

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

AMERICAN HIGH-PERFORMANCE HOMES, LLC

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ARTICLE I -- FORMATION AND ORGANIZATION

1.1 Formation

The Company was formed as a Connecticut limited liability company on 9/1/ 2025, pursuant to the Connecticut Uniform Limited Liability Company Act, as amended (the "Act"), by the filing of Articles of Organization with the Connecticut Secretary of State.

1.2 Name

The name of the limited liability company is American High-Performance Homes, LLC ("AHPH, LLC" or the "Company").

1.3 Principal Office

The Company's principal office is located at such address as may be designated by the Manager from time to time. The current principal office is:

Mystic Business Park
800 Flanders Rd. Building 12-2
Mystic, CT 06355

1.4 Registered Agent

The Company's registered agent and registered office in Connecticut shall be as stated in the Articles of Organization, as may be amended from time to time by the Manager.

1.5 Term

The Company shall continue in existence until dissolved in accordance with this Agreement or as required by law.

1.6 Effective Date

This Agreement shall be effective as of the date last signed below (the "Effective Date").

ARTICLE II -- PURPOSE AND POWERS

2.1 Purpose

The Company's purpose is to:

- (a) Acquire, finance, develop, construct, improve, market, and sell high-performance, energy-efficient speculative residential properties designed to provide protection against rising electricity costs in Connecticut and surrounding states
- (b) Engage in real estate development, construction management, and related investment activities focused on certified high-performance homes

2.2 Powers

The Company shall have all powers necessary, convenient, or incidental to accomplish its purposes, including without limitation the power to:

- (a) Purchase, or otherwise acquire real property and personal property;
- (b) Obtain construction and permanent financing;
- (c) Enter into contracts with architects, engineers, contractors, and other service providers;
- (d) Market and sell completed properties emphasizing energy efficiency and cost protection;
- (e) Maintain insurance and establish reserves;
- (f) Distribute profits to Members;
- (g) Deploy capital immediately for land acquisition, design, development, and construction mobilization activities;
- (h) Dissolve and liquidate in accordance with this Agreement.

ARTICLE III -- MEMBERS AND MEMBERSHIP UNITS

3.1 Classes of Membership Units

The Company is authorized to issue two classes of membership units:

(a) Preferred Equity Units

- Non-voting (except as specifically provided herein or required by law)
- Entitled to 14% preferred return and 70% profit participation as set forth herein
- Held by accredited investors who are not involved in day-to-day management
- Target total issuance: 182.48 Units at \$5,000 per Unit (\$912,400)

(b) Common Units (Manager Units)

- Voting control of the Company
- Held by the Sponsor/Managing Member
- Entitled to 30% of residual profits after preferred return
- \$25,000 capital contribution

3.2 Unit Valuation and Investment Requirements

- (a) Each Preferred Equity Unit shall have a value of \$5,000.
- (b) The minimum initial subscription is five (5) Units (\$25,000).
- (c) Additional investments may be made in increments of one (1) Unit (\$5,000), subject to Manager approval.
- (d) Total target capitalization: \$937,400 (\$912,400 from investors + \$25,000 from sponsor).

3.3 Current Members

(a) **Sponsor/Managing Member:** Glenn Callahan, individually or through New England Home Builders, LLC ("NEHB"), holding Common Units representing the management interest with \$25,000 capital contribution. (b) **Preferred Equity Members:** Accredited investors admitted to the Company pursuant to executed Subscription Agreements with accepted capital contributions totaling \$912,400.

3.4 Admission of New Members

(a) New Members may be admitted only upon:

- (i) Execution of a Subscription Agreement in form approved by the Manager;
- (ii) Delivery of required investor documentation and accredited investor verification;
- (iii) Contribution of the required capital contribution via wire transfer directly to the Company's operating account;
- (iv) Acceptance by the Manager in its sole discretion.

(b) Each new Member shall be bound by the terms of this Agreement upon admission.

3.5 Accredited Investor Requirement

All Preferred Equity Members must be "accredited investors" as defined under federal securities laws and must provide appropriate documentation of such status.

3.6 Limited Liability

No Member shall be personally liable for the debts, obligations, or liabilities of the Company solely by reason of being a Member, except to the extent required by law or as specifically provided in this Agreement.

