Shareholder Buy-Sell Agreement

- You should put this deal in place in the event something happens to one or several of your shareholders (or you!) – you can establish the price and terms for purchasing back their stock and prevent it from going to their heirs or others… (imagine an evil ex-spouse suddenly showing up making demands and wanting to sit on your board…)
- The first part of the Memorandum should be completed and distributed to the Shareholder along with a copy of the Buy-Sell Agreement.

Date:	**[Date]**
To:	**[Name of the Shareholder]**
From:	**[Owner/Founder]** **[Company]**
Subject:	**Shareholder Buy-Sell Agreement**

It is imperative that a "Buy-Sell" Agreement is in place for [Company].

Attached is a "Shareholder Buy-Sell" Agreement, the purpose of which is to place certain restrictions on your ability to sell or otherwise transfer your stock.

It also sets forth a method by which the Corporation and our other shareholders can purchase your shares under certain conditions (like something happens to you…).

I believe that it embodies everything we discussed.

Please read the agreement carefully.

We recommend that you also have it reviewed by your own qualified legal counsel.

Time is of the essence.

Please sign and return it to me asap.

Thank you very much!

From JIAN

NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- **Do Not Use This Agreement 'As-Is.'**
- **This Agreement Is Not Legal Advice.**
- **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

Free Access to Attorneys, Accountants & Consultants in Your Area

We're building a network of business experts who are eager to help you when you need it. They can review your work, make suggestions, handle unique situations and introduce you to influential people. On our website you can search by expertise and location, then e-mail or jump straight to their website. Although they are professionals and charge for their services, most offer an initial consultation free of charge. They're in your area and you can contact them directly.

- Please visit our website under **Expert Referral Network**.

Ongoing Update Service Keeps You Current

Things change, laws change, the world changes... new ideas come along all the time. When you register, you can access our website to get updates and changes... like new and improved spreadsheets and documents. They can be downloaded directly to your computer.

- Please visit our website under **Updates**.
- Remember to bookmark our website: **www.JIAN.com**

Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above ←→ green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the "[ ]" brackets – simply edit / type-over with your information.

To make sure your have filled in all the variables, use Word's 'FIND' function to locate any "[ ]" which may contain an unedited variable.

- Click the icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

Shareholder Buy-Sell Agreement

This introductory paragraph lists the date and the parties to this Agreement. We formatted this agreement uniquely to make it easy on others (judge, arbitrator(s), etc. God forbid) to readily understand who is involved, when the agreement begins and some basic summary background information.

Effective Date	**[Date]**
among	**[Names of Shareholder(s)]** (individually “Shareholder” and jointly “Shareholders”),
and	**[Company Legal Name]**,
a	[State] Corporation (the “Company”).

Recitals

The Recitals below set forth the basic descriptions of the Company’s capital structure, the Shareholders and their ownership interests, and the purpose of the Buy-Sell Agreement.

The Company is a [State] Corporation having an authorized capitalization of [Ten Million (10,000,000)] Shares] - Number of shares authorized to be issued by the Corporation (“Stock”), [Five Million (5,000,000)] Shares - Number of shares of stock currently issued and outstanding of which are presently issued and outstanding.

Each Shareholder presently owns the following shares of Stock:

Shareholders	Shares
▪ [xxx]	[20,000]
▪ [xxx]	[20,000]
▪ [xxx]	[20,000]
▪ [xxx]	[20,000]
▪ [xxx]	[20,000]

The Shareholders and the Company desire to enter into an Agreement respecting limitations on the transfer of the Stock, respecting disposition of such shares upon the death of a Shareholder, and certain other matters. In consideration of the mutual covenants, conditions and Agreements herein contained, the parties agree as follows:

1. Restrictions on Transfer of Stock

Section 1 sets the limitations on the transferability of the shares by the Shareholders.

Section 1.1 prevents a Shareholder from giving the rights to his or her stock to a third party.

