have been chosen.

The valuation date shall be the last day of the month preceding the month in which the Disposition occurred. The cost and expense incurred by using arbitrators to determine the value of the Company’s property shall be shared equally by the parties. Should either the dissenting Member(s) or the Managing Member decide to obtain the services of an appraiser to help the arbitrator establish a value for the Company and all of its assets, then the cost of such appraisal and appraiser shall be borne by the following: (a) If an appraiser is hired by the Dissenting Member(s), then by the Dissenting Member(s); (b) If the Managing Member hires an appraiser, then the Company.

(c) The Members may, at any time and from time to time, determine the value of Company property by executing and filing with the Company a written instrument wherein such determination is set forth, whereupon, for the period stated in the instrument the value so determined shall be the value of company property for the purposes of this Agreement.

(d) Payment of the purchase price may be made by either of the following two methods: (1) The payment may be made according to terms mutually agreed upon between the parties, or, if the parties are unable to reach an agreement, then (2) Ten percent (10%) of the purchase price may be paid thirty (30) days after the determination of value by arbitration (hereinafter the “Closing Date”) and the balance to be paid in equal semi-annual installments, payable on the date which is six (6) months from the anniversary of the Closing Date and on the anniversary of the Closing Date each year over a period of five (5) years, plus interest on the unpaid principal balance computed at the rate used by The Wheatland Bank (or its successor), for its most credit-worthy customers, providing for no penalty for prepayment. The dissociating Member shall be indemnified by the remaining Members against any and all liability on account of debts of the Company.

**9.3 Permitted Transfers.** A Member (but not an Assignee) may assign or transfer all or any portion of their interest to a “Member’s Immediate Family,” without first obtaining the written consent of all of the Members and without the transfer being subject to the Company’s or Members’ Right of First Refusal (hereinafter “Permitted Transfer”). A “Member’s Immediate Family” shall mean a Member’s, children and grandchildren. A Permitted Transfer shall vest in the Transferee all of the rights of the Member assigning their Membership interest

**9.4 Dispositions not in Compliance with this Section Void.** Any attempted disposition of a Membership Interest, or any part thereof, not in compliance with this Section is null and void ab initio.

**SECTION 10.**

**DISSOCIATION OF A MEMBER**

**10.1 Dissociation.** A Person shall cease to be a Member upon the happening of any of the following events.

(a) the Withdrawal of a Member with the unanimous consent of the remaining Members;

(b) the filing of a bankruptcy petition by a Member;

(c) in the case of a Member who is a natural person, the entry of an order by a court of competent jurisdiction adjudicating the Member incompetent to manage the Member’s person or estate;

(d) in the case of a Member who is acting as a Member by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee);

(e) in the case of a Member that is a separate organization other than a corporation, the dissolution and commencement of winding up of the separate organization;

(f) in the case of a Member that is a corporation, the filing of a Certificate of Dissolution, or its equivalent, for the corporation or the revocation of its charter;

(g) in the case of an estate, the distribution by the fiduciary of the estate’s entire interest in the limited liability company.

**10.2 Rights of Dissociating Member.** In the event any Member dissociates:

(a) if the dissociation causes a dissolution and winding up of the Company under Section 12, the Member shall be entitled to participate in the winding up of the Company to the same extent as any other Member except that any Distributions to which the Member would have been entitled shall be reduced by the damages sustained by the Company as a result of the Dissolution and winding up;

(b) if the dissociation does not cause a dissolution and winding up of the company under Section 12, the Member shall be entitled to an amount equal to the value of the Member’s membership Interest in the Company, determined as provided in Section 9, subparagraph 9.2(b), and paid according to the terms described in Section 9, subparagraph 9.2. The value of the Member’s Membership Interest shall include the amount of any Distributions to which the Member is entitled under this Company Agreement and the fair value of the Member’s Membership Interest as of the date of dissociation based upon the Member’s right to share in distributions from the Company reduced by any damages sustained by the Company as a result of the Member’s dissociation.

**SECTION 11.**

**ADMISSION OF ASSIGNEES AND ADDITIONAL MEMBERS**

**11.1 Rights of Assignees.** An assignee of a Membership Interest has no right to vote and participate in the management of the business and affairs of the Company or to become a full Substitute Member. The Assignee is only entitled to receive the Distributions and return of capital, and to be allocated the Net Profits and Net Losses attributable to the Membership Interest, except by unanimous approval by all Members.