3.7 Joint Ownership Elections

If two individuals jointly subscribe for Units, they must complete an Ownership Election Form selecting either:

(a) **Joint Tenants With Right of Survivorship (JTWROS):** Each joint subscriber holds an equal undivided interest in the Units. Upon the death of one joint subscriber, the surviving joint subscriber automatically succeeds to full ownership of the Units.

(b) **Tenants in Common (TIC):** Each joint subscriber holds the percentage interest specified in the Ownership Election Form. Upon the death of a joint subscriber, that subscriber's interest passes to their estate or designated beneficiaries.

The Manager may rely conclusively on executed Ownership Election Forms as binding and enforceable under this Agreement.

ARTICLE IV -- CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

4.1 Initial Capitalization Structure

The Company seeks to raise **\$937,400** in total capital for each project, consisting of:

- (a) \$25,000 from the Sponsor/Managing Member
- (b) \$912,400 from Preferred Equity Members (182.48 Units at \$5,000 per Unit)

4.2 Capital Contributions and Deployment

- (a) Each Member's initial capital contribution is set forth in their Subscription Agreement.
- (b) All capital contributions shall be made in cash unless otherwise approved by the Manager.
- (c) Deployment of Funds: Upon subscription closing, \$268,000 of project funds — including \$200,000 for land acquisition and \$68,000 for design, development, and construction mobilization — will be deployed immediately to ensure rapid project commencement and pre-development progression.
- (d) No Member shall be entitled to withdraw or receive a return of capital contributions except as provided in this Agreement.

4.3 Additional Capital Contributions

- (a) No Member shall be required to make additional capital contributions beyond their initial commitment unless agreed to in writing.
- (b) The Manager may accept additional voluntary contributions from Members or admit new Members to provide additional capital if project costs exceed initial projections.

4.4 Capital Accounts

- (a) The Company shall establish and maintain a separate Capital Account for each Member in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv).
- (b) Each Member's Capital Account shall be:
 - (i) Credited with the amount of cash and the fair market value of property contributed to the Company;

- (ii) Credited with allocations of Company income and gain;
- (iii) Debited with the amount of cash and fair market value of property distributed;
- (iv) Debited with allocations of Company losses and deductions.

4.5 Interest on Contributions

Members shall not be entitled to interest on their capital contributions.

4.6 Return of Contributions

Except as otherwise provided in this Agreement, no Member shall have the right to demand or receive a return of capital contributions prior to completion of the project and distribution pursuant to the waterfall provisions herein.

ARTICLE V -- ALLOCATIONS AND DISTRIBUTIONS

5.1 Allocations of Profits and Losses

Subject to the special allocation provisions below, all items of Company income, gain, loss, deduction, and credit shall be allocated among the Members in a manner consistent with their economic interests under this Agreement and the distribution waterfall set forth herein.

5.2 Special Allocations

The Company shall make such special allocations as may be necessary to comply with the "qualified income offset" and other requirements of Treasury Regulation Section 1.704-1(b).

5.3 Distribution Waterfall

Available cash from operations and sale proceeds shall be distributed in the following order of priority:

(a) Return of Capital: First, to all Members pro rata based on their positive Capital Account balances until each Member has received distributions equal to their aggregate capital contributions.

(b) Preferred Return to Investors: Second, to Preferred Equity Members only, a preferred return of fourteen percent (14%) per annum (simple interest, non-compounded) on their unreturned capital contributions, calculated from the date of each capital contribution

until the date such capital contribution is returned. The preferred return shall be non-cumulative and prorated for partial year holding periods.

(c) Remaining Distributions: Third, all remaining distributable cash shall be allocated seventy percent (70%) to Preferred Equity Members pro rata based on their Unit holdings, and thirty percent (30%) to the Sponsor/Managing Member.

5.4 Timing of Distributions

(a) Distributions shall generally be made upon completion and sale of each project, typically within 12-14 months of initial capital deployment. (b) The Manager may make interim distributions in its discretion if sufficient cash flow is available and such distributions will not impair the Company's operations or ability to complete the project. (c) The Manager shall use reasonable efforts to make final distributions within ninety (90) days after the sale of a project.

5.5 Limitation on Distributions

No distribution shall be made if, after giving effect to such distribution, the Company would be unable to pay its debts as they become due in the ordinary course of business.

5.6 Tax Distributions

If the Company has net taxable income allocated to Members but insufficient cash for full distributions under the waterfall, the Manager may make pro rata distributions to cover Members' estimated tax liabilities, not to exceed the highest combined federal and state marginal tax rate applicable to individual taxpayers.