1.1 No Transfer by Shareholder. No Shareholder shall sell, assign, transfer, give, pledge, hypothecate or otherwise encumber any of his Stock, whether now owned or hereafter acquired, or contract to do any of those things, except as permitted by and in accordance with the terms of this

Agreement.

Section 1.2 allows the Shareholders to transfer shares of stock to a special trust called a "Grantor Trust" which a Shareholder could create for himself or herself for legal reasons such as estate planning.

1.2 Transfer to a Grantor Trust. A Shareholder may transfer his Stock to a Grantor Trust for his benefit. The term "Shareholder," as used in this Agreement, shall include, without limitation, a Shareholder grantor who has transferred his Stock, and the term "personal representative," as used in this Agreement, shall also include, without limitation, the trustee of a Grantor Trust holding title to the Stock.

Section 1.3 prevents the Company from transferring or issuing shares of stock except as specified in this Agreement.

1.3 No Transfer by Company. By execution of this Agreement, the Company agrees that it will not cause or permit the transfer of any of the Stock to be made on its books unless the transfer is permitted by and has been made in accordance with the terms of this Agreement. The Company further agrees not to issue any common Stock, including treasury Stock, except in accordance with the terms of this Agreement.

Section 1.4 states that this Agreement supersedes any conflicting language of the By-laws of the Corporation.

1.4 Agreement Supersedes By-laws. The terms of this Agreement shall supersede the terms of any By-law of the Company related to the matters stated herein.

Several states have community property laws designed to recognize the partnership nature of marriages. The following section is included to recognize such community property rights.

1.5 Community Property Rights of Shareholders. Despite any provision of this Agreement to the contrary, Stock that is the community property of a Shareholder and his or her spouse, whether held in the name of one spouse, both spouses or a Grantor Trust for the benefit of the spouses, shall be deemed to be owned by the community estate. The provisions of this Agreement relating to the rights of the Company and the other Shareholders to purchase the Stock of a deceased Shareholder shall apply to Stock owned by the community estate only upon the death of the last spouse to die. The provisions of this Agreement relating to the rights of the Company and the other Shareholders to purchase the Stock of a withdrawing Shareholder shall apply to Stock owned by the community estate upon the withdrawal of the last spouse who is employed by the Company.

2. Right of First Refusal

Section 2.1 describes the right of the Company and the Shareholders to purchase the shares of another Shareholder when that Shareholder receives from another party an offer to purchase his or her shares. Basically, the Company or the other Shareholders can purchase those shares before the selling Shareholder can sell them to a third party.

2.1 Receipt of Bona Fide Offer. If any Shareholder or trustee of a Grantor Trust ("Selling Shareholder") receives a bona fide, written offer for the purchase of all but not less than all of his Stock ("Stock to be Sold"), which offer he desires to accept, the Company and the other Shareholders shall have the option, as hereafter described, to purchase all of the Stock to be Sold.

The following section requires the selling Shareholder to provide the Company and the other Shareholders with all the information related to the purchase offer. This section also gives the Company the first option to purchase the shares.

2.2 Notice of Offer; Company's Right to Purchase. The Selling Shareholder shall promptly give the Company and the other Shareholders written notice of the receipt of any bona fide offer, including a copy of such an offer, a statement identifying the real party in interest making the offer, the offering price, all other terms and conditions of the proposed sale, and a statement of his desire to accept the offer. The Company shall have the right, within thirty (30) days of actual receipt of such notice, to purchase from the Selling Shareholder all, but not less than all, of the Stock to be Sold at the price and on the terms as set in the offer.

If the Company does not want to purchase the shares, the Shareholders are then given the option to purchase the shares.

2.3 Shareholders' Right to Purchase. If the Company does not exercise its right to purchase the Stock to be Sold, the remaining Shareholders shall have the right to purchase, at the price and upon the terms set in the offer, all, but not less than all, of the Stock to be Sold, within thirty (30) days after the Company's right to purchase has terminated.

The following section describes how shares can be purchased if more than one of the Shareholders wants to exercise his or her option to do so.

