

# LIMITED LIABILITY COMPANY OPERATING AGREEMENT

## Three Groves Ecovillage GP, LLC

A Member-Managed Limited Liability Company

### OPERATING AGREEMENT

THIS OPERATING AGREEMENT is made and entered into effective December 1, 2009, by and among the Members, as defined herein and listed in Schedule 1, appended hereto and made a part of this agreement.

#### SECTION 1

#### PHILOSOPHY AND PRINCIPLES

##### 1.1 **Participation** in Company and Cohousing Community:

- 1.1.1 Members will actively participate and attend regular meetings and all other affairs of the Company whenever able. Members realize that the effectiveness of the Company is directly proportional to the extent of participation.
- 1.1.2 Members understand and support the Company's consensus or other types of decision-making processes, and agree to keep the best interests of the Company in mind rather than the interests of any individual.
- 1.1.3 Members understand and support the values and vision of the Company to create a Cohousing Community designed with the highest replicable environmental standards.

**SECTION 2**  
**THE LIMITED LIABILITY COMPANY**

- 2.1 **Formation.** Effective May 1, 2009, the Members formed a limited liability company under the name Three Groves Ecovillage GP, LLC pursuant to the Limited Liability Company Act of the Commonwealth of Pennsylvania . The rights and obligations of the parties are as provided in the Act except as otherwise expressly provided in this Agreement.
- 2.2 **Name.** The business of the Company will be conducted under the name *Three Groves Ecovillage GP, L.L.C.*, or such other name upon which the Members may decide. All business of the Company shall be conducted under such approved name or names.
- 2.3 **Purpose.** The purpose of the Company is to:
- 2.3.1 Fund the development of the Three Groves Ecovillage Cohousing Community through Capital Contributions, acquisition of financing, or other lawful means;
  - 2.3.2 Develop the Cohousing Community, contracting with a developer and other professionals as are necessary to accomplish the creation of the Cohousing Community;
  - 2.3.3 Create covenants and bylaws for the future Home Owners' or Condominium Association;
  - 2.3.4 To engage in any lawful or activity for which a limited liability company may be organized under the Act, as authorized by vote of the Members; and
  - 2.3.5 Dissolve the Company, at a reasonably convenient time no later than twelve months following full completion of the Cohousing Community.
- 2.4 **Registered Office and Registered Agent.** The registered office and principal place of business of The Company shall be at 116 Cambridge Road, Landenberg, PA 19350. Company's registered agent at such address shall be the Company itself. Additionally the Company may have other offices and places of business at such locations both within and outside of the Commonwealth of Pennsylvania as the Members may, from time to time, determine.
- 2.5 **Term.** The term of the Company shall commence upon the filing of the Certificate with the Department of State of the Commonwealth of Pennsylvania, and shall continue until December 31, 2018, unless sooner terminated as provided in this Agreement.
- 2.6 **Names and Addresses of Members.** The Members' names and addresses are attached as Schedule 1 to this Agreement.
- 2.7 **Admission of Additional Members.** In the event any additional members are admitted to the Company, the Interest in the Company of the most recently admitted Member(s) shall be specified at the time such new Member(s) shall be admitted, and the Interest in the Company of all other Members shall be proportionately reduced. The foregoing shall not apply to any substituted Member who is a transferee of an Interest in the Company.
- 2.8 **Definitions:**
- 2.8.1 **Act** shall mean the Pennsylvania Limited Liability Company Act of 1994, 15 Pa.C.S.A. §8901, et seq., as amended from time to time.