ARTICLE VI -- MANAGEMENT AND OPERATIONS

6.1 Management Structure

The Company shall be managed by the Sponsor/Managing Member (the "Manager"), which shall have full authority to manage and control the business and affairs of the Company, including immediate deployment of capital for project commencement.

6.2 Management Powers and Authority

The Manager shall have the power and authority to:

- (a) Acquire, finance, develop, construct, and sell high-performance energy-efficient real estate projects;
- (b) Deploy capital immediately upon subscription closing for land acquisition, design, development, and construction mobilization;
- (c) Enter into contracts, agreements, and commitments on behalf of the Company;
- (d) Obtain financing and execute security documents;
- (e) Engage contractors, architects, engineers, and other service providers specializing in high-performance construction;
- (f) Market and sell completed properties emphasizing energy cost protection and performance guarantees;
- (g) Maintain appropriate insurance coverage;
- (h) Establish bank accounts and manage cash flow throughout the development process;
- (i) Make distributions in accordance with this Agreement;
- (j) Prepare and file tax returns and other required reports;
- (k) Take any other action deemed necessary or advisable for the Company's business and the completion of high-performance home projects.

6.3 Standard of Care and Fiduciary Duties

- (a) The Manager shall manage the Company's affairs in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.
- (b) The Manager owes fiduciary duties to the Company and its Members, including duties of loyalty and care.
- (c) The Manager shall not engage in self-dealing transactions except as specifically permitted herein or with the informed consent of the Members.

6.4 Manager Compensation

The Manager's compensation shall consist of:

- (a) Its 30% profit participation as set forth in Article V;
- (b) Reimbursement of reasonable out-of-pocket expenses incurred on behalf of the Company;
- (c) No separate management fees, acquisition fees, development fees, or disposition fees;

(d) Such other compensation as may be approved by Members holding a majority of the Preferred Units.

6.5 Affiliate Transactions

(a) NEHB or its affiliates may provide construction, millwork, or other services to the Company, provided such arrangements are on commercially reasonable terms comparable to those available from unaffiliated third parties.

(b) All construction contracts with NEHB exceeding \$50,000 shall be subject to independent cost verification.

(c) The Manager shall disclose any material affiliate transactions to the Members in quarterly reports.

(d) Members holding a majority of Preferred Units may request independent cost audits for affiliate transactions.

6.6 Outside Activities

The Manager and its affiliates may engage in other real estate development activities, provided such activities do not materially interfere with the Manager's obligations to the Company or the timely completion of Company projects.

6.7 Indemnification

The Company shall indemnify the Manager and its officers, employees, and agents against losses arising from their service to the Company, except for losses resulting from willful misconduct, bad faith, or knowing violations of law.

ARTICLE VII -- MEMBER RIGHTS, MEETINGS, AND INFORMATION

7.1 Voting Rights

(a) Preferred Equity Members shall have no voting rights except:

(i) As specifically granted in this Agreement;

(ii) As required by Connecticut law;

(iii) For fundamental changes including amendments to this Agreement that materially and adversely affect Preferred Members' economic rights;

(iv) For approval of related-party transactions exceeding \$25,000.

(b) The Manager shall have exclusive voting control over all other Company matters.

7.2 Member Meetings

- (a) The Manager may call meetings of Members at any time upon reasonable notice.
- (b) Meetings may be conducted in person, by telephone, or by electronic means.
- (c) Members holding a majority of Preferred Units may request an informational meeting, which the Manager shall hold within thirty (30) days.

7.3 Consent in Lieu of Meeting

Any action that may be taken at a meeting may be taken without a meeting if written consents are signed by Members holding the requisite voting power.

7.4 Information Rights

The Manager shall provide to Members:

- (a) Monthly progress reports on project development, including construction milestones and budget status;
- (b) Quarterly unaudited financial statements with budget variance analysis;
- (c) Annual audited financial statements (if total Company assets exceed \$1 million);
- (d) Annual K-1 tax information statements by March 15th following year-end;
- (e) Notice of material events affecting the Company or project development;
- (f) Energy performance verification reports and third-party certification documentation;
- (g) Such other information as may be reasonably requested by Members for proper Company purposes.

7.5 Inspection Rights

Members shall have the right to inspect Company books and records during normal business hours upon reasonable notice, provided such inspection is for a proper Company purpose and does not interfere with Company operations.

