

ARTICLES OF ORGANIZATION

OF

ESTES CHIROPRACTIC, L.L.C.

Inst # 1994-24956

Under the Limited Liability Company Act
of the State of Alabama

This Instrument Prepared By:

BERRY, ABLES, TATUM, LITTLE & BAXTER, P.C.
THOMAS E. PARKER, JR.
315 Franklin Street, S.E.
Post Office Box 165
Huntsville, Alabama 35804
(205) 533-3740

Inst # 1994-24956

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I N D E X
TO
ARTICLES OF ORGANIZATION
OF
ESTES CHIROPRACTIC, L.L.C.

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ARTICLES OF ORGANIZATION
OF
ESTES CHIROPRACTIC, L.L.C.

THESE ARTICLES OF ORGANIZATION of **ESTES CHIROPRACTIC**, are made and entered into on this the 9 day of August, 1994, by and among SHEILA ESTES, D.C. and VANCE ESTES, D.C.

R E C I T A L S

The members desire to enter into the chiropractic business and they have considered the various forms of entities to use for that purpose and have decided unanimously that a limited liability company to be formed under the Limited Liability Company Act of the State of Alabama is the preferred entity.

THEREFORE, the undersigned do hereby adopt the following Articles of Organization:

ARTICLE I

NAME OF THE LIMITED LIABILITY COMPANY

The name of the limited liability company is ESTES CHIROPRACTIC (the "Company").

ARTICLE II

PERIOD OF DURATION

The Company shall have perpetual duration unless dissolved pursuant to the Alabama Limited Liability Company Act (the "Act") or these Articles of Organization.

ARTICLE III

PURPOSE; POWERS

The purpose for which this Company is formed is to own, and maintain ESTES CHIROPRACTIC for the purposes of engaging in the chiropractic business. In furtherance of the purposes of the Company as set forth above, the Company shall have the power and authority to take all actions necessary, useful or appropriate in the Members' discretion to accomplish its purpose, including, but not limited to, the conduct of business and exercise of all powers authorized by §10-12-4 of the Act.

ARTICLE IV

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT

The location and mailing address of the initial registered office of the Company is 1001 EAGLE RIDGE DRIVE, BIRMINGHAM, ALABAMA 35242. The name of the initial registered agent at such address is DR. VANCE ESTES.

ARTICLE V

INITIAL MEMBERS; PERCENTAGE OWNERSHIP

The names and mailing addresses of the initial Members of the Company and their respective percentage ownership interests in the Company are as follows:

<u>Name</u>	<u>Address</u>	<u>Interest</u>
SHEILA ESTES, D.C.	1001 EAGLE RIDGE DRIVE BIRMINGHAM, AL 35242	50%
✓ VANCE ESTES, D.C.	✓ 1001 EAGLE RIDGE DRIVE BIRMINGHAM, AL 35242	50%

ARTICLE VI

ADDITIONAL MEMBERS

The Members by unanimous written consent shall have the right to admit additional Members.

ARTICLE VII

CONTINUATION OF THE BUSINESS

Upon the occurrence of an event of disassociation as defined in the Act, the Company shall be dissolved, unless both the following apply:

- (i) There are at least two (2) remaining Members or at least one (1) remaining Member and a new Member is admitted; and
- (ii) The legal existence of the business of the Company is continued by the written consent of all of the remaining Members within ninety (90) days after the occurrence of the event of disassociation.

ARTICLE VIII

GOVERNANCE

Any Member may upon ten (10) days advance notice given to the other Members call a meeting of the Members. Such notice shall state the date, time, place and purpose of the meeting. Those Members holding a majority of interests shall constitute a quorum for the conduct of business. Members not present in person at such meeting may grant a written proxy to any other person entitling such person to vote such Member's interest at the meeting. Any Member may waive notice of the meeting. Action of the Members may be adopted by written consent without meeting. Unless otherwise

provided in these Articles of Organization, the vote of Members owning more than fifty-five percent (55%) of the interests of the Company shall be controlling.

