

## **Buy-Sell Agreement**

This Buy-Sell Agreement ("Agreement"), is entered into on DATE at CITY, STATE between \_\_\_\_\_, an STATE corporation and \_\_\_\_\_ (collectively, "Shareholders") with regard to all of the Corporation's stock outstanding now or in the future. The Corporation and the Shareholders agree as follows:

### **Article I. Parties and Purposes**

#### **Identity of Parties**

1.1. The shareholders named above own all of the outstanding shares of the Corporation.

#### **Protective Purpose of Agreement**

1.2 The purpose of this Agreement is to protect the Corporation's management and control from persons not acceptable to all shareholders. The other purpose is to provide a ready market in the event of the death, disability or lifetime transfer of shares by a Shareholder.

### **Article II. Enforcement**

#### **Restriction on Transfer**

2.1. To accomplish the purposes of this Agreement, any transfer, sale, assignment of any of the shares of the Corporation, other than according to the terms of this Agreement, is void. Each Shareholder shall have the right to vote shares held of record and to receive dividends paid on them until the shares are sold or transferred in accordance with this Agreement.

#### **Legend on Share Certificates**

2.2. Each share certificate whether presently owned or subsequently acquired, shall have the following statement conspicuously printed on its face:

"The transfer, sale, assignment of the shares represented by this certificate is restricted by a Buy-Sell Agreement among all the Shareholders and the Corporation dated \_\_\_\_\_. A copy of the Buy-Sell Agreement is available for inspection during normal business hours at the principal office of the Corporation. All the terms and provisions of the Buy-Sell Agreement are incorporated by this reference and made a part of this certificate."

### **Article III Voluntary Lifetime Transfer of Shares**

#### **Permitted Transfers**

3.01. Each Shareholder has the right to transfer shares to another shareholder. A permitted transferee shall hold the transferred shares subject to all the provisions of this Agreement, as provided in Section 3.07.

#### **Notice of Proposed Sale**

3.02. Except as provided in Section 3.01, any Shareholder wishing to sell his/her shares shall provide a Notice of Proposed Sale. The notice must specify:

- the name and address of each proposed transferee

- the number of shares or the interest in shares to be transferred
- the price per share
- the terms of the proposed sale, assignment, or transfer.

### **Purchase by Remaining Shareholders**

3.03. The Remaining Shareholders have the right, but not the obligation, to purchase the offered shares at the price determined by Article 9 of this Agreement. Within 30 days of notification of the Proposed Sale, any Shareholder who chooses shall notify the Secretary of the Corporation of his/her election to purchase a specified number of the offered shares.

### **Excessive Offers to Purchase**

3.04. If the Remaining Shareholders elect to purchase shares in excess of the amount offered, the available shares shall be allocated according to the same proportion as the existing shares owned by those shareholders.

3.05. Within 30 days, the Secretary of the Corporation shall notify the shareholders of the final purchasers of the offered shares. Each shareholder must meet the terms and conditions of the purchase within ten days after the Shareholder receives the Secretary's notification.

### **Default of Option by Shareholders**

3.06. If the Remaining Shareholders do not purchase all of the shares specified in the Notice of Proposed Sale, the selling shareholder may sell them to the proposed transferee specified in the Notice of Proposed Sale on the terms specified in that notice. The transferee will hold the shares subject to the provision of this Agreement. The selling Shareholder may not, however, sell any or all of the offered shares to any other person or firm or at any other price or on any other terms and conditions than those specified in the Notice of Proposed Sale. Any sale or transfer by any Shareholder in violation of this Article 3 shall be null and void.

### **Obligations of Transferees**

3.07. Unless this Agreement expressly provides otherwise, each transferee and any subsequent transferee of the shares of this Corporation, or of any interest in those shares, shall hold the shares or interest subject to the provisions of this Agreement and shall make no transfers except as provided in this Agreement. The Secretary of the Corporation shall record these transfers on the books of the Corporation until an amended copy of this Agreement has been executed by the transferee. The transferee's failure or refusal to sign an amended copy of this Agreement does not relieve the transferee of any obligation or restriction under this Agreement.

## **Article IV Involuntary Lifetime Transfer of Shares**

### **Involuntary Transfer**

4.01. If a Shareholder's shares are transferred involuntarily due to bankruptcy or divorce, 60 days after notice of the event, the other Shareholders shall have the option, but not the obligation to purchase all or some of the shares owned by the Shareholder at the price and the terms provided in this Agreement. The option shall be exercisable by the Shareholders,

according to the provisions of Article 3. If the option is not exercised with regard to all of the shares owned by the Shareholder, the Shareholder or the Shareholder's successor in interest will hold the remaining shares subject to this Agreement.

## **Article V- Sale of Shares on Death**

### **Purchase by Surviving Shareholders**

5.01. Within 60 days after the death of any Shareholder, the surviving Shareholders shall, at the price and on the terms and conditions specified in this Agreement, purchase from the Decedent's estate all the shares owned by the decedent. The obligation of the surviving Shareholders to the decedent's estate under this Article shall be joint and several. However each surviving Shareholder shall have the right and obligation to purchase the available shares in proportion to his or her existing ownership interests – exclusive of the decedent's shares at the date of the decedent's death.