ARTICLE VIII -- BOOKS, RECORDS, AND TAX MATTERS

8.1 Books and Records

The Company shall maintain complete books and records of its business and affairs, including:

- (a) Financial statements and accounting records;
- (b) Member records and capital account information;
- (c) Tax returns and supporting documentation;
- (d) Material contracts and agreements, including construction and affiliate agreements;
- (e) Insurance policies and claims information;
- (f) Energy performance documentation and third-party verification reports;
- (g) Project development records including permits, inspections, and completion certificates.

8.2 Accounting Methods

The Company shall maintain its books and records using generally accepted accounting principles (GAAP) or such other accounting methods as determined by the Manager, consistently applied.

8.3 Fiscal Year

The Company's fiscal year shall be the calendar year unless otherwise determined by the Manager.

8.4 Tax Status and Elections

- (a) The Company shall be treated as a partnership for federal and state income tax purposes.
- (b) The Manager is hereby designated as the "Partnership Representative" under Section 6223 of the Internal Revenue Code and shall have authority to handle IRS audits, make tax elections, and take other actions on behalf of the Company.

8.5 Tax Matters

- (a) The Company shall use reasonable efforts to provide K-1s to Members by March 15 of each year following any year in which the Company has taxable income or loss.
- (b) Each Member shall be responsible for their own tax liabilities arising from Company operations.
- (c) The Company may engage qualified tax professionals to prepare returns and provide tax advice.

ARTICLE IX -- TRANSFERS AND WITHDRAWALS

9.1 General Restrictions on Transfers

- (a) No Member may sell, assign, transfer, pledge, or otherwise dispose of all or any portion of their Units without the prior written consent of the Manager, which consent may be withheld in the Manager's sole discretion.
- (b) Any attempted transfer in violation of this Agreement shall be null and void.
- (c) No transfer shall be recognized for Company purposes until the transferee is admitted as a substitute Member in accordance with this Agreement.

9.2 Permitted Transfers

The following transfers may be permitted with Manager approval:

- (a) Transfers to immediate family members;
- (b) Transfers to trusts for the benefit of a Member or their immediate family;
- (c) Transfers to entities controlled by a Member;
- (d) Transfers required by court order or legal process;
- (e) All transfers must comply with applicable securities laws and accredited investor requirements.

9.3 Right of First Refusal

- (a) Before transferring Units to a third party, a Member must offer the Units first to the Company, then to the Manager, at the same price and terms offered by the third party.
- (b) The Company and Manager shall have thirty (30) days to accept such offer.

9.4 Transfer Requirements

Any permitted transfer must comply with:

- (a) All applicable federal and state securities laws;
- (b) Accredited investor requirements for Preferred Units;
- (c) Execution of subscription documents and joinder agreements required by the Manager;
- (d) Payment of reasonable administrative costs associated with the transfer.

9.5 Withdrawal of Members

No Member may withdraw from the Company except:

- (a) Upon transfer of all their Units in accordance with this Agreement;
- (b) Upon dissolution of the Company; or (c) As otherwise provided by law.

9.6 Death or Incapacity

Upon the death or legal incapacity of a Member:

- (a) The Member's legal representative may exercise the Member's rights under this Agreement;
 - (b) Units may be transferred to beneficiaries subject to the transfer restrictions herein and accredited investor requirements;
 - (c) The Manager may require updated documentation and investor qualifications.
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ARTICLE X -- DISSOLUTION AND LIQUIDATION

10.1 Events of Dissolution

The Company shall dissolve and its affairs shall be wound up upon the first to occur of:

- (a) Completion of the Company's business purpose through sale of the completed project and distribution of all net proceeds to Members;
- (b) Written consent of the Manager and Members holding a majority of the Preferred Units;
- (c) Entry of a judicial decree of dissolution;
- (d) Any other event that causes dissolution under Connecticut law.

10.2 Liquidation Procedure

Upon dissolution:

- (a) The Manager (or court-appointed liquidator) shall proceed to wind up the Company's affairs in an orderly manner;
- (b) Company assets shall be liquidated, with priority given to completing any project in progress if economically feasible;

(c) Proceeds shall be applied first to Company debts and obligations, then distributed to Members in accordance with the waterfall provisions of Article V;

(d) The Company shall terminate when all assets have been distributed and all obligations satisfied.

