

Stock Redemption Agreement

- ◆ The Shareholder presently owns [xxx] shares of the issued and outstanding capital stock of the Company.
- ◆ The Shareholder wishes to sell to the Company, and the Company wishes to redeem from the Shareholder, their Shares on the terms and conditions set forth in this Agreement.
- ◆ The first part of the Memorandum should be completed and distributed to the Shareholder along with a copy of the Stock Redemption Agreement.

Date: **[Month, Day, Year]**



To: **[Name of the Shareholder]**

From: **[Owner/Founder]**

[Company]

Subject: **Stock Redemption Agreement**

Attached is a “Stock Redemption” Agreement, to facilitate [Company] buying back your outstanding shares of the Company's stock..

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.**

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- 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 you 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.

Stock Redemption Agreement

- This is a standard introductory paragraph that lists the parties to the Agreement and the date the Agreement is being entered into. You need to enter the date of the Agreement, the names of the parties, the specific type of organization, and their addresses.

Effective Date: **[Date]**

between **[Shareholder Name]**, (“Shareholder”)

a [State of residence] Resident,

residing at [Address]

and **[Company Legal Name]**, (“Company”)

a [State of organization or residence] [Corporation / Partnership / Sole Proprietorship / Resident)

located at [Address],

[City], [State] [Zip Code].

Summary

- Enter the total number of shares that the Shareholder owns.

The Shareholder presently owns [xxx] shares of the issued and outstanding capital stock of the Company (the “Shares”).

- Enter the total number of shares that the Company is redeeming or buying from the Shareholder. This may be all or part of the total number of shares listed above.

The Shareholder wishes to sell to the Company, and the Company wishes to redeem from the Shareholder, [xx] Shares (the “Subject Shares”) on the terms and conditions set forth in this Agreement.

In consideration for the mutual promises, covenants, and Agreements made below, the parties, intending to be legally bound, agree as follows:

Agreement

- For the first insert in Section 1, indicate the total price being paid. For the second insert indicate the price being paid for each of the shares being redeemed.

1. Sale & Redemption of Shares

The Shareholder hereby sells to the Company, and the Company hereby redeems from the Shareholder, all of the Subject Shares for an aggregate purchase price of \$[xx] (or \$[xx] per Subject Share).

2. Payment of Purchase Price; Delivery of Shares

Simultaneously with the execution and delivery of this Agreement by the Company and the Shareholder:

- (1) The Company shall pay the purchase price for the Subject Shares to the Shareholder in cash or by

cashier's check; and

(2) the Shareholder shall deliver to the Company the stock certificate evidencing the Subject Shares, duly endorsed to the Company.

- ↳ Each state has different requirements for the redemption of stock. You need to either verify the requirements in your state, or check with an attorney.
- ↳ For the first insert in Section 3, indicate the name of your state's statute relating to corporations. For example, in California insert California Corporations Code. Enter your state of incorporation for the second insert.

3. Compliance with State Corporation's Laws

The Company's Board of Directors has determined that the redemption of the Subject Shares is in compliance with the financial conditions required by the state of [State] in connection with the repurchase of the shares of stock of a [State] corporation.

- ↳ This is a standard Representations and Warranties section that basically says that the Shareholder has not sold or otherwise encumbered the stock.

4. Representations & Warranties

The Shareholder represents and warrants to the Company that:

- (1) s/he is the owner, beneficially and of record, of all of the Subject Shares free and clear of all liens, encumbrances, security Agreements, options and restrictions, and
- (2) s/he has full power to transfer the Subject Shares to the Company without obtaining the consent or approval of any third party.

5. Expenses

The Company shall pay all costs and expenses incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

- ↳ If there is a lawsuit or proceeding involving this Agreement, the losing party agrees to pay the winning party his or her costs and expenses, including reasonable attorney fees.

6. Attorney Fees

If either party is required to retain the services of any attorney to enforce or otherwise litigate or defend any matter or claim arising out of or in connection with this Agreement, then the prevailing party shall be entitled to recover from the other party, in addition to any other relief awarded or granted, its reasonable costs and expenses (including attorneys' fees) incurred in the proceeding.