- 2.8.2 **Agreement or Operating Agreement** shall mean this Limited Liability Company Operating Agreement for Three Groves Ecovillage GP, LLC, as amended, modified, supplemented, or restated from time to time.
- 2.8.3 **Capital** shall mean the sum of all money and all other property contributed to the Company by its Members, as reflected on Schedule I, attached hereto, or the balance sheet of the Company.
- 2.8.4 **Capital Accounts** shall mean the separate book accounts established and maintained for each Member in accordance with applicable federal income tax accounting principles, statutes and/or regulations.
- 2.8.5 **Capital Contribution** shall mean each initial and subsequent contribution to the Capital of the Company.
- 2.8.6 **Code** shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 2.8.7 **Company** shall mean Three Groves Ecovillage GP, LLC, a Pennsylvania Limited Liability Company, the management of which is governed by this Agreement.
- 2.8.8 **Interest in the Company** shall mean the ownership interest in the Company determined in a manner consistent with applicable Treasury Regulations, as amended, or any successor thereto.
- 2.8.9 **Member** shall mean the initial Members of the Company and all others admitted as Members in accordance with the terms of this Agreement.
- 2.8.10 **Housing Unit** shall mean a residential unit within the Three Groves Ecovillage Cohousing Community.
- 2.8.11 **Cohousing Community** is the homes and related infrastructure improvements to be developed for sale by the Company, or an affiliate of the Company on the Property.
- 2.8.12 **Quorum** is the number of Members required to participate in making a Decision such that the resulting decision becomes binding upon the Company. The number of Members required for a Quorum may not be less than 50% of the total number of Members. The number of Members required for a Quorum may be modified by an official Decision of the Company.
- 2.8.13 **Decision** is made when a Quorum of the Members, present at a meeting or otherwise polled as permitted in this Agreement, comes to consensus on a issue and the consensus is memorialized in a writing that is an official record of the LLC. If Members fail to reach consensus on two separate occasions separated by at least two days, then a vote may be taken, which will pass if at least 60% of all Members vote in favor of the issue presented. In such a case, the passage of such a measure will be a Decision.
- 2.8.14 **Household** is defined as all adults and children who intend to live together in a single housing unit in the Cohousing Community.
- 2.8.15 **Member** is a person legally capable of executing a contract who subscribes to the principles of cohousing and makes financial contributions pursuant to this Agreement in order to participate in the development of Three Groves Ecovillage.
- 2.8.16 **Payment Requirement** is the periodic requirement for money to be paid by the Members at various times during the development of the Cohousing Community, as set forth in **Schedule 3** attached hereto.

- 2.8.17 **Payment** is any amount paid by a Member under the terms of the Membership. Certain Payments will be credited against the purchase price of a Housing Unit, as set forth herein. Payments are non-refundable except as expressly set forth in Section 9 below.
- 2.8.18 **Property** means the real property consisting of 7.5 acres located at State and Prospect Road, in London Grove Township, Chester County, to be developed as a Cohousing Community with homes, a common house and other improvements approved by the Company. An affiliate of the Company will perform the development.
- 2.8.19 **Agreement of Sale** means a legally binding contract to purchase a Housing Unit built in the Cohousing Community and an interest in the common areas of the Property, to be executed by each Member with the Company (or its affiliate).
- 2.8.20 **Three Groves Ecovillage** shall mean the Cohousing Community which is to be developed on the Property.
- 2.8.21 **Refundable Money** means only Payments of Capital Contributions made towards the \$25,000 down payment after the first \$1500. Dues or other fees are not refundable.
- 2.8.22 **Ground Breaking** is that point in time when necessary Construction Loans, Permits, Approvals, and other required documents have been obtained such that construction on the Cohousing Community can begin.
- 2.8.23 **Full Completion** is defined at the time when all Housing Units in Three Groves Ecovillage have been built, sold and closed at least once, the common house and all other Property improvements have been completed and paid for in full, all Company debt has been paid in full (except debts that are payable after Full Completion as set forth herein) and any investors have received any priority amount payable to them.
- 2.8.24 **Lot Selection List** indicates the order in which Members may select the location and model of their home from the available Housing Units.
- 2.9 **Construction:** Terms stated in the masculine gender shall be construed, as appropriate in context, as applying to the feminine gender, and vice versa, and terms stated in either such gender shall be construed, as appropriate in context, as applying to the neuter gender. Terms stated in the singular shall be construed, as appropriate in context, as applying to the plural, and vice versa.