### **Death of Shareholder's Spouse**

5.02 The death of a Shareholder's spouse who has never been active in or devoted his or her full working time to the business of the Corporation shall not be considered the death of a Shareholder for purposes of this Article.

### **Method of Payment of Purchase Price**

5.03 .The purchase price for the decedent's shares shall be paid to the decedent's estate or the decedent's successor in interest in a lump sum. The purchase price of the shares shall be determined in accordance with Article 9.

## **Article VI. Transfer on Total Disability**

### **Transfer on Disability of Shareholder**

6.01. If a Shareholder becomes either physically or mentally disabled for a period of 90 days, and a physician's opinion is issued stating that the disability will continue for one year, the Remaining Shareholders shall have the option, but not the obligation to purchase all of the shares of the disabled Shareholder within 90 days of that notice. The price and terms shall be according to Article 3 of this Agreement. If the option is not exercised with regard to all the shares of the disabled Shareholder, the disabled Shareholder - or the Shareholder's successor in interest - shall hold the shares subject to the provisions of this Agreement.

## **Article VII. Transfer on Termination of Employment**

### **Termination of Employment**

7.01 If the employment of a Shareholder with the Corporation is terminated for any reason, the Remaining Shareholders shall have the option, but not the obligation, within 90 days after receiving notice of the event, to purchase all of the shares of the terminated Shareholder at the price and on the terms provided in this Agreement and in the manner described in Article 3. If the option is not exercised with regard to all the shares of the terminated Shareholder, the Shareholder shall hold the shares subject to the provisions of this Agreement.

## **Article VIII. Payment for and Transfer of Shares**

### **Delivery and Enforcement of Shares**

8.01. The purchaser shall deliver the consideration for the shares as soon as practicable to the selling Shareholder, as well as the endorsed certificates representing the shares for transfer.

### **Transfer of Title**

8.02. On any transfer of shares under this Agreement, title to the shares shall pass from the seller to the purchaser upon payment by the purchaser of the consideration and endorsement of the share certificates by the seller as provided in Section 8.01. The seller's status as a shareholder thereupon shall cease.

## **Article IX: Determination of Purchase Price.**

### **Purchase Price set by Appraisal**

9.01 The purchase price of the shares subject to this Agreement shall be the value of the shares set by appraisal. However, in the event of death of a shareholder, the purchase price shall be no less than the value of the shares as finally determined for federal estate tax purposes.

### **Selection of Appraiser**

9.02 Within 10 days after an event requiring the determination of purchase price, the Corporation and the selling Shareholder shall mutually select a qualified appraiser to appraise the Corporation and set a value on its stock.

### **Binding Nature of Determination**

9.03 The value of the shares computed according to this Article is binding on all persons.

## **Article X Termination of Agreement**

### **Events Causing Termination**

10.01 This Agreement shall terminate on any the following:

- The written consent of parties to the Agreement.
- The dissolution, bankruptcy, or insolvency of the Corporation.
- One shareholder becoming the owner of all the shares.

## **Article XI. Miscellaneous Provisions**

### **Amendments**

11.01 This Agreement may be amended only by written consent of all parties to the Agreement.

### **Notices.**

11.02 All notices, demands, request or communications required or permitted by this Agreement shall be in writing and shall be deemed duly served when personally delivered to the party or to an officer or agent of the party, or when deposited in the United States

mail, first class postage prepaid, addressed to the corporation at its principal office or to a Shareholder at the address on the books and record the Corporation.

**Attorneys Fees.**

11.03 In the event of any litigation concerning this Agreement, the prevailing party shall be entitled, in addition to any other relief that may be granted, to reasonable attorneys fees.

**Binding on Successors and Assigns.**

11.04 This Agreement shall be binding on the parties to the Agreement and on each of their heirs, executors, administrators, successors, and assigns.

**Severability**

11.05 If any provision is unenforceable or invalid for any reason, the remaining provisions shall be unaffected by such a holding.

**Governing Law**

11.06 This Agreement shall be construed according to and governed by the laws of the State of STATE.

**Sole Agreement.**

11.07 This instrument constitutes the only Agreement of the parties regarding the sale and purchase of their shares in the Corporation and correctly sets forth the rights, duties and obligations of each to the other. Any prior agreements, promises, negotiations or representations concerning the Agreement's subject matter not expressly set forth in this Agreement are of no force or effect.

**Agreement Available for Inspection.**

11.08 An original copy of this Agreement duly executed by the Corporation and by each of the Shareholders shall be delivered to the Secretary of the Corporation and maintained by the Secretary at the principal office of the Corporation available for inspection by any person requesting to see it.

Executed on \_\_\_\_\_ at \_\_\_\_\_ County, STATE

\_\_\_\_\_  
Name of Corporation

\_\_\_\_\_  
Shareholder(s)

By: \_\_\_\_\_  
(President or Secretary)