

## **SHAREHOLDERS AGREEMENT**

THIS AGREEMENT made this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, a corporation of the State of \_\_\_\_\_, hereinafter "Corporation"; and \_\_\_\_\_ hereinafter "Shareholders", who own all the outstanding capital stock of the Corporation.

The purpose of this Agreement is (1) to provide for the sale by a Stockholder during lifetime, or by a deceased Stockholder's Estate, of his interest in the Corporation, and for the purchase of such interest by the Corporation, at a price fairly established; and (2) to provide all or a substantial part of the funds for the purchase.

THEREFORE, in consideration of the mutual promises and obligations set forth hereafter, each party hereto agrees as follows:

### I.

At this time, the outstanding capital stock of the Corporation consists of \_\_\_\_\_ shares, and each Stockholder's interest is as follows:

The Stock Certificates evidencing such shares have been endorsed as follows:

"The sale or transfer of this certificate is subject to a Stock Purchase Agreement dated \_\_\_\_\_, 20\_\_\_\_, a copy of which is on file with the Secretary of the Corporation."

While this Agreement is in effect, no Stockholder shall have any right to assign, encumber, or dispose of his stock except as provided herein. In the event of the death of a shareholder, the Corporation shall be entitled, but not required, to purchase all of the deceased shareholder's shares from his Estate. Said purchase shall be on the terms hereinafter set forth.

### II.

If a Shareholder desires to sell or transfer of all or any part of his stock during his lifetime, he shall give the Corporation and each of the other Shareholders written notice of his intention. If there is a prospective

transferee other than the Corporation or another existing Shareholder, such notice shall state the name and address of such transferee and the terms and conditions of the proposed transfer.

Upon receipt of such written notice, the Corporation shall have the option to purchase all of the shares of stock offered for sale or transfer. The purchase price shall be the amount established in Article IV below; provided, however, that if a lower price was stated in the notice to the Corporation, it shall have the right to purchase at such lower price.

If the Corporation fails to purchase all of the shares offered for sale within thirty (30) days after receipt of the notice, other Shareholders shall have an additional thirty (30) days within which to purchase the unsold shares for the same price.

Unless the Corporation or another Shareholder purchase all of the stock offered for sale within the successive time periods allowed, upon expiry of the last such period, the stock may be disposed of to the person and upon the terms and conditions described in the notice.

Upon every sale or transfer in the Corporation under this Article, the Secretary of the Corporation shall record ownership of the new owner(s) on the books of the Corporation. Any changes in the respective ownership interests of the Shareholders resulting from a purchase and sale between Shareholders which does not terminate this agreement as provided in Article V. hereof, shall also be recorded in the books and records of the corporation.

### III.

At this time, the total value of the capital stock of the Corporation for the purposes of this Agreement, is \$\_\_\_\_\_, which is \$\_\_\_\_\_ per share. This value shall remain effective for the purposes of this Agreement, subject to a re-determination of the value of the stock by the Corporation at the end of each fiscal year, such re-determination to be recorded in the books and records of the Corporation by the Secretary.

The purchase price for each share of stock upon a Shareholder's death shall be the last per share value determined and recorded by the Corporation in its books and records prior to the Shareholder's death.

### IV.

In the event of the death of a shareholder the Corporation, in exercising its option to purchase under Article II of this Agreement, shall tender full payment to the Estate or duly authorized Personal Representative of the deceased Shareholder. The personal representative of the deceased Shareholder shall then promptly execute (and shall cause any other party or parties whose signatures may be necessary to transfer a complete title to the deceased Shareholder's shares to execute) and, concurrently with receipt of the full purchase price for the deceased Shareholder's shares (either in cash, or in cash and notes, as provided above), shall deliver all instruments necessary to effectuate the transfer of the deceased Shareholder's shares to the Corporation. Transfer of such shares shall be made free and clear of all taxes, debts, claims or other encumbrances.

#### V.

This Agreement may be amended at any time in any particular way by a writing signed by all the Shareholders.

This Agreement shall terminate upon:

- (A) The written Agreement of the Corporation and all the Shareholders;
- (B) The dissolution, bankruptcy or insolvency of the Corporation;
- (C) The death of all Shareholders simultaneously, or within a period of thirty (30) days; or upon the death of the last surviving Shareholder or Shareholders at any time before the purchase and sale under this Agreement of the interest in the Corporation of any other Shareholder to die;
- (D) The sale or other disposition of all of a Shareholder's stock during his lifetime to any party or parties except the Corporation or any other Shareholder or Shareholders; or
- (E) Acquisition by the Corporation of the interest of the Shareholder whose death leaves only one (1) surviving Shareholder a party to this Agreement.

#### VI.

This Agreement shall be binding upon the Shareholders, their heirs, legal representatives, successors and assigns and upon the Corporation, its successors or assigns.

VII.

The Corporation, the Shareholders, the Personal Representative of any deceased Shareholder, and all other parties bound by this Agreement shall promptly execute and deliver any documents necessary and useful to carry out the provisions of this Agreement.

VIII.

If, at any time, the provisions of applicable statutes or of its charter or by-laws prevent the Corporation from making a purchase required hereunder, the Corporation and the Shareholders shall take any action which may be necessary to enable the Corporation to make such purchase.

IX.

Any notice provided for under this Agreement shall be deemed duly given if delivered or mailed by certified or registered mail to the party entitled to receive such notice at the address of such party contained in the records of the Corporation.

X.

This Agreement shall be construed according to the laws of the State of \_\_\_\_\_.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

\_\_\_\_\_  
CORPORATION

By: \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary

\_\_\_\_\_  
Witness

\_\_\_\_\_  
SHAREHOLDER

\_\_\_\_\_  
SHAREHOLDER

\_\_\_\_\_  
Witness