**SECTION 3**  
**CAPITAL CONTRIBUTIONS**

- 3.1 **Capital Contributions.** The Members shall contribute to the Company Capital Contributions as described in Schedule 3 attached to this Agreement. Schedule 2 shall be amended from time to time to reflect the total at Capital Contributions by the Members.
- 3.2 **Additional Contributions.** Except as otherwise set forth in this Agreement, no additional Capital Contributions are required to be made by any Member. However, Members may make additional Capital Contributions to the Company, at their own discretion.
- 3.3 **Purpose of Capital Contributions.** All Capital Contributions are intended to be applied as credit to the down payment for the purchase of a Housing Unit in the Cohousing Community identified as the future property of the contributor, and shall qualify the contributor to benefit from the Rebate Program as described in Schedule 3 of this Agreement. Capital Contributions will be spent by the Company to fund the development of the Cohousing Community.
- 3.4 **No Interest on Capital Contributions.** Members are not entitled to interest or other compensation for or on account of their Capital Contributions to the Company except to the extent provided in Schedule 3 of this Agreement.
- 3.5 **Households and Payments.** All Payments are assessed against and credited to a Household, regardless of how many Members or other persons will occupy a Housing Unit.
- 3.6 **Proof of Qualification to Purchase.** Members will submit a Pre-Approval letter from their bank for a mortgage for the approximate purchase price of their Housing Unit. Alternatively, Members may provide bank statements or other proof of assets sufficient to purchase their Housing Unit. Proof of Qualification to Purchase a Housing Unit must be provided at the time of joining the Company as a Member, or 120 days prior to Ground Breaking, whichever is later. If a Member is not able to acquire a mortgage or is unable to otherwise afford to purchase a unit, their membership will be terminated per section 9.2.
- 3.7 **Payment Schedule.** The amounts and dates of Payments are used to determine the eligibility and amount of Rebates that Members may receive at the end of the project as set forth in **Schedule 3** of this Agreement. Members who make Payments early in the project are entitled to receive a rebate for a portion of the purchase price of their Housing Unit, the amount of which will be based on the amount and timing of their Payments. At Full Completion of the Cohousing Community, participants in the Rebate Program will be paid their respective Rebate Amounts (calculated as shown on **Schedule 3**) if, and to the extent the Company has funds available to pay the Rebate Amounts. If the Company has insufficient available funds to pay the Rebate Amounts, participants in the Rebate Program will be entitled to a pro rata portion of their Rebate Amounts based on the ratio of each Participant's Rebate Amount to the total Rebate Amount due to participating Members. The Company's obligation to pay the Rebate Amounts is conditional upon the availability of funds as set forth above, and no member of the Company shall have any personal obligation for the Rebate Amounts.
- 3.8 **Placement on the Lot Selection List** requires Payments in excess of that required for membership. These amounts will increase on set dates, as set forth in **Schedule 3**. Households are placed on the Lot Selection List in the order in which they reach the specified amount of Payments in Schedule 3.

- 3.9 **Agreement of Sale.** Within 90 days prior to the anticipated Ground Breaking, each Member will review and sign an Agreement of Sale for a Housing Unit within the Cohousing Community and will pay the difference between payments to date and \$25,000 toward the down payment on the housing unit. Members will complete the Agreement of Sale and selection of a lot and unit in the order specified in the Lot Selection List.
- 3.9.1 Members who fail to pay a total \$25,000 in Payments before or at the time of Ground Breaking will be placed behind all Members on the Lot Selection List who have made \$25,000 in total Payments and have signed an Agreement of Sale.
- 3.9.2 Members who sign an Agreement of Sale after Ground Breaking select a lot at the time of signing. All Members ahead of them on the Lot Selection Priority List who have not signed an Agreement of Sale will be notified and given 7 days to make a selection.
- 3.9.3 Members who fail to pay a total of \$25,000 in Payments before all lots are sold in the Cohousing Community will be subject to Revocation of Membership by the Company (section 9 below).

#### SECTION 4

#### ALLOCATION OF PROFITS AND LOSSES; DISTRIBUTIONS

- 4.1 **Interest in the Company.** The percentage interest of each Member in the Company shall be set forth on Schedule 2, as amended. The Member's Interest in the Company shall be personal property for all purposes.
- 4.2 **Losses.** For financial accounting and tax purposes, the Company's profits and losses shall be determined on an annual basis, and shall be allocated to the Members in proportion to each Member's Capital Contributions in total, pursuant to applicable law.
- 4.3 **Profits and Distributions.** The Company does not intend to make a profit nor distribution during its Term. The Rebate Program in Schedule 3 will be used to distribute residual funds upon dissolution of the Company.
- 4.4 **No Right to Demand Return of Capital.** No Member has any right to any return of capital or other distribution except as expressly provided in this Agreement. No Member has any drawing account in the Company.

## **SECTION 5 INDEMNIFICATION**

The Company shall indemnify any person who was or is a party defendant or is threatened to be made a party defendant, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member of the Company, employee or agent of the Company, or is or was serving at the request of the Company, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Members determine that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company, and with respect to any criminal action proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of "no lo Contendere" or its equivalent, shall not in itself create a presumption that the person did or did not act in good faith and in a manner which he reasonably believed to be in the best interest of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was lawful.