10.3 Final Accounting

The Manager shall prepare a final accounting showing the disposition of Company assets and provide final K-1s to all Members within ninety (90) days of final distribution.

ARTICLE XI -- DISPUTE RESOLUTION

11.1 Exclusive Dispute Résolution

All disputes, claims, or controversies arising under or relating to this Agreement shall be resolved exclusively through the procedures set forth in this Article.

11.2 Mediation

Any dispute shall first be submitted to non-binding mediation before a qualified mediator in Hartford, Connecticut, with costs shared equally by the parties to the dispute.

11.3 Arbitration

If mediation is unsuccessful within sixty (60) days, the dispute shall be resolved by binding arbitration:

(a) Conducted under the Commercial Arbitration Rules of the American Arbitration Association;

(b) Before a single arbitrator experienced in real estate and construction matters in Hartford, Connecticut;

(c) With the arbitrator's decision final and binding on all parties.

11.4 Attorneys' Fees

The prevailing party in any dispute resolution proceeding shall be entitled to recover reasonable attorneys' fees and costs from the non-prevailing party.

11.5 Interim Relief

Nothing herein shall prevent a party from seeking interim or emergency relief in a court of competent jurisdiction to preserve the status quo pending resolution of the underlying dispute.

ARTICLE XII -- GENERAL PROVISIONS

12.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflict of law principles.

12.2 Amendments

(a) The Manager may amend this Agreement without Member consent to:

- (i) Comply with applicable law or regulations;
 - (ii) Make non-material changes that do not adversely affect Members' economic rights;
 - (iii) Correct technical errors or inconsistencies;
 - (iv) Add provisions necessary for efficient project completion.
- (b) Material amendments that adversely affect Members' economic rights require the written consent of the Manager and Members holding a majority of the Preferred Units.

12.3 Notices

(a) All notices shall be in writing and delivered to Members at their addresses shown in the Company records.

(b) Notices may be delivered by:

- (i) Certified mail, return receipt requested;
- (ii) Nationally recognized overnight courier;
- (iii) Electronic mail to the address on file with confirmation of receipt;
- (iv) Other electronic means if receipt is confirmed.

(d) Notices shall be deemed received when delivered or three (3) business days after mailing.

12.4 Counterparts and Electronic Signatures

This Agreement may be executed in counterparts and by electronic signature, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

12.5 Severability

If any provision of this Agreement is held invalid or unenforceable, the remainder shall remain in full force and effect, and the invalid provision shall be replaced with a valid provision that most closely approximates the intent of the original.

12.6 Entire Agreement

This Agreement, together with the Articles of Organization and executed Subscription Agreements, constitutes the entire agreement among the parties and supersedes all prior agreements and understandings relating to the subject matter hereof.

12.7 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and permitted assigns.

12.8 Force Majeure

Performance under this Agreement shall be excused during periods when such performance is prevented by circumstances beyond a party's reasonable control, including acts of God, government actions, natural disasters, or other unforeseeable events, provided that the affected party uses reasonable efforts to mitigate the impact and resume performance.

12.9 Confidentiality

Members agree to maintain the confidentiality of non-public Company information, including financial data, development plans, and proprietary construction methods, and shall not use such information for purposes other than their investment in the Company.

12.10 Anti-Money Laundering Compliance

The Company shall comply with all applicable anti-money laundering laws and regulations, and Members agree to provide such documentation as may be required for compliance purposes, including beneficial ownership identification and source of funds verification.

SIGNATURES

MANAGER/SPONSOR MEMBER:

Glenn Callahan, Managing Member
New England Home Builders, LLC

Signature: _____ Date: _____

PREFERRED EQUITY MEMBERS:

[Signature blocks to be completed by each subscribing investor]

Name: _____

Signature: _____ Date: _____

Number of Units: _____ Investment Amount: \$_____

IMPORTANT LEGAL DISCLAIMER

This Operating Agreement is provided for structuring and discussion purposes only and does not constitute legal advice. This document must be reviewed, customized, and approved by qualified legal counsel familiar with Connecticut law and federal securities regulations before execution. Each Member should consult with their own attorney and tax advisor regarding the legal and tax implications of this investment.

The immediate deployment of capital for design, development, and construction mobilization activities represents normal and necessary project expenses and does not guarantee project completion or investment returns. All real estate development involves inherent risks including but not limited to construction delays, cost overruns, market conditions, and regulatory changes.

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