2.4 Division of Stock Among Purchasing Shareholders. If more than one Shareholder desires to purchase the Stock to be Sold, the Shareholders may divide the Stock to be Sold in any manner they desire. In the absence of unanimous Agreement, the Stock to be Sold shall be divided among the purchasing Shareholders in proportion to their Stock ownership as of the date the offer was made to the Selling Shareholder.

This next section allows the selling Shareholder to sell his or her stock to a third party if both the Company and the other Shareholders do not exercise their options to purchase the shares.

2.5 Sale Pursuant to Offer. If neither the Company nor any Shareholder exercises its right to purchase the Stock to be Sold, the Selling Shareholder shall have the right to sell all, but not less than all, of the Stock to be Sold, on the terms and conditions set in the offer. Such sale shall be consummated and the Stock to be Sold shall be transferred to the offeror within thirty (30) days following the termination of the Shareholders' right to purchase or, if later, according to the terms of the offer. Thereafter, a new offer must be made to the Company and the other Shareholders before the Selling Shareholder can transfer any portion of his Stock, and the provisions of this Section 2 shall apply to such transfer.

When a Shareholder sells his or her stock, he or she no longer has any rights under this Agreement.

2.6 No Further Rights After Transfer of Stock. A Shareholder shall have no further rights under this Agreement when he ceases to own any Stock in the Company.

3. Disposition of Stock Upon Death or Withdrawal

Ordinarily, when a Shareholder dies, his or her shares can be transferred to a third party under a will. The following section gives the Company the right to purchase the shares of a deceased Shareholder to prevent the transfer of those shares to a third party.

3.1 Death. Within six (6) months after receiving actual notice of the death of a Shareholder ("Deceased Shareholder"), the Company may elect to purchase all, but not less than all, of the Stock of the Deceased Shareholder at a purchase price computed according to Section 8 herein (the "Purchase Price") and upon the terms described in Section 7 (the "Purchase Terms") unless such purchase is prohibited by [State of Incorporation) law. In order to exercise such option, the Company shall give written notice of its election to the Deceased Shareholder's personal representative and to the other Shareholders.

A Company may find itself in a sticky situation if it terminates the employment of someone who has a lot of voting power through ownership of shares in the Company. The following section gives the Company the right to purchase the shares of that employee, thereby avoiding any further conflicts with that employee.

3.2 Withdrawal. Except in the case of death, in the event the employment by the Company of a Shareholder ("Withdrawing Shareholder") as a full-time employee is terminated for any reason, the Company may elect to purchase all, but not less than all, of the Stock owned by the Withdrawing Shareholder or the Trust at the Purchase Price and upon the Purchase Terms, no later than thirty (30) days from the date of withdrawal ("Date of Withdrawal"), unless such purchase is prohibited by [State of Incorporation) law. In order to exercise such an option, the Company shall give written notice of its election to the Withdrawing Shareholder and to the other Shareholders.

This next section gives the Shareholders the right to purchase the shares of a deceased or withdrawing employee if the Company decides not to purchase those shares.

3.3 Shareholders Right to Purchase Stock. If the Company does not elect to purchase all of the Stock of a Deceased or Withdrawing Shareholder, the remaining Shareholders may elect to purchase, within thirty (30) days following the termination of the Company's right to elect to purchase, at the same price and upon the same terms, all, but not less than all, of the Deceased or Withdrawing Shareholder's Stock.

The following section describes how shares can be purchased if more than one Shareholder wants to exercise his or her option.

3.4 Division of Stock Among Purchasing Shareholders. If more than one (1) Shareholder desires to purchase the Deceased or Withdrawing Shareholder's Stock, the Shareholders may purchase the Stock for the Purchase Price and upon the Purchase Terms and divide it among themselves in any manner they desire. In the absence of unanimous Agreement, the Stock shall be divided among the purchasing Shareholders in proportion to their Stock ownership as of the applicable Date of Death or Withdrawal.

The following section requires the Company to pay any debts owed to the deceased Shareholder within six months after the Shareholder's death.