ARTICLE IX

MANAGEMENT

Management of the Company shall be vested in the Members. Decisions to sell land of the Company, borrow money, mortgage Company property, purchase assets, lease land and other major decisions affecting the Company shall be by vote of the Members. The Members may, however, appoint a manager who shall serve under the direction of the Members with authority to conduct the ordinary business of the Company. The Members hereby appoint DR.. SHEILA ESTES as the initial Manager of the Company. The Manager may resign at any time upon reasonable notice to the Members and the Members may remove and replace the Manager upon reasonable notice, with or without cause. The Manager shall be entitled to reasonable compensations as established from time to time by the Members. The Manager is hereby authorized to execute and deliver all deeds, leases, contracts, options, notes, mortgages, and other documents in the name of the Company. No person dealing with the Company shall be required to inquire regarding the authority of the Manager to execute and deliver such documents for and on behalf of the Company.

ARTICLE X

CAPITAL CONTRIBUTIONS AND ACCOUNTS

Each member shall make an initial capital contribution to the Company by the transfer of cash or equivalent:

\$5,000.00

VANCE ESTES, D.C.

\$5,000.00

SHEILA ESTES, D.C.

Any additional capital contributions shall be made by the Members as determined by unanimous consent of the Members. Individual capital accounts shall be maintained for the Members in accordance with each Member's respective percentage interest as shown in Article V.

ARTICLE XI

DISTRIBUTIONS

Upon vote of the Members, the Company shall make distributions out of its available cash funds or other assets to the Members in accordance with their respective percentage interests as shown in Article V in accordance with §10-12-29 of the Act. A Member may be required to accept a distribution from the Company in cash or in kind or partly in cash and partly in kind.

ARTICLE XII

DISASSOCIATION; ASSIGNMENT

A Member shall have the right to disassociate voluntarily from the Company upon ninety (90) days written notice to the other Members. No Member shall have the right to assign all or any

portion of his or her interest in the Company without the written consent of the other Members. If the other Members consent to the assignment of another Member's interest in the Company, then such other Member shall be free to assign his or her interest as set forth in the written consent. An assignee of a Member's interest only entitles such person to the financial rights of the assignor Member to the extent assigned. An assignee of an interest in the Company may become a Member only if the other Members unanimously consent in writing. A Member who assigns all his or her interest in the Company does not cease to be a Member until the assignee of such interest is substituted as a Member by unanimous written consent of the other Members.

ARTICLE XIII

TAX PROVISIONS

The following provisions are hereby adopted to govern certain tax matters affecting the Company:

(1) The Company shall be treated as a partnership for federal and state income tax purposes under Subchapter K of Chapter 1 of the Subtitle A of the Internal Revenue Code of 1986 (the "Code") and corresponding provisions of state law. These Articles of Organization shall be administered and interpreted so that the Company will lack the corporate characteristics of centralized management, continuity of life and free transferability of interests.

(2) The capital accounts required under Article IX hereof shall be established, determined and maintained for each Member and

assignee in accordance with §1.704-1(b)(2)(iv) of the Treasury Regulations.

(3) "Net Profits" or "Net Losses" for any fiscal year or other period shall be an amount equal to the sum of (a) the Company's taxable income or loss for such year or period as computed for federal income tax purposes and subject to Treas. Reg. §1.704-1(b)(2)(iv)(g), and (b) any income of the Company for such year or period exempt from federal income taxation and any gain on in-kind distributions to be taken into account under Treas. Reg. §1.704-1(b)(2)(iv)(e)(1), reduced by (c) any expenditures of the Company for such year or period not deductible in computing taxable income and not properly chargeable to the capital accounts and any losses on in-kind distributions to be taken into account under Treas. Reg. §1.704-1(b)(2)(iv)(e)(1). Without limitation, all items of income, gain, loss or deduction required to be stated separately pursuant to Code §703(a)(1) shall be included in taxable income or loss. Net Profits and Net Losses of the Company for any fiscal year or other period shall be allocated to the Members in accordance with their respective Company interests.

(4) If there is a net decrease in Company minimum gain for a Company taxable year, each Member shall be allocated items of Company income and gain for that year equal to that Member's share of the net decrease in Company minimum gain. This provision is intended to constitute a "minimum gain chargeback requirement" and it shall be interpreted and administered in accordance with Treas. Reg. §1.704-2(f).

