

OPERATING AGREEMENT

FOR

Simplicity Funding & Holdings , LLC

THIS OPERATING AGREEMENT is made and entered into the 6th day of January, 2014 (the "Effective Date"), by the members listed in Exhibit "A" ("Members"), to govern the operation and management of the Florida limited liability company known as Simplicity Funding & Holdings, LLC (the "Company").

WITNESSETH:

WHEREAS, Articles of Organization (the "Articles") were filed on January 6th, 2014, with the office of the Department of State of the State of Florida, in order to form the Company as a Florida limited liability company, as amended; and

WHEREAS, pursuant to the Articles, the business and management of the Company are to be conducted in accordance with the Articles, the provisions of an operating agreement and the provisions of Florida Statutes as amended from time to time; and

WHEREAS, the Members desire to enter into this Operating Agreement (this "Agreement") in order to set forth the terms and conditions that will regulate and govern the operation and management of the Company and regulate and govern the rights and obligations of the Members with respect to the Company.

NOW, THEREFORE, in consideration of the foregoing, which shall be deemed to be incorporated as an integral part of this Agreement and not mere recitals hereto, the Members hereby set forth as follows:

6.1 Appointment of Tax Matters Partner. Justin Savich is hereby designated pursuant to Code Section 6231(a)(7) as the Company's Tax Matters Partner, and is responsible for acting as the liaison between the Company and the Internal Revenue Service ("Service"). The Tax Matters Partner shall have the duties of a tax matters partner as provided in the Code, in addition to such other duties as are provided under this Agreement. The Tax Matters Partner shall be reimbursed by the Company for all out-of-pocket expenses, costs and liabilities expended or incurred by the Tax Matters Partner in acting as the Company's Tax Matters Partner.

6.2 Tax Elections. By the affirmative vote of a majority of the 100% interest in the Company, the Members shall from time to time determine whether or not to make or attempt to revoke any and all tax elections regarding depreciation methods and recovery periods, capitalization of construction period expenses, amortization of organizational and start-up expenditures, basis adjustments upon admission or retirement of Members, and any other federal, state, or local income tax elections.

ARTICLE 7 - MANAGEMENT

7.1 Management of the Company. The initial Manager of the Company shall be Justin. Management of the business of the Company shall be wholly vested in the Managers, who may exercise all such powers of the Company and do all such lawful acts and things as are not by law or this Agreement directed or required to be exercised or done only by the Members.

7.2 Tenure and Qualification. Each Manager shall hold office until the Manager sooner resigns or is removed by the Members.

7.3 Removal. A Manager may be removed with or without cause by the

affirmative vote of the Members holding a majority of the Percentage Interests in the Company, but such removal shall be without prejudice to the contract rights, if any, of the person removed.

7.4 Vacancies. Any vacancy occurring in a Manager position may be filled by the affirmative vote of the Members holding a majority of the Percentage Interests in the Company.

7.5 Officers. The Managers may (but shall not be required to) appoint a Chief Financial Officer, Chief Operating Officer and Secretary, as well as such other officers as the Managers shall deem appropriate, such officers to have those duties and responsibilities as may be authorized from time to time by the Managers. The Managers may remove any officer at any time with or without cause. Each officer shall hold office until such officer's successor shall have been duly appointed and shall have qualified, unless such officer sooner dies, resigns or is removed by the Managers. The appointment of an officer does not itself create contract rights.

7.6 Time Devoted to Business. Each Manager shall devote such time to the business of the Company as the Managers, in the Managers' discretion, deem necessary for the efficient operation of the Company's business.

7.7 Exculpation. Any act or omission of a Manager, the effect of which may cause or result in loss or damage to the Company or the Members, if done in good faith to promote the best interests of the Company, shall not subject such Manager to any liability to the Member.

7.8 Actions Requiring Notice to Members. Notwithstanding anything to the contrary in this Agreement, the Managers may not take any of the following actions without at least 48 hours' notice and opportunity for each Member to be consulted as to the action:

- (i) the merger or sale of the Company or sale of substantially all of its assets;

- (ii) the filing of a voluntary petition for bankruptcy, assignment for the benefit of creditors or any other insolvency proceeding;
- (iii) the pledging of any Company assets or borrowing money; and
- (iv) any transaction that requires an expenditure in excess of \$10,000.00.

ARTICLE 8 - PERMITTED TRANSACTIONS

8.1 Other Businesses. The Members or any Affiliate, agent, or representative of the Members, may engage in or possess an interest in other business ventures of any nature or description, independently or with others, whether currently existing or hereafter created such ventures do not compete with or are otherwise harmful to the business of the Company. The Company shall not have any rights in or to the income or profits derived there from.

8.2 Transactions with the Company. The Company may, in the sole discretion of the Managers, contract with any Person (including a Member or any Person affiliated with a Member or in which a Member may be interested) for the performance of any services which may reasonably be required to carry on the business of the Company, and any such Person dealing with the Company, whether as an independent contractor, agent, employee, or otherwise, may receive from others or from the Company profits, compensation, commissions, or other income incident to such dealings.

ARTICLE 9 - ADMISSION OF ADDITIONAL MEMBERS

9.1 The Members, by the affirmative vote of the holders of a majority of the Percentage Interests in the Company, may admit any Person as a new Member and issue a Percentage Interest to such new Member for such consideration as the Members by vote deem appropriate.

ARTICLE 10 - TRANSFER OF MEMBERSHIP RIGHTS

10.1 Members may not sell, assign, pledge, or otherwise encumber or transfer all or any part of its interest in the Company to any Person without the prior written consent of the holders of a majority of the Percentage Interests in the Company.