4. Repayment of Amounts Owed Deceased Shareholder. Within the six (6) months following the death of a Shareholder, the Company shall pay to the personal representative of the Deceased Shareholder any valid indebtedness owed to the deceased Shareholder at the applicable date of death, as evidenced by promissory notes or as reflected in the books of the Company. This Section 4 shall not apply to any amounts due under this Agreement.

5. Further Option to Purchase Stock

Sometimes Shareholders declare bankruptcy. The following section gives the Company the right to purchase the shares of that unfortunate Shareholder and to prevent the shares from being transferred to an unknown third party.

5.1 Right to Purchase. In the event any of the Stock shall be levied upon, sequestered, administered by a receiver or a trustee in bankruptcy, sold or proposed to be sold in foreclosure or execution or under any power of sale contained in any note or loan Agreement, or by operation of law, including transfer by or as a result of divorce, death of a spouse [except as provided in Section 1.5] or otherwise ("Occurrence"), the Company may elect, for a period of sixty (60) days after actual receipt of such notice of Occurrence ("Date of Occurrence"), to purchase all or any portion of such Stock at the Purchase Price and on the Purchase Terms by giving notice of such right to the person then having legal title to such Stock. Such right shall apply even though the Stock may actually have been sold or transferred at the time of the exercise of this option.

The Company can take control of the shares even if they haven't paid for them.

5.2 Immediate Delivery of Stock. The Stock shall be immediately delivered to the Company upon demand, even though the entire Purchase Price has not been paid.

6. Insurance Funding

When the Company or the Shareholders want to purchase the shares of the deceased Shareholder, what happens if they don't have the money? If they purchase life insurance on the life of that Shareholder, then they may have ready cash to purchase the shares of the deceased Shareholder. The following provisions allow for the purchase of such life insurance policies and determine the payment of premiums on those policies.

6.1 Life Insurance. Each Shareholder ("Owner Shareholder") may apply, as owner and beneficiary, for a life insurance policy upon the life of any other Shareholder ("Insured Shareholder") in an amount up to the Purchase Price.

6.1.1 Premiums. Each Owner Shareholder shall pay all premiums. In the event "Split Dollar" insurance is purchased, the Owner Shareholder shall advise the Company of the amount of its premium contribution thirty (30) days prior to the payment date. The Company shall promptly remit its share to the Owner Shareholder. In the event an Owner Shareholder fails to pay such premiums, the Insured Shareholder may pay the premium and request reimbursement from the Owner Shareholder. The Owner Shareholder shall immediately reimburse any such advances.

6.1.2 Exercise of Policy Options. Each Owner Shareholder shall provide a written notice to the Insured Shareholder (and, in the event of a "Split Dollar" policy, to the Company as well) of his intent to exercise any policy rights, options or privileges.

The life insurance policies have value regardless of whether the insured Shareholder dies. The following section allows the Shareholder whose life is insured to purchase any life insurance policies on his or her life that are held by other Shareholders once this Agreement is terminated.

6.2 Termination of Agreement; Disposition of Life Insurance Policies. In the event this Agreement is terminated under any of the provisions of Section 12, each Insured Shareholder shall have the option, exercisable within thirty (30) days of such termination, to purchase any life insurance policy insuring his life for a price equal to the policy's interpolated terminal reserve value (plus any unearned premium and dividends or cash accumulations, if any, less any policy indebtedness or cash withdrawals) by giving written notice within such period to the Owner Shareholder. If an Insured Shareholder fails to purchase any policy, the Owner Shareholder may retain or surrender the policy, as he desires.

7. Purchase Terms

It's a good idea to specify how the purchase of shares is to proceed. The following provisions provide an example of this process.

7.1 Date & Place of Payment. All payments for the purchase and sale of Stock shall be made, unless otherwise agreed by the purchasers and sellers, at the principal offices of the Company during regular business hours. The precise date and hour of settlement shall be fixed by the purchasers (within the time limits allowed by this Agreement) by written notice to the sellers given at least five (5) days prior to the date specified. In the event of disagreement, the precise time of settlement shall be fixed by the President of the Company by five (5) days' written notice to the purchasers and sellers.

