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## SHAREHOLDER AGREEMENT DRAFTING QUESTIONNAIRE

This questionnaire identifies basic business and tax planning issues to be considered, and information to be obtained, for the drafting of a shareholder agreement. This questionnaire is not intended to list all available planning and drafting options. Please contact me at [eric@ericperkinslaw.com](mailto:eric@ericperkinslaw.com) or (804) 205-5162 for document preparation and further assistance.

### 1. General Information

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

Corporation's State of Incorporation: \_\_\_\_\_

Virginia \_\_\_\_\_ Other (specify) \_\_\_\_\_

Corporation's Organizational Status:

(i) Regular Corporation

(ii) Professional Corporation

Corporation's Tax Status:

(i) S Corporation

(ii) C Corporation

Shareholder Information:

	<u>Name</u>	<u>Number of Shares Owned</u>	<u>Class of Shares Owned</u>
(i)	_____	_____	_____

- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_
- (v) \_\_\_\_\_
- (vi) \_\_\_\_\_

Describe all existing provisions and agreements that affect the transfer and issuance of any shares of stock of the corporation, if any, and if they are to be superseded or permitted by the agreement:

- (i) Restriction(s) in Articles \_\_\_\_\_
- (ii) Restriction(s) in Bylaws \_\_\_\_\_
- (iii) Existing Buy-Sell Agreement(s) \_\_\_\_\_
- (iv) Preemptive Rights/Options \_\_\_\_\_
- (v) Security Interest or Other Encumbrances \_\_\_\_\_
- (vi) Other \_\_\_\_\_

**2. Share Transfer and Issuance Restrictions**

State percentage of shares required to consent to the following:

- (i) Sale, assignment of shares etc. \_\_\_\_\_ %
- (ii) Share encumbrance \_\_\_\_\_ %
- (iii) Share issuance \_\_\_\_\_ %

Identify transfers permitted without consent:

- (i) Gift to spouse \_\_\_\_\_
- (ii) Gift to children \_\_\_\_\_
- (iii) Gift to others \_\_\_\_\_

**3. Share Purchase Format\***

TRIGGERING EVENTS	Corp. option to purchase	Corp. must purchase	Shldr(s) option to purchase	Shldr(s) must purchase	Disposing shldr put or other (specify)
Death	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voluntary Transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resignation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Termination w/ cause	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Termination w/o cause	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retirement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bankruptcy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marital Dissolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* Specify the applicable purchase format for each triggering event and any combination of optional and mandatory purchases by the corporation and the shareholders. Purchases by the corporation are accommodated by an entity purchase type of shareholder agreement, and purchases by the

shareholders are accommodated by a cross-purchase type of shareholder agreement. An option for or requirement that the corporation purchase shares may be combined with a shareholder option or purchase requirement in a hybrid ("wait and see") type of shareholder agreement.

#### 4. Purchase Price of Shares

Specify the method of determining the purchase price of shares:

- (i) \_\_\_\_\_ Annual agreement of the parties made before \_\_\_\_\_ of each year (not recommended for family situations)
- (ii) \_\_\_\_\_ Appraisal
- (iii) \_\_\_\_\_ Book value per share determined as of \_\_\_\_\_
- (iv) \_\_\_\_\_ Fixed price per share (\$ \_\_\_\_\_)
- (v) \_\_\_\_\_ Fixed price per share (\$ \_\_\_\_\_) + annual increase ( \_\_\_\_\_ %)
- (vi) \_\_\_\_\_ Combination of formulae
- (vii) \_\_\_\_\_ Corporation's [EBIT] [pre-tax earnings] times multiplier ( \_\_\_\_\_ times)
- (viii) \_\_\_\_\_ Other \_\_\_\_\_

#### 5. Purchase Terms

Specify the terms of the share purchase:

- (i) \_\_\_\_\_ All cash
- (ii) \_\_\_\_\_ Promissory note:

Payment term	_____
Interest rate	_____
Frequency of installments	_____
Security	_____
-- guarantors	_____
-- pledge of shares	_____

- (iii) \_\_\_\_\_ Partial cash and promissory note:



(iii) \_\_\_\_\_ Russian roulette

Specify method of resolving disputes:

(i) \_\_\_\_\_ ( \_\_\_\_\_ %) vote required for \_\_\_\_\_  
(Specify matters requiring special vote)

(ii) \_\_\_\_\_ Arbitration

(iii) \_\_\_\_\_ Mandatory election to Board of Directors

## 8. Other Provisions

Frequency and type of financial statements to be provided to the shareholders:

(i) \_\_\_\_\_ Monthly

(ii) \_\_\_\_\_ Quarterly

(iii) \_\_\_\_\_ Annually

(i) \_\_\_\_\_ Audited

(ii) \_\_\_\_\_ Unaudited

Specify term of agreement:

(i) \_\_\_\_\_ Number of Years

(ii) \_\_\_\_\_ Other \_\_\_\_\_

Specify any other provisions to be included in the agreement:

(i) \_\_\_\_\_ Acknowledgment of firm's legal representation of corporation

(ii) \_\_\_\_\_ Redemption tax treatment for share purchases

(iii) \_\_\_\_\_ Representations and warranties

- (iv) \_\_\_\_\_ Priority of payments upon shareholder withdrawal
- (v) \_\_\_\_\_ Purchase of insurance upon shareholder withdrawal
- (vi) \_\_\_\_\_ Inspection of corporate records by shareholders

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_