10.2 In the event of the death, bankruptcy or insolvency of a Member, then the Company shall have the right, but not the obligation, to purchase such Member's interest for then market value of said interest, as determined by an accountant chosen by the Members if the Members cannot agree on the value thereof. If the Members cannot agree on an accountant to be used for the valuation, then each shall choose an accountant and the average of their two values shall be binding on all Members.

ARTICLE 11 - LIMITATION OF LIABILITY

11.1 Except as otherwise provided by the Act, the debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company; and the Members shall not be obligated for any such debt, obligation, or liability of the Company solely by reason of being a Member. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Operating Agreement or the Act shall not be grounds for imposing personal liability on the Members for any debts, liabilities, or obligations of the Company.

ARTICLE 12 - INDEMNIFICATION

12.1 General Rule. In any threatened, pending, or completed claim, action, suit, or proceeding to which said Manager was or is a party or is threatened to be made a party by reason of its activities on behalf of the Company, the Company shall indemnify and hold



harmless such Manager against losses, damages, expenses (including attorneys' and accountants' fees), judgments, and amounts paid in settlement actually and reasonably incurred in connection with such claim, action, suit, or proceeding, except that the Manager shall not be indemnified for actions constituting the improper receipt of personal benefits, willful misconduct, recklessness, or gross negligence with respect to the business of the Company; provided, however, that to the extent the Manager has been successful on the merits or otherwise in defense of any action, suit, or proceeding to which the Manager was or is a party or is threatened to be made a party by reason of the fact that the Manager was or is a Manager of the Company, or in defense of any claim, issue, or matter in connection therewith, the Company shall indemnify such Manager and hold the Manager harmless against the expenses (including attorneys' and accountants' fees) actually incurred by such Manager in connection therewith. This section shall be interpreted to provide the maximum amount and scope of indemnification under the Act.

12.2 Advance Payment of Expenses. Expenses (including attorneys' and accountants' fees) incurred in defending a civil or criminal claim, action, suit, or proceeding shall be paid by the Company in advance of the final disposition of the matter upon receipt of an undertaking by or on behalf of the Manager to repay such amount if such Manager is ultimately determined not to be entitled to indemnity.

12.3 Presumption. For purposes of this Section 12.3, the termination of any action, suit, or proceeding by judgment, order, settlement, or otherwise adverse to the Manager shall not, of himself or herself create a presumption that the conduct of such Manager constitutes willful misconduct, recklessness, or gross negligence with respect to the business of the Company.

ARTICLE 13 - AMENDMENT

13.1 Unless otherwise required by the Act, an amendment to this Agreement shall

become effective only at such time as it has been approved unanimously in writing by the Members.

ARTICLE 14 - DISSOLUTION AND TERMINATION

14.1 Events of Dissolution. The Company shall continue until dissolved by:

14.1.1 an election to dissolve the Company made by the Members holding a majority of the Percentage Interests in the Company;

14.1.2 any event which makes it unlawful for the business of the Company to be carried on by the Members; or

14.1.3 any other event causing a dissolution of a limited liability company under the Act.

14.2 Liquidation. Upon dissolution of the Company, the Managers shall act as liquidator to wind up the Company. The liquidator shall have full power and authority to sell, assign and encumber any or all of the Company's assets and to wind up and liquidate the Company's affairs in an orderly and prudent manner. The liquidator shall distribute all proceeds from the liquidation of the Company in the following order of priority:

14.2.1 to the payment of all debts, taxes, obligations and other liabilities of the Company (including any loans to the Company made by a Member) and the necessary expenses of liquidation; where there is a contingent debt, obligation or liability, a reserve shall be set up to meet such contingency, and if and when the contingency shall cease to exist, the monies, if any, in the reserve shall be distributed as herein provided for in this Section; and

14.2.2 to the Members in accordance with their respective Percentage Interests.

14.3 Articles of Dissolution. Upon completion of the distribution of Company assets, the Company shall be terminated and the Managers and Members shall cause the

Company to execute articles of dissolution and take such other actions as may be necessary to dissolve the Company.

ARTICLE 15 - BOOKS, RECORDS AND ACCOUNTING PERIOD

15.1 A copy of this Agreement and any other records required to be maintained by the Act shall be maintained at the principal office of the Company or at such other place as the Managers from time to time may select. The Company shall keep accurate books and records of the operation of the Company which shall reflect all transactions and be appropriate and adequate for the Company's business and for carrying out the provisions of this Agreement. The books shall be kept on such method of accounting as the Managers shall select. The Company's accounting period shall end on December 31.

ARTICLE 16 - MISCELLANEOUS

16.1 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the undersigned and its successors and permitted assigns.

16.2 Construction Principles. Words in any gender shall be deemed to include any other gender. The singular shall be deemed to include the plural and vice versa. The captions, headings and titles in this Agreement are solely for convenience and reference and shall in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision hereof.

16.3 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to agreements made and to be performed in Florida.

16.4 Severability. If any provision or part of any provision of this Agreement shall

be invalid or unenforceable in any respect, such provision or part of any provision shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provision or the remaining provisions of this Agreement.

16.5 Appraisal Rights. Each Member hereby irrevocably waives any and all appraisal rights to the maximum extent allowed under the Act.

16.6 Attorneys' Fees. In the event of any litigation involving the Company, a Member or Manager, or any combination thereof, the prevailing party shall be awarded reasonable attorneys' fees, costs and expenses.

IN WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as of the date first written above.



JUSTIN SAVICH

EXHIBIT "A" TO OPERATING AGREEMENT

<u>Name of Member</u>	<u>Initial Capital Contribution</u>	<u>Voting Percentage Interest</u>
Justin Savich	\$2,000.00	One hundred percent (100%)