(5) In accordance with §704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss, deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of the variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial fair market value. Any elections or other decisions relating to Code §704(c) allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of these Articles of Organization. Code §704(c) allocations pursuant to this section are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing any Member's capital account or share of Net Profits, Net Losses, or other items, or distributions pursuant to any provisions of these Articles of Organization.

(6) Upon liquidation of the Company (or any Member's interest in the Company), liquidating distributions shall in all cases be made in accordance with the positive capital account balances of the Members, as determined after taking into account all capital account adjustments for the Company taxable year during which such liquidation occurs, by the end of such taxable year or, if later, within ninety (90) days after the date of such liquidation, except as permitted by Treas. Reg. §1.704-1(b)(2)(ii)(b). In no event, however, shall any Member be required to restore a deficit in his or her capital account. Instead of restoring a deficit balance in his or her capital account, a Member who unexpectedly receives an

adjustment, allocation or distribution described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) or (6) will be allocated items of income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain for such year) in a manner sufficient to eliminate the deficit capital account balance as quickly as possible. It is intended hereby that this constitutes a "qualified income offset" as described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(3) and the same shall be interpreted and administered in accordance with Treas. Reg. §1.704-1(b)(2)(d).

(7) DR. SHEILA ESTES is hereby designated the tax matters Member.

ARTICLE XIV

LIQUIDATION

Upon dissolution of the Company, its affairs shall be wound up and its assets distributed in accordance with §10-12-41 of the Act, except that the distribution to each Member shall be subject to the provisions of Article XIII(6) above.

ARTICLE XV

OPERATING AGREEMENT

Members of the Company may enter into an operating agreement to regulate or establish the affairs of the Company, the conduct of its business, and the relations of its Members. Such operating agreement may contain any provisions regarding the affairs of the Company, the conduct of its business and the relation of its Members that are not inconsistent with laws of the State of Alabama or these Articles of Organization.

ARTICLE XVI
MISCELLANEOUS

(1) The Company shall keep at its registered office the records required by §10-12-16 of the Act and such records shall be subject to inspection and copying at the reasonable request of a Member.

(2) As soon as practicable, after the end of each fiscal year, each Member shall be furnished with a copy of the income statement and balance sheet of the Company as of the last day of such fiscal year. The obligation hereunder may be satisfied by furnishing each Member a copy of the income tax return of the Company.

(3) The fiscal year of the Company shall be the calendar year.

(4) All funds of the Company shall be initially deposited in a separate account or accounts maintained at one or more financial institutions. Such funds are subject to investment and reinvestment pending disbursement for Company purposes as provided in the Act. The Manager shall have signatory authority over the accounts maintained at any financial institution. In the absence of a manager, each Member may have signatory authority over the accounts maintained at any financial institution.

(5) The tax matters Member shall be responsible for filing on behalf of the Company with the Internal Revenue Service the required annual income tax return and filing with the appropriate state tax authorities the required state income tax returns.

(6) The laws of the State of Alabama shall govern the business of the Company and the relation of its Members.

(7) No Member shall have the right to maintain any action for partition with respect to any of the assets of the Company.

(8) Except as may be modified by an operating agreement, the Articles of Organization set forth herein constitute the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, restrictions, representations or warranties among the Members other than those set forth herein or provided for by these Articles of Organization.

IN WITNESS WHEREOF, these Articles of Organization have duly executed on the date and year first above indicated.

Sheila Estes D.C.
SHEILA ESTES, D.C.

Vance Estes D.C.
VANCE ESTES, D.C.

STATE OF ALABAMA)

COUNTY OF SHELBY)

Before me, the undersigned, a Notary Public in and for said County in said State, personally appeared SHEILA ESTES, D.C. and VANCE ESTES, D.C., and acknowledge that they executed the foregoing Articles of Organization of ESTES CHIROPRACTIC with full knowledge of its contents on the day and year first above written.

Dated this the 9 day of August, 1994.

Mary J. [Signature]
Notary Public

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SHELBY COUNTY JUDGE OF PROBATE
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My Commission Expires 12/11/94