

**PREINCORPORATION AGREEMENT**

THIS AGREEMENT made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ , by and between the following individuals, hereinafter the "Parties":

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WITNESSETH:**

**WHEREAS**, the Parties are currently in the pre-incorporation stages of the formation of a corporation to be named \_\_\_\_\_, and to be organized pursuant to the laws of the State of \_\_\_\_\_, hereinafter "Corporation".

**WHEREAS**, the Parties believe it is in their best interest to unanimously agree to terms providing for the operation, management and control of the Corporation in order to achieve their aims and purposes.

**WHEREAS**, the Parties, having agreed that, following the formation of the proposed \_\_\_\_\_ Corporation, they, acting as Shareholders shall elect, from their number, \_\_\_\_\_ individuals to serve as Directors. These individuals, being signatory hereto, shall, as Directors, make all reasonable efforts to put in place and effect the following items of agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants contained herein, it is agreed by and between the parties as follows:

I.

The Parties agree to form a corporation named \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. If the proposed name of the Corporation is unavailable, the Parties shall agree on a substitute name.

The Parties further agree that the formation of the Corporation shall be completed no later than the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Articles of Incorporation shall be signed by \_\_\_\_\_, who shall promptly call a meeting of the proposed Shareholders and Directors within five (5) days of formation of the corporation.

The Parties agree that the corporation shall be formed for the purpose of engaging in the business of \_\_\_\_\_ and that \_\_\_\_\_ shall devote his/her/their full time and efforts to further the business of the corporation until such time as the shareholders relieve such person(s) from this provision.

Powers reserved to the Shareholders by the terms of this Agreement shall be binding on the Directors of the Corporation until the Shareholders vote otherwise.

The following persons shall be engaged by the Corporation in the positions, and for the salary indicated, indicated until such time as a majority of the Shareholders determine otherwise.

Name	Position	Salary/Yr
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The initial capital contribution of the Shareholders of the Corporation shall, to the extent possible and reasonable to further the business of the Corporation, be allocated by the Officers and Directors of the Corporation as follows: (estimates are annual)

- |                    |                      |                          |
|--------------------|----------------------|--------------------------|
| A. Equipment _____ | D. Salaries _____    | G. Rent _____            |
| B. Services _____  | E. Advertising _____ | H. Phones _____          |
| C. Supplies _____  | F. Utilities _____   | I. Working Capital _____ |

II.

The Parties agree to cause the Corporation to issue stock to the Parties in the following number and for the stated consideration:

Name	# of Shares	Consideration (Cash or Property)

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

III.

The Parties agree, acting as Shareholders, to elect the following persons as Directors of the Corporation:

_____
_____
_____
_____
_____
_____

IV.

At the initial meeting of the Board of Directors, they shall accept, ratify and acknowledge this Agreement by Resolution as the basis for the operation of the Corporation and shall take all reasonable steps to implement it.

V.

The Parties hereto agree to execute the following documents attached hereto as Exhibits, and incorporated herein as though set forth in full, at the organizational meeting of the Corporation:

Exhibit A

Shareholders Agreement for Stock Purchase

VI.

The Parties agree to adopt "S" status of the Corporation for federal tax purposes from the date the Corporation is formed and such status shall continue unless \_\_\_\_\_ percent (\_\_\_\_%) of outstanding stock of the Corporation is voted in such a manner as to consent to the revocation of such status.

VII.

Until otherwise agreed, the Directors shall, unless one is either no longer a Director, vote, in person or by proxy, for the following officers:

President \_\_\_\_\_

Vice President/Treasurer \_\_\_\_\_

Secretary \_\_\_\_\_

VIII.

Restrictive Endorsements shall be set forth on all the stock certificates for the Corporation which shall state that such stock is subject to the Exhibits attached hereto as well as to the voting restrictions contained herein.

IX.

The Corporation shall do its banking business at \_\_\_\_\_ or at such bank, or banks, as determined in the sole discretion of the Directors. The signature of any \_\_\_\_\_ officer(s) of the Corporation shall be sufficient for checks or drafts up to the amount of \_\_\_\_\_ (\$ \_\_\_\_\_). The joint signature of either \_\_\_\_\_ or \_\_\_\_\_ as one party, and \_\_\_\_\_ as the other party will be necessary for any check over the amount of \_\_\_\_\_ (\$ \_\_\_\_\_).

X.

The Shareholders consent that upon the occurrence of a situation whereby the operating capital of the Corporation is not sufficient to meet operating expenses and upon a majority vote by the Shareholders, the required amount of funds shall be set and each Shareholder shall be required to make a contribution to the whole in the same proportion as their shares bears to the number of outstanding shares. Each Shareholder shall make the required contribution as to such total request within \_\_\_\_\_ (\_\_\_\_) days of request of a Shareholder in the proportion of their stock

ownership interest in the Corporation. Failure to make such contribution within said \_\_\_\_\_ (\_\_\_\_) days will result in the then remaining Shareholders having the right to purchase the pro-rata share of the stock held by the Shareholder who has failed to make his capital contribution by purchasing the capital contribution together with interest at the “prime” at the time of purchase as established by \_\_\_\_\_ plus one percent

#### XI.

The Corporation shall utilize the accrual method of accounting with a year ending in December of any given year.

#### XII.

The initial corporate offices shall be located at \_\_\_\_\_ until such location is changed by the Shareholders. Corporate books shall be kept in the offices of the Corporation unless the Shareholders agree otherwise. The books are to be maintained under generally accepted accounting standards with sufficient controls and audit trail necessary for easy outside review. A monthly financial operating statement shall be sent to each Shareholder not later than \_\_\_\_\_ (\_\_\_\_) working days after the last day of the previous month. Such financial report shall include current month and year to