- ↳ The following section states that this Agreement is intended to be the only Agreement between these parties regarding this particular matter, and that no other documents or communications, whether oral or written, are binding. Therefore, it is very important to make sure that everything the parties have agreed to and want to include is accounted for in the body of this Agreement.

7. Entire Agreement

The parties acknowledge that this Agreement expresses their entire understanding and Agreement, and that there have been no warranties, representations, covenants or understandings made by either party to the other except such as are expressly set forth in this section. The parties further acknowledge that this Agreement supersedes, terminates and otherwise renders null and void any and all prior Agreements or contracts, whether written or oral, entered into between the Company and the Shareholder with respect to the matters expressly set forth in this Agreement.

8. Binding Effect

This Agreement shall be binding upon and shall inure to the benefit of the parties in this Agreement and their respective heirs, legal representatives, successors and assigns.

- ◆ All notices between the parties must be in writing and delivered or mailed certified, return receipt requested.

9. Notices

All notices, demands or consents required or permitted under this Agreement shall be in writing and shall be delivered or mailed certified return receipt requested to the respective parties at the addresses set forth above or at such other address as such party shall specify to the other party in writing. Any notice required or permitted to be given by the provisions of this Agreement shall be conclusively deemed to have been received on the day it is delivered to that party by U.S. Mail with Acknowledgment of Receipt or by any commercial courier providing equivalent acknowledgment of receipt.

- ◆ In Section 10, you must decide which state's laws govern this Agreement. Generally, it is your (company's) state of residence. Insert that state in all three inserts.

10. Governing Law



This Agreement shall be governed by the laws of the State of [State] applicable to Agreements made and fully performed in [State] by [State] residents.

- ◆ If any part of this Agreement is unenforceable or invalid, the balance of the Agreement should be enforced. Basically, ignore any sections that are invalid.

11. Severability

If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remainder shall remain valid and enforceable according to its terms. Without limiting the previous, it is expressly understood and agreed that each and every provision of this Agreement that provides for a limitation of liability, disclaimer of warranties, or exclusion of damages is intended by the parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Agreement is determined to have failed of its essential purpose, all other limitations of liability and exclusion of damages set forth in this section shall remain in full force and effect.

- ◆ Section 12 requires all changes to this Agreement, including any waivers, to be in writing and signed by the party against whom compliance is sought. Also, if one party waives a promise or condition such as a deadline, that doesn't mean that the promise or condition is automatically waived again.

12. Waiver, Amendment, Modification

No waiver, amendment or modification, including those by custom, usage of trade, or course of dealing, of any provision of this Agreement will be effective unless in writing and signed by the party against whom such waiver, amendment or modification is sought to be enforced. No waiver by any party of any default in performance by the other party under this Agreement or of any breach or series of breaches by the other party of any of the terms or conditions of this Agreement shall constitute a waiver of any subsequent default in performance under this Agreement or any subsequent breach of any terms or conditions of that Agreement. Performance of any obligation required of a party under this Agreement may be waived only by a written waiver signed by a duly authorized officer of the other party, that waiver shall be effective only with respect to the specific obligation described in that waiver.

13. Agreement Preparation

Both parties understand and expressly state that this Agreement was prepared by the Shareholder. The Company declares and states that it has read this Agreement, understand its terms, and has been advised to seek recourse to other and independent counsel to assure itself that this Agreement is fair. To the degree deemed necessary and appropriate, the Shareholder has sought such independent counsel.

Understood, Agreed & Accepted

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

Shareholder

[Company Legal Name]

[Shareholder]



[Owner/Founder], [Title]

Name

Title

Spousal Consent

The undersigned is the spouse of [Shareholder] (“Shareholder”) a party to the foregoing Stock Redemption Agreement (the “Agreement”) between Shareholder and [Company] a [State of incorporation] corporation (“Company”). I have read and approve the provisions of the Agreement and consent to the execution of it by my spouse. I have been advised by the Company to obtain legal representation in connection with this Spousal Consent, and either I have done so or voluntarily chosen not to do so. I also hereby give my consent to and agree to be bound by the terms of the Agreement to the extent of my interest (whether by community property or otherwise) in any of the matters covered by the Agreement.

[Date]

(Signature of spouse)



(Signature of attorney)