7.2 Payment Terms upon Death or Withdrawal of a Shareholder or Sale upon Occurrence

7.2.1 Claim for Life Insurance. Upon the death of a Shareholder, the Owner Shareholder shall promptly make a claim for the proceeds of any applicable life insurance policy. If the insurance proceeds are equal to or in excess of the Purchase Price and the Owner Shareholder elects to purchase the Stock pursuant to the terms of this Agreement, the purchasing party shall pay the full Purchase Price to the personal representative in cash upon receipt of such proceeds. The excess proceeds, if any, shall be retained by the Owner Shareholder free of any obligations under this Agreement. If the life insurance proceeds are less than the Purchase Price and the Owner Shareholder elects to purchase the Stock pursuant to the terms of this Agreement, the entire life insurance proceeds shall be paid to the personal representative upon receipt. The remaining balance of the Purchase Price shall be paid in accordance with the terms of Section 7.2.2 herein below.

7.2.2 Payment. The Purchase Price of Stock purchased from a Deceased or Withdrawing Shareholder or from a Shareholder upon an Occurrence shall be paid as follows: twenty percent (20%) in cash within thirty (30) days of Date of Death, Date of Withdrawal or Date of Occurrence and the remaining balance in sixty (60) equal monthly installments, commencing thirty (30) days from the date of the initial payment. The principal balance shall bear interest at the annual rate of six percent (6%) and shall be evidenced by a promissory note secured by the Stock to be purchased. The purchasing party may prepay any Promissory Note executed pursuant to this Section 7 without penalty.

7.2.3 Exercise of Policy Options. In order to make the payments described in this Section 7, an Owner Shareholder may exercise any insurance policy loan or cash withdrawal option insuring the Deceased or Withdrawing Shareholder or the Shareholder subject to an Occurrence.

7.3 Delivery of Stock. Upon the payment of the Purchase Price, the Shareholder, transferee, or personal representative shall promptly deliver the Stock certificates to the Company, duly endorsed for transfer. All transfer taxes and expenses shall be paid by the Selling Shareholder.

8. Purchase Price

The purchase price of shares belonging to privately owned Corporations is often very difficult to assess. Therefore, it is wise to provide a mechanism for setting the purchase price of shares upon death or withdrawal of a Shareholder or upon another occurrence.

8.1 Purchase Price upon Death, or Withdrawal of Shareholder or Sale upon Occurrence. For purposes of Sections 3 and 5, the Purchase Price of each share of Stock shall be the value ("Agreed Value") established by the mutual Agreement of the Shareholders preceding the Date of Death, Withdrawal or Date of Occurrence, as the case may be, divided by the number of shares outstanding at the Date of Death, Withdrawal or Date of Occurrence.

8.2 Agreed Value for [Year]. The Agreed Value for [Year] shall be [Agreed Value of the Corporation for the year in which the Agreement is executed]. The Agreed Value for subsequent years shall be established by the Shareholders each year, in writing, and must be signed by all Shareholders. A form for this purpose is attached to this Agreement as Exhibit A and incorporated herein.

8.3 Purchase Price in Lieu of Establishment of Current Agreed Value. In the event the Shareholders do not establish an Agreed Value for more than two (2) years prior to the Date of Death or Withdrawal or Date of Occurrence, then the Agreed Value shall be calculated by an independent Certified Public Accountant acceptable to a majority of the Shareholders. The accountant shall determine the fair market value of the Stock as of the Date of Death or Withdrawal or Date of Occurrence, by whatever means he deems appropriate. This fair market value shall then become the Agreed Value. The accountant may apply whatever discounts he believes appropriate, including discounts for lack of marketability. The fees and expenses of the accountant shall be paid by the Company.

9. Stock Certificates

Stock certificates are documents that acknowledge a Shareholder's ownership in a Corporation. When ownership is restricted by a Buy-Sell Agreement, most states require that the shares certificate contain a statement to that effect. That statement is called a Legend. The following section provides language for the Legend.