## **SECTION 6 MANAGEMENT OF THE COMPANY**

### **6.1 General Management.**

- 6.1.1 The Members, within the authority granted by the Act and the terms of this Agreement, shall have the complete power and authority to manage and operate the Company and make all decisions affecting its business and affairs.
- 6.1.2 Except as otherwise provided in this Agreement, all decisions and documents relating to the management and operation of the Company shall be made and executed by a Decision by the Members.
- 6.1.3 Third parties dealing with the Company shall be entitled to rely conclusively upon the power and authority of a Decision by the Members to manage and operate the business and affairs of the Company.

### **6.2 Powers of the Members.** Subject to the necessary Decision as set forth in this Agreement, the Members designated by such Decision are hereby authorized and empowered to carryout and implement the business and purposes of the Company. The powers of the designated Members shall include, but shall not be limited to, the following:

- 6.2.1 To open, maintain, and close bank and money market accounts, and draw checks or other order for the payment of monies.
- 6.2.2 To make investments and/or to purchase, sell, transfer, exchange real estate, or other assets or investments.
- 6.2.3 To employ attorneys, accountants, brokers, consultants, and/or agents on behalf of the Company, and to terminate such employment.

- 6.2.4 To borrow money and to make, issue, accept, endorse and execute promissory notes, drafts, bills of exchange, loan and mortgage agreements and other instruments and evidences of indebtedness, and to secure the payment thereof by mortgage, hypothecation, pledge or other assignment of, or arrangement of, security interest in all or any part of the Company's assets.
  - 6.2.5 To take such actions, make such investments and incur such expenses on behalf of the Company as may be necessary or advisable in connection with the conduct of the affairs of the Company.
  - 6.2.6 To determine the accounting methods and convention to be used in the preparation of the Company's financial statements and tax returns and to make any and all elections under the tax laws of the United States, the states thereof, and any other relevant jurisdictions as to the treatment of items of income, gain, loss, deduction of the Company or any other method or procedure related to the preparation of the Company's financial statements and tax returns.
- 6.3 **Proxy.** Every Member entitled to vote shall have the right to do so either in person or by one or more agents authorized by written proxy, signed by the Member and filed with the Company. A proxy shall be revocable unless the proxy specifically states otherwise.
- 6.4 **Standard of Care of the Member:** The Members shall have a fiduciary responsibility for the safekeeping and use of all cash and property of the Company. The Members shall not employ such cash or property in any manner except as permitted under this Agreement. The Members shall carryout their duties and exercise their powers hereunder in good faith and in a manner responsibly to be in the best interest of the Company and its Members. No Members shall be liable to the Company or any Member for any loss, damage, claim, matter or other item, unless such matter or item is attributable to gross negligence, willful misconduct, or fraud on the part of such Member. The Members may consult with legal counsel or accountant selected by them, and no Member shall be liable to the Company or any Member for any act or omission suffered or taken by her in accordance with the opinion or advice of such counsel or accountant.
- 6.5 **Company Information.** Members shall have the right to be fully and currently informed of the activities of the Company and to have reasonable access, upon reasonable notice and during regular business hours, to the books and records of the Company.

## SECTION 7

### SALARIES, REIMBURSEMENT, AND PAYMENT OF EXPENSES

- 7.1 **Organization Expenses.** All expenses incurred in connection with organization of the Company will be paid by the Company.
- 7.2 **Salary.** No salary will be paid to a Member for the performance of his or her duties under this Agreement unless the salary has been approved in writing by a Decision by the Members.
- 7.3 **Legal and Accounting Services.** The Company may obtain legal and accounting services to the extent reasonably necessary for the conduct of the Company's business.

**SECTION 8**  
**BOOKS OF ACCOUNT, ACCOUNTING REPORTS, TAX RETURNS,**  
**FISCAL YEAR, BANKING**

- 8.1 **Method of Accounting.** The Company will use the method of accounting previously determined by the Members for financial reporting and tax purposes.
- 8.2 **Fiscal Year; Taxable Year.** The fiscal year and the taxable year of the Company is the calendar year.
- 8.3 **Capital Accounts.** The Company will maintain a Capital Account for each Member on a cumulative basis in accordance with federal income tax accounting principles.
- 8.4 **Banking.** All funds of the Company will be deposited in a separate bank account or in an account or accounts of a savings and loan association in the name of the Company as determined by a Decision by the Members. Company funds will be invested or deposited with an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States government.
- 8.5 **Management of Funds:** Financial records for the Company may be examined by any Member and will be made available within one week of a request in writing. A Member will be appointed by consensus by the Company to act as treasurer and will keep the Company's accounts in an organized manner with clear records of receipts and expenditures. All expenditures from the funds collected by the Company must be approved by the Company.
- 8.6 **Taxation:** Unless otherwise prohibited by law, the Members agree that the Company shall be treated as a partnership for purposes of federal, state and local income tax and other taxes and further, agree not to take any position or make any election, in a tax return or otherwise, inconsistent therewith. The Members are permitted to modify, at any time, upon appropriate Decision, the tax status of the Company.

The Members shall cause all required federal, state and local partnership income, franchise, property and other tax returns, including information returns, to be filed timely with the appropriate office of the Internal Revenue Service or other taxing authority having jurisdiction. As promptly as practical, and in no event later than One Hundred (100) days after the close of each calendar year, each Member shall receive a copy of each state and federal income tax return filed by the Company.

All elections required or permitted to be made by the Company, including without limitation the election referred to in Code § 754, as amended, or any successor thereto, and all material decisions with respect to the calculation of its profit or loss for tax purposes, shall be made by the Members or in such manner as the Members shall determine.

**SECTION 9**  
**TRANSFER OR TERMINATION OF MEMBERSHIP INTEREST**

**Sale or Encumbrance Prohibited.** No Member may voluntarily or involuntarily transfer, sell, convey, encumber, pledge, assign, or otherwise dispose of (collectively, "Transfer") an interest in the Company.

- 9.1 **Sale or Transfer:** The Members Interest in the Company shall not be assignable or transferable, in whole or in part, without the prior written consent by all of the Members, which consent may be granted or denied in the sole and absolute discretion of the other Members. Further, each Member agrees that any transfer of all or any portion of its Interest in the Company, if approved, shall be in accordance with the provisions of this Agreement.
- 9.2 **Termination of Membership:** A membership may be terminated by 1) Decision of the Company; 2) the Member, at any point up until the signing of the Agreement of Sale for the Member's unit. Notice of a termination of membership must be made in writing to the address of the Registered Agent; or 3) the Member files a voluntary petition in bankruptcy, is adjusted to bankrupt or insolvent, or has entered against him in order for relief, in any bankruptcy or insolvency proceeding, or otherwise seeks, consents, or acquiesces in the appointment of a trustee, receiver or liquidator of all or any part of his property. The Member's Refundable Money will be returned to the Member with timing at the discretion of the Company, but no later than Full Completion. Any Refundable Money not returned within 120 days of the termination of membership will be treated as a loan to the Company at current Prime Rate as published in the Wall Street Journal on the last business day preceding the date of termination.
- 9.3 **Members in Good Standing:** Any time a Member's required Payments are in arrears by 90 days or more, he or she will lose his or her good standing and all rights as a Member, including, if applicable, a place in the Lot Selection List.
- 9.4 **Death of Member(s):** If all Members of a Household die before the purchase of a Housing Unit, all Refundable Monies will be paid to the estate only upon Full Completion. No interest will be paid except as required by law or by this agreement.

## SECTION 10

### DISSOLUTION AND WINDING UP OF THE COMPANY

- 10.1 **Transfer of Cohousing Community Responsibilities to Homeowners Association.** It is understood and agreed that as part of the development of the Cohousing Community, Community restrictions and bylaws will be developed and approved for the Cohousing Community. Those documents will include the creation of a Homeowners Association, or similar organization, to oversee the enforcement of Community declarations and bylaws after transfer from the Company. Once all of the Housing Units within the Cohousing Community are sold, the Members agree that the Company shall be properly and legally dissolved, in a reasonably prompt manner thereafter.
- 10.2 **Dissolution.** The Company will be dissolved on the happening of any of the following events:
- 10.2.1 The Decision by the Members;
  - 10.2.2 By operation of law; or
  - 10.2.3 The end of the Term of the Company.
- 10.3 **Winding Up:** On the dissolution of the Company (if the Company is not continued), the funds paid by the Members may not be repaid if no funds remain. If the Company ceases to function as a cohousing Company, any remaining funds will be used to re-pay outstanding debts and loans first, then the remainder (if any) will be divided among the Members prorated based on the Payments each Member has made to the Company. The funds paid to the Company are intended to help build this Cohousing Community, and are fully at risk.
- 10.3.1 **The Company Dissolved.** The Company shall be wound up and liquidated in accordance with the requirements of the following provisions:
- 10.3.1.1 The authority to wind up the Company's affairs and to supervise its liquidation shall be exercised by the Members or if the Members are unable to act, by a Person designated by a Decision of the Members, such Person being hereafter referred to as the "Liquidator".
    - 10.3.1.1.1 The Liquidator shall cause the Company's independent accountants to make a full and proper accounting of the assets, liabilities and operations of the Company, as of and through the date on which all of the assets of the Company shall have been distributed in accordance with the provisions of this Article.
    - 10.3.1.1.2 Upon demand by the Liquidator, each Member shall pay to the Company all amounts owed by it to the Company, if any, together with any contributions required by law or this Agreement to be made by such Member for the payment of liabilities, if any.
    - 10.3.1.1.3 As expeditiously as possible (allowing reasonable time to maximize values in light of prevailing market conditions, but in no event later than one (1) year after the occurrence of an event of dissolution), the Liquidator shall cause all Company properties and assets to be sold and shall distribute the proceeds thereof in the following order of priority:
      - 10.3.1.1.3.1 First, all liabilities and obligations of the Company, other than liabilities or obligations to the Members, shall be paid or the Liquidator shall make reasonable provisions therefore (whether by establishment of reserves or otherwise as the Liquidator shall in good faith determine);

- 10.3.1.1.3.1.1 Second, all liabilities and obligations of the Company to the Members shall be paid or the Liquidator shall make reasonable provision therefore as aforesaid, but if the proceeds available are insufficient to satisfy all such liabilities and obligations, then each such liability and obligation shall be paid down, first, by that amount (if any) which will cause the obligations to be in proportion to the Members' respective Membership Interests, and then in the proportion thereof, including all accrued and unpaid interest thereon;
- 10.3.1.1.3.1.2 Third, after allocations in accordance with Article IV of this Agreement (but without duplication), any balance shall be distributed to the Members in proportion to the Members' respective positive Capital Account balances. The Liquidator shall have power to establish reserves or otherwise provide for the payment of liabilities and obligations of the Company, as aforesaid, in such amounts and by such means as the Liquidator in good faith shall deem appropriate. The saleable assets of the Company may be sold in connection with any liquidation at public or private sale and at such price and upon such terms as the Liquidator in its sole discretion may deem advisable. Any Member and any Person in which any Member is in any way interested may purchase assets at such sale. Distribution of Company assets hereunder shall be made in cash unless otherwise agreed to by all Members.
- 10.3.1.1.4 The provisions of this Agreement shall remain fully operative during the period of winding up and, without limitation, all items of Company income, loss, gain, deduction or credit shall continue to be allocated in a manner herein specified, but the operations of the Company shall be limited to those reasonably incidental to the winding up and liquidation of the affairs of the Company.

## SECTION 11 GENERAL PROVISIONS

- 11.1 **Amendments.** Amendments to this Agreement may be proposed by any Member. A proposed amendment will be adopted and become effective as an amendment only on the written approval of all of the Members.
- 11.2 **Governing Law.** This Agreement and the rights and obligations of the parties under it are governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania (without regard to principles of conflicts of law).
- 11.3 **Entire Agreement; Modification.** This Agreement constitutes the entire understanding and agreement between the Members with respect to the subject matter of this Agreement. No agreements, understandings, restrictions, representations, or warranties exist between or among the members other than those in this Agreement or referred to or provided for in this Agreement. No modification or amendment of any provision of this Agreement will be binding on any Member unless in writing and signed by all the Members.
- 11.4 **Attorney Fees.** In the event of any suit or action to enforce or interpret any provision of this Agreement (or that is based on this Agreement), the prevailing party is entitled to recover, in addition to other costs, reasonable attorney fees in connection with the suit,

action, or arbitration, and in any appeals. The determination of who is the prevailing party and the amount of reasonable attorney fees to be paid to the prevailing party will be decided by the court or courts, including any appellate courts, in which the matter is tried, heard, or decided.

11.5 **Further Effect.** The parties agree to execute other documents reasonably necessary to further effect and evidence the terms of this Agreement, as long as the terms and provisions of the other documents are fully consistent with the terms of this Agreement.

11.6 **Severability.** If any term or provision of this Agreement is held to be void or unenforceable, that term or provision will be severed from this Agreement, the balance of the Agreement will survive, and the balance of this Agreement will be reasonably construed to carry out the intent of the parties as evidenced by the terms of this Agreement.

11.7 **Captions.** The captions used in this Agreement are for the convenience of the parties only and will not be interpreted to enlarge, contract, or alter the terms and provisions of this Agreement.

11.8 **Notices.** All notices required to be given by this Agreement will be in writing and will be effective when actually delivered or, if mailed, when deposited as certified mail, postage prepaid, directed to the addresses first shown above for each Member or to such other address as a Member may specify by notice given in conformance with these provisions to the other Members.

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby, execute this Operating Agreement as of the date and year first above written.

SIGNED AND AGREED:

\_\_\_\_\_(SEAL)  
Deborah J. Dehghan

\_\_\_\_\_(SEAL)  
Janet E. Hesselberth

\_\_\_\_\_(SEAL)  
Bonnie Dickson

\_\_\_\_\_(SEAL)  
Anthony Aufdenkampe

\_\_\_\_\_(SEAL)  
Leslie Travis

\_\_\_\_\_(SEAL)  
Lane Travis

\_\_\_\_\_(SEAL)  
Peter Kjellerup

\_\_\_\_\_(SEAL)  
Amanda C. Cabot

\_\_\_\_\_(SEAL)  
Joyce A. Ford

\_\_\_\_\_(SEAL)  
Stephen J. Ford

\_\_\_\_\_(SEAL)  
Catherine Reimer

\_\_\_\_\_(SEAL)  
Sharon Sweitzer

\_\_\_\_\_(SEAL)  
Wick Williams

\_\_\_\_\_(SEAL)  
Jenny Loustau

**Exhibit "A"**

**Listing of Members – Schedule 1**

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

FOR

Three Groves Ecovillage GP, LLC

**LISTING OF MEMBERS**

As of the 16<sup>th</sup> day of October 2011, the following is a list of Members of the Company

<b>Name(s)</b>	<b>Address</b>	<b>City, State, Zip</b>
Deborah J. Dehghan	27110 Valley Run Drive, Towers of Valley Run	Wilmington, DE 19810
Janet Hesselberth	7 Faggs Manor Road	Cochranville, PA 19330
Bonnie Dickson	515 E. London Grove Road	West Grove, PA 19390
Anthony Aufdenkampe	515 E. London Grove Road	West Grove, PA 19390
Leslie Travis	314 Griffen Street	Phoenixville, PA 19460
Lane Travis	314 Griffen Street	Phoenixville, PA 19460
Peter Kjellerup	810 Merrybell Lane	Kennett Square, PA 19348
Amanda C. Cabot	810 Merrybell Lane	Kennett Square, PA 19348
Joyce A. Ford	225 State Road	West Grove, PA 19390

Stephen J. Ford	225 State Road	West Grove, PA 19390
Sharon Sweitzer	438 Gum Tree Rd	Coatesville, PA 19320
Catherine Reimer	401 College Ave	West Chester PA 19382
Wick Williams	142 West London Grove Road	West Grove, PA 19390
Jenny Loustau	142 West London Grove Road	West Grove, PA 19390

**Exhibit "B"**

**Listing of Capital Contributions – Schedule 2**

LIMITED LIABILITY COMPANY OPERATING AGREEMENT  
FOR  
Three Groves Ecovillage GP, LLC

**CAPITAL CONTRIBUTIONS**

Pursuant to ARTICLE 2, the Members' contribution to the Company capital as of October 16, 2011 is stated to be \$142,950.00. The description and each individual portion of this contribution are as follows:

<b>Name(s)</b>	<b>Capital Contribution</b>	<b>% Ownership</b>
Deborah J. Dehghan	\$7,350	11.2%
Janet E. Hesselberth	\$41,000	11.1%
Bonnie Dickson & Anthony Aufdenkampe	\$3,250 (balance will be sponsored by Janet Hesselberth)	11.1%
Leslie Travis & Lane Travis	\$4,350	11.1%
Amanda C. Cabot & Peter Kjellerup	\$28,000	11.1%
Joyce A. Ford & Stephen J. Ford	\$24,000	11.1%
Catherine Reimer	\$15,000	11.1%
Sharon Sweitzer	\$15,000	11.1%
Jenny Lousteau & Wick Williams	\$5,000	11.1%

**Exhibit "C"**

**Required Payments and Rebate Amounts – Schedule 3**

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

FOR

Three Groves Ecovillage GP, LLC

**I. Required Payments:**

**Payment Schedule (for members joining before July 31, 2009)**

<u>Payment Milestones</u>	<u>Payment</u>	<u>Total Payment</u>
Acceptance of Membership Application	\$2,000 (\$1,500 non-refundable)	\$2,000
Placement on the Lot Selection Priority List	Difference between \$5,000 and previous Payments	\$5,000
Suggested average payments	\$2,000 per month	
Signing Agreement of Sale (prior to Ground Breaking)	Difference between \$25,000 and previous Payments	\$25,000

**Payment Schedule (for members joining after July 31, 2009 but before Ground Breaking)**

<u>Payment Milestones</u>	<u>Payment</u>	<u>Total Payment</u>
Acceptance of Membership Application	\$5,000 (\$1,500 non-refundable)	\$5,000
Placement on the Lot Selection Priority List	Difference between \$15,000 and previous Payments	\$15,000
Suggested average payments	\$2,000 per month	
Signing Agreement of Sale (prior to Ground Breaking)	Difference between \$25,000 and previous Payments	\$25,000

**Payment Schedule (for members joining after Ground Breaking, expected Summer 2012)**

<u>Payment Milestones</u>	<u>Payment</u>	<u>Total Payment</u>
Acceptance of Membership Application	\$25,000	\$25,000
Placement on the Lot Selection Priority List	with membership	\$25,000
Signing Agreement of Sale	required for membership	\$25,000

**II. Rebate Amounts:**

As set forth above, Purchasing Members may be entitled to receive a rebate of a portion of the purchase price of their housing unit based on the Purchasing Member making Payments to the Company early in the development process. The amount of each potential rebate will be determined based on when the Payment is made in relation to the first \$600,000 the Company requires as Payments from Purchasing Members, as follows:

Time When Payment is Received

Rebate Amount

First \$100,000 received by Company:	\$300.00/per \$1,000 Payment made
Next \$100,000 received by Company:	\$225.00/per \$1,000 Payment made
Next \$100,000 received by Company:	\$175.00/per \$1,000 Payment made
Next \$100,000 received by Company:	\$150.00/per \$1,000 Payment made
Next \$100,000 received by Company:	\$100.00/per \$1,000 Payment made

#### **Disclaimer – Schedule 4**

MEMBERSHIP IN THE COMPANY INVOLVES A HIGH DEGREE OF RISK AND IS NOT RECOMMENDED FOR PERSONS WHO DO NOT HAVE A SUBSTANTIAL NET WORTH OR WHO CANNOT AFFORD TO LOSE ANY PAYMENTS THAT MAY BE PAID. NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATIONS REGARDING MEMBERSHIP OTHER THAN THOSE CONTAINED IN THIS DOCUMENT AS SAME MAY BE AMENDED FROM TIME TO TIME. ALTHOUGH EVERY EFFORT WILL BE MADE TO PRESENT ACCURATE INFORMATION IN THE COMPANY'S EDUCATIONAL AND PUBLICITY ORIENTATIONS, PROGRAMS AND MATERIALS, EACH SUCH MATERIAL AND PROGRAM IS NOT LIKELY TO BE COMPLETE. BECAUSE THE COMPANY IS AT A FORMATIVE STAGE, ITS INFORMATION IS SUBJECT TO CHANGE.

PROSPECTIVE MEMBERS ARE NOT TO CONSTRUE THESE MATERIALS, OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR ANY OF ITS PREDECESSOR ORGANIZATIONS, MEMBERS, EMPLOYEES OR CONSULTANTS, AS LEGAL, ACCOUNTING, INVESTMENT OR TAX ADVICE. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO ANY PROPOSED PROJECT OF THE COMPANY, THE SUCCESSFUL COMPLETION OF ANY SUCH PROJECT, OR THE TERMS AND CONDITIONS OF ANY OFFERING REGARDING APARTMENTS IN ANY SUCH PROJECT. EACH MEMBER AND PROSPECTIVE MEMBER IS DIRECTED TO CONSULT ITS OWN ATTORNEY, ACCOUNTANT AND ADVISORS AND MAKE ITS OWN, INDEPENDENT DECISION REGARDING MEMBERSHIP IN THE COMPANY.

MEMBERSHIP IN THE COMPANY IS NOT INTENDED TO BE AN INVESTMENT AND THE COMPANY IS NOT A REAL ESTATE INVESTMENT COMPANY. NO PROFIT IS INTENDED TO BE MADE FROM MEMBERSHIP. ITS MEMBERS ARE THE OWNERS AND OPERATORS OF THE COMPANY, ITS ACTIVITIES AND ANY PROJECT IT MAY UNDERTAKE IN ACCORDANCE WITH THE COMPANY'S OPERATING AGREEMENT.

THE ACCOMPANYING MATERIALS HAVE BEEN PREPARED SOLELY FOR THE BENEFIT OF THE COMPANY'S MEMBERS AND OF PERSONS CONSIDERING BECOMING MEMBERS. ANY REPRODUCTION OR DISTRIBUTION OF THESE MATERIALS IN WHOLE OR PART WITHOUT PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED.