

Operating Agreement

REVISED ~~MAY-JUNE 2011~~, 2024~~2~~

also be subject to the rights, obligation, limitations and duties set forth in Article III of this Agreement.

“**MEMBER OF RECORD**” means the single individual designated to the Company in writing by a Member to be authorized to act on behalf of the Member, to vote, and to receive notices, under this Operating Agreement.

“**NAR**” means the National Association of Realtors®.

“**NEGATIVE CAPITAL ACCOUNT**” means a Capital Account with a balance of less than zero.

“**OFFICER**” means each individual designated as an officer of the Company to whom authority and duties have been delegated pursuant to Article VII, subject to any resolution of the Board of Managers appointing such individual as an officer or relating to such appointment.

“**PARTICIPANT**” means any REALTOR® who is a principal, partner, corporate officer or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in this Agreement, who shall be eligible to participate in the Company’s Multiple Listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to the Company’s Multiple Listing Service “membership” or “participation” unless they hold a current, valid real estate broker’s license ~~and offer or accept compensation to and from other Participants~~ or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by the Company’s Multiple Listing Service is strictly limited to the activities authorized under a Participant’s licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey “participation” or “membership” or any right of access to information developed by or published by the Company’s Multiple Listing Service where access to such information is prohibited by law.

Note: mere possession of a broker’s license is not sufficient to qualify for MLS Participation. Rather, the requirement that an individual or firm ~~“offers or accepts cooperation and compensation”~~ cooperates means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS ~~and/or to represent buyers or tenants in purchasing or leasing properties of the type listed on the MLS, /or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS.~~ “Actively” means on a continual and on-going basis during the operation of the Participant’s real estate business. The “actively” requirement is not intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit the Company to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

Operating Agreement

REVISED ~~MAY-JUNE 2011~~, 2024~~2~~

The key is that the Participant or potential Participant actively endeavors ~~to to make or accept offers of cooperation and compensation~~cooperate with respect to properties of the type that are listed on the MLS in which participation is sought. Cooperation is the obligation to share information on listed property and/or to represent buyers or tenants in purchasing or leasing properties of the type listed on the MLS. –This requirement does not permit the Company to deny participation to a Participant or potential Participant that operates a Virtual Office Website (“VOW”) (including a VOW that the Participant uses to refer customers to other Participants) if the Participant or potential Participants actively endeavors to ~~make or accept offers of cooperation and compensation~~cooperate. The Company may evaluate whether a Participant or potential Participant “actively endeavors during the operation of its real estate business” to ~~“offer or accept cooperation and compensation”~~cooperate only if the Company has a reasonable basis to believe that the Participant or potential Participant is in fact not doing so. The membership requirement shall be applied on a non-discriminatory manner to all Participants and potential Participants.

“**PERSON**” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a Governmental Entity.

“**POSITIVE CAPITAL ACCOUNT**” means a Capital Account with a balance greater than zero.

“**PREFERRED MEMBER**” means each Firm signing this Agreement as a Preferred Member and any Firm that is subsequently admitted as a Preferred Member of the Company in accordance with the terms of this Agreement. Preferred Members shall have no Interest in the Company other than a right to a return of their Capital Contribution. Preferred Members shall not be treated as “partners” of the Company for federal income tax purposes. Any Preferred Member has the right to withdraw or dissociate from the Company in accordance with the Illinois LLC Act but subject to the terms and conditions of Section 8.2 hereof.

“**PREFERRED UNIT**” means a Unit having the rights and obligations specified with respect to Preferred Units in this Agreement.

“**PROFIT**” and “**LOSS**” means, for each taxable year of the Company (or other period for which Profit or Loss must be computed) the Company’s taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

- (a) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;
- (b) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing taxable income or loss;
- (c) any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss;

Operating Agreement

REVISED ~~MAY-JUNE 2011~~, 2024~~2~~

- (d) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes;
- (e) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset; and
- (f) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 4.3 hereof shall not be taken into account in computing Profit or Loss.

“**REGULATION**” means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

“**SALE OF THE COMPANY**” means any transaction or series of related transactions pursuant to which any Person or group of related Persons in the aggregate acquire(s) (a) interests of the Company consisting of more than 50% of the voting Membership Interests (whether by merger, reorganization, combination, sale or transfer of the Company’s interests, interest holder or voting agreement, proxy, power of attorney or otherwise) or (b) all or substantially all of the assets of the Company; but excludes the issuance of additional Preferred Units to Firms in the ordinary course of the Company’s business. A distribution of Common Units from MLSNI to its shareholders does not constitute a sale of the Company.

“**SECRETARY OF STATE**” means the Secretary of State of Illinois.

“**SERVICE**” means the data aggregation and distribution services of the Company, by whatever name it may designate, which Service provides but is not limited to (a) means by which ~~(i) Participants may make blanket unilateral offers of compensation,~~ (i) information is accumulated and disseminated to enable Participants to prepare appraisals and other valuations of real property, and (ii) Participants engaging in real estate appraisal contribute to common databases; and (b) a facility for the orderly correlation and dissemination of listing information among Participants.

“**SERVICE AGREEMENT**” means an MLS Services Agreement entered between the Company and a REALTOR® Association or multiple listing service.

“**SERVICE AREA**” means the natural market area of the Service, as may be determined from time to time by the Board of Managers of the Company.

“**STRATEGIC MANAGER**” means someone who possesses strategic knowledge or influence and is appointed to the Board under the provisions of Section 5.6.

“**SUBSTITUTED MEMBER**” means any Person admitted to the Company as a substitute Member pursuant to the provisions of Section 8.1.