# Limited Liability Company and Operating Agreements

**Q: Is a Limited Liability Company required to have an operating agreement?**

A deep dive into the language of the Revised Uniform Limited Liability Company Act, familiar to so many of us as **N.J.S.A. 42:2C**, answers that question by its definition of what an operating agreement is:

*"Operating agreement" means the agreement,* ***whether or not referred to as an operating agreement and whether oral, in a record, implied, or in any combination thereof,*** *of all the members of a limited liability company, including a sole member.* (N.J.S.A. 42:2C-2)

Turning to the what N.J.S.A. 42:2C has to say regarding the scope, function and limitations of an operating agreement:
*The operating agreement governs:*
*1) Relations among the members as members and the members and the limited liability company*
*2) The rights and duties under this act of a person in the capacity of manager*
*3) The activities of the company and the conduct of those activities; and*
*4) The means and conditions for amending the operating agreement*
*To the extent the operating agreement does not otherwise provide for a matter described above,* ***this act governs the matter.*** (N.J.S.A. 42:2C-11)

Putting all of this together, a limited liability company, by virtue of being properly formed, already has an operating agreement whether it is written down or not. In the absence of, at the least, an oral agreement as to how the limited liability company will be operated, the text of N.J.S.A. 42:2C itself will serve as a default operating agreement.

OR May 2019