9.1 Legend. Each certificate of Stock owned by any Shareholder shall be marked on its face with the following legend:

The shares of Stock represented by this certificate are subject to all the terms of an Agreement between [Name of Corporation], and all of its Shareholders, a copy of which is on file at the office of the Company. Among other things, the Agreement limits the right of the owner to pledge or encumber the shares represented by this Agreement and provides that in certain circumstances all or any part of the shares represented by this Agreement may be purchased by the Company or the Shareholders at a purchase price computed according to the provisions of the Agreement.

This next section states that future shares will also be subject to a Legend requirement.

9.2 Future Shares Subject to Agreement & Legend. If any Shareholder shall acquire additional shares of Stock of the Company, those Shares shall be subject to all the terms of this Agreement and the certificates representing those Shares shall be endorsed with the legend described in Section 9.1 above.

10. S Corporation Election

An S Corporation is a special type of Corporation subject to strict requirements. It offers a different type of tax treatment for corporate income than a regular C Corporation. The following provision allows the Corporation to elect S Corporation status and prevents the Shareholders from doing anything to jeopardize that status.

The Shareholders and the Company acknowledge that the Company may elect S Corporation status under Sections 1361, et seq., of the Internal Revenue Code. The Shareholders agree to do nothing, including, without limitation, transferring the Stock to an Individual Retirement Account, which would cause the election to terminate. In the event a Shareholder takes any action or attempts to take any action that might, in any way, threaten or terminate the S election, that Shareholder shall be treated as though his Stock had been levied upon pursuant to Section 5 of this Agreement as of the date of such action or attempted action.

11. Covenant Not to Compete

Covenants not to compete are designed to protect the goodwill accumulated by a Corporation through the joint efforts of its Shareholders. The following provisions define the non-competition Agreements between Shareholders.

Section 11.1 is a five year bar against a Shareholder, who has sold all or any portion of his stock, from establishing or participating in a competing business operating within the county where the Company's primary place of business is located.

11.1 Period & Applicable Territory. For a period of five (5) years from the date any Shareholder sells all or any portion of its Stock to the Company or to the other Shareholders for any reason, such Shareholder agrees that he shall not, directly or indirectly, alone or as a member of a partnership, association or joint venture, or as an officer, director, Shareholder, consultant, lender or employee of any entity, or in any other capacity, carry on or engage in any business that is similar to the business of the Company within the county in the State of [State of Incorporation] in which the Company's primary place of business is located.

The following section allows the Shareholders to hold a very small interest in a competing business.

11.2 Shareholders May Purchase Small Amounts of Competitive Stock. The foregoing provisions shall not prohibit any Shareholder from purchasing for investment any security or interest in any entity which is competitive with the business of the Company, so long as Shareholder's aggregate holdings in any such entity do not exceed two percent (2%) of the entity's total equity.

This next section allows the benefits of the non-compete provision to pass to a subsequent purchaser of the Company.

11.3 Covenant Authorized by Law. The covenant contained in this section is intended as an

Agreement authorized by law, allowing the seller of a business to give a covenant not to compete to the purchaser of the goodwill.

If a Shareholder breaches the terms of this Agreement, the following section allows the non-breaching Shareholders to stop the breaching Shareholder immediately.

11.4 Remedies upon Breach or Attempted Breach. If any Shareholder shall breach or attempt to breach the terms of this Section 11, the non-breaching Shareholders shall be entitled to injunctive and other equitable relief, in addition to such other rights or remedies as they may have at law. No remedy shall be exclusive of any other remedy.

12. Term of Agreement

The following section delineates when this Agreement is terminated.

This Agreement shall terminate upon: (1) cessation of the Company's business; (2) acquisition of all the Stock by one of the Shareholders; or (3) Agreement of all of the Shareholders.

13. Resolution of Shareholder Disputes

This next section requires that the Shareholders submit any disputes to binding arbitration instead of going straight to court.

In the event the Shareholders become deadlocked and no one Shareholder or group of Shareholders can direct the Company, the Shareholders agree to submit the dispute to binding arbitration.

14. Amendment, Modification, Termination

The following provision requires any amendment, modification, or termination of this Agreement to be in writing and signed by all the Shareholders and by the Company.

This Agreement may be amended, modified or terminated at any time or from time to time, but only by written Agreement executed by the Company and all of the Shareholders. No such amendment, modification or termination, however, shall affect the right of any person to receive, or the obligation of any person to pay, on the terms and conditions of this Agreement, the Purchase Price for Stock sold pursuant to this Agreement, if such purchase or sale is to occur under this Agreement immediately upon any event, and that event, has, in fact, occurred prior to such amendment, modification or termination.

15. Binding Upon Additional Shareholders

Additional Shareholders are required to become parties to this Agreement.

Any person who becomes an owner of Stock ("Future Shareholder") shall then become a party to this Agreement. Every Future Shareholder shall sign this Agreement, and thereafter shall have all the rights and obligations of a Shareholder under this Agreement.

16. Notices

All notices between the parties must be in writing and delivered by certified or registered mail.

All notices under this Agreement shall be given by registered or certified mail, postage prepaid, and shall be effective when mailed to the respective parties at their addresses listed in the Company books.

17. Gender

The following section speaks for itself.

Unless expressly provided, words used in this Agreement, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender as the context requires.

18. Governing Law

You must decide what state's laws govern this Agreement. Generally, it is the Company's state of residence.

This Agreement shall be governed by the laws of the State of [State].

19. Counterpart Documents

Not every Shareholder has to sign the same signature page. Each Shareholder can sign a separate Agreement, provided that they have a copy of the other signed signature pages.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

20. Complete Agreement

This Agreement is intended to be the only Agreement and no other verbal or written communications are to be included. Therefore, it is very important to make sure that all terms have been thoroughly discussed amongst the Shareholders.

This Agreement sets forth the entire Agreement among the parties and supersedes all prior Agreements, whether written or oral.

21. Binding on Heirs

Should ownership of shares pass to the heirs, successors, assigns, or legal representatives of the parties, those individuals or entities will be required to follow the terms of this Agreement.

This Agreement shall extend to and be binding upon the heirs, successors, assigns and legal representatives of the parties hereto.

22. Attorneys' Fees & Costs

This section states that in the event of a lawsuit or proceeding involving this Agreement the losing party will have to pay the winning party his or her costs and expenses, including reasonable attorney fees.

In the event any action, including litigation or arbitration, is taken to interpret or enforce this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable expenses and costs, including reasonable attorneys' fees and post-judgment or post-decision enforcement, collection and appeal expenses. The term "non-prevailing party" shall include a party filing a voluntary dismissal of an action.

23. Representation by Counsel

Because this Agreement is fairly sophisticated all parties should thoroughly understand its legal consequences. The following section serves notice on the parties that they should retain independent counsel to assist them in interpreting this Agreement.

The parties acknowledge that the Shareholders have been advised to retain independent counsel to assist them in the interpretation of this Agreement and the protection of their respective rights. The parties acknowledge that they have read this Agreement and that they understand its meaning and legal consequences, as explained by their respective counsel.

Understood, Agreed & Approved

We have carefully reviewed this contract and agree to and accept all of its terms and conditions. We are executing this Agreement as of the Effective Date above.

[Company Legal Name], a [State] Corporation

____
[Owner/Founder], [Founder/President/CEO]

Shareholders

____

____

____

Additional Shareholders

____

____

____

Exhibit A

Agreed Value

1. The Agreed Value for [x] shall be $[x]. Dated: [Month, Day, Year].

Shareholders

____

____

____

____

____

2. The Agreed Value for [x] shall be $[x]. Dated: [Month, Day, Year].

Shareholders

____

____

____

____

____

3. The Agreed Value for [x] shall be $[x]. Dated: [Month, Day, Year].

Shareholders

4. The Agreed Value for [x] shall be $[x]. Dated: [Month, Day, Year).

Shareholders