**11.2 Admission of Substitute Members.** An Assignee of a Membership Interest shall be admitted as a Substitute Member and admitted to all the rights of the Member who initially assigned the Membership Interest only with the unanimous approval of all Members. If so admitted, the Substitute Member has all the rights and powers of the Assigning Member and is subject to all the restrictions and liabilities of the Member originally assigning the Membership Interest. The admission of a Substitute Member, without more, shall not release the Member originally assigning the Membership Interest from any liability to the Company that may have existed prior to the approval.

**11.3 Admission of Additional Members.** The Managing Member may permit the admission of Additional Members and determine the Capital Contributions of such Members.

**SECTION 12.**

**DISSOLUTION AND WINDING UP**

**12.1 Dissolution.** The Company shall be dissolved and its affairs wound up, upon the unanimous written consent of all of the Members;

**12.2 Effect of Dissolution.** Upon dissolution, the Company shall cease carrying the normal business operation of the Company. The Company is not terminated, but continues until the winding up of the affairs of the Company is completed and the Certificate of Cancellation has been issued by the Secretary of State.

**12.3 Distribution of Assets on Dissolution.** Upon the winding up of the Company, the Company Property shall be distributed:

(a) to creditors, including Members who are creditors, to the extent permitted by law, in satisfaction of Company Liabilities;

(b) to Members in accordance with positive Capital Account balances taking into account all Capital Account adjustments for the Company’s taxable year in which the liquidation occurs. Liquidation proceeds shall be paid within the lesser of 90 days after the date of liquidation or within 60 days of the end of the Company’s taxable year. Such distributions shall be in cash or property (which need not be distributed proportionately) or partly in both, as determined by the Managing Member.

**12.4 Winding Up and Certificate of Cancellation.** The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining property and assets of the Company have been distributed to the Members. Upon the completion of winding up of the Company, a Certificate of Cancellation shall be delivered to the Secretary of State for filing. The Certificate of Cancellation shall set forth the information required by the Act.

**SECTION 13.**

**AMENDMENT**

**13.1 Company Agreement May be Modified.** The Company Agreement may be modified as provided in this Section 13 (as the same may, from time to time be amended). No Member or Managing Member shall have any vested rights in this Company Agreement which may not be modified through an amendment to this Company Agreement.

**13.2 Amendment or Modification of Company Agreement.** This Company Agreement may be amended or modified from time to time only by a written instrument adopted by the Managing Member and executed by the Members having combined capital accounts equaling or in excess of three-fourths (¾) of the total capital accounts.

**SECTION 14.**

**MISCELLANEOUS PROVISIONS**

**14.1 Entire Agreement.**

This Company Agreement represents the entire agreement among all the members and between the Members and the Company.

**14.2 No Partnership Intended for Non-Tax Purposes.** The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under either the State Partnership Act nor the State Uniform Limited Partnership Act. The Members do not intend to be partners one to another, or partners as to any third party. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

**14.3 Rights of Creditors and Third Parties under Company Agreement.** This Company Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and assignees. This Company Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Company Agreement or any agreement between the Company and any Member with respect to any Capital Contribution or otherwise.

**14.4 Definitions.** For purposes of this Company Agreement (as defined below), unless the context clearly indicates otherwise, the following terms shall have the following meanings:

**(a) Act.** Means the WASHINGTON LIMITED LIABILITY COMPANY ACT (RCW 25.15)).

**(B) Capital Account.** Means the capital account determined and maintained for each Member pursuant to Section 7.2.

**(c) Code.** The Internal Revenue Code of 1986 as amended from time to time.

**(d) Commitment.** The Capital Contributions that a Member or Assignee is obligated to make.

**(e) Company.** Means “Crawford Family Cabin LLC ,” and its successors.

**(f) Company Liability.** Any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

**(g) Company Nonrecourse Liability.** A Company Liability to the extent that no Member or Related Person bears the economics risk of loss (as defined in Section 1.752-2 of the Regulations) with respect to the liability.

**(h) Distribution.** A transfer of Property to a member on account of a Membership Interest as described in Paragraph 7.2.

**(i) Disposition (Dispose).** Any sale, assignment, transfer, exchange, mortgage, pledge, grant, hypothecation, or other transfer, absolute or as security or encumbrance (including dispositions by operation of law).

**(j) Majority Interest.** Means, at any time, more than fifty percent (50%) of the total capital amount held by Members.

**(k) Membership Interest.** The rights of a Member or, in the case of an Assignee, the rights of the assigning Member in Distributions (liquidating or otherwise) and allocations of the profits, losses, gains, deductions, and credits of the Company.

**(l) Notice.** Notice shall be in writing. Notice to the Company shall be considered given when mailed by first class mail postage prepaid addressed to any Managing Member in care of the Company at the address of the Principal Office. Notice to a Member shall be considered given when mailed by first class mail postage prepaid addressed to the Member at the address reflected in this Company Agreement unless the Member has given the Company Notice of a different address.

**(m) “Person”** means any individual or entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of each “person” where the context so permits.

**(n) Substitute Member.** An Assignee who has been admitted to all of the rights of membership pursuant to this Company Agreement.

**(o) Taxable Year.** The taxable year of the Company as determined pursuant to Section 706 of the Code.

**(p) Taxing Jurisdiction.** Any state, local, or foreign government that collects tax, interest or penalties, however designated, on any Member’s share of the income or gain attributable to the Company.

**(q) Third Party.** With respect to a Member, any person or organization that is not another Member or a “Member’s Immediate Family.”

**14.5 Miscellaneous Tax Matters, Adoptions and Compliance with Internal revenue Code Section 704 and 752, as well as the Supporting Regulations.** With respect to allocations of profits and losses including but not limited to special and corrective allocations, Member minimum gain, Company minimum gain, offsetable decrease, qualified income offset, Member and Company non-recourse liability, Company minimum gain, chargeback, and Member minimum gain chargeback, the applicable IRC Sections (Section 704, Section 706, Section 752) and Regulations thereunder, including any future amendments are hereby incorporated into this Limited Liability Company Agreement by this reference.

**14.6 Cash Method of Accounting.** The records of the Company shall be maintained on a cash receipts and disbursements method of accounting.

**14.7 Arbitration.** In the event a dispute shall arise between the Members and such matter cannot be resolved by a vote of the Members, and the Members are unable to settle the dispute between themselves, it is hereby agreed that, to the extent allowed by law, the dispute will then be submitted for binding arbitration to a mutually agreeable arbitrator, or if an arbitrator cannot be agreed upon, then to the Washington Arbitration and Mediation Service for arbitration within forty-five (45) days of a written request for arbitration submitted by either party. Except as such rules may have been modified or altered, pursuant to the specific language contained in subparagraph 8.2(b), all arbitration proceedings shall be conducted in accordance with the rules of arbitration of the Washington Arbitration and Mediation Service and RCW 7.04 et seq. The arbitrator’s decision shall be final and binding and judgment may be entered thereon. The parties agree to equally share the cost of the arbitration process, with the arbitrator having the authority to access the hearing cost as part of the award. ( You could start with Mediation at this point, but mediation is not binding so some people do not like it.)

**14.8 Conflict and Legal Representation; Waiver of Independent Legal Counsel.** ALL PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT THE AGREEMENT HAS BEEN DRAFTED BY COUNSEL FOR THE COMPANY, AND EACH PARTY HEREUNDER ACKNOWLEDGES THAT HE OR SHE IS RELYING UPON THE ADVICE OF INDEPENDENT COUNSEL IN SIGNING THIS AGREEMENT OR HAVE FREELY CHOSEN NOT TO SEEK SUCH ADVICE.

**14.9 Governing Law.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington.

**14.10 Waivers.** The failure of any Person to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

**14.11 Severability.** If any provision of this Agreement or the application thereof to any Person or circumstances shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

**14.12 Heirs, Successors and Assigns.** Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

**14.13 Counterparts.** This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding all parties hereto, notwithstanding that all parties have not signed the same counterpart.

**14.14 Miscellaneous provisions**. No pets shall be allowed by any member in the cabin except in the enclosed porch. Each member shall pay the user fee for each day of use as determined from time to time by the managing member, or by a majority vote of the members.

IN WITNESS WHEREOF, the Members have signed this Company Agreement on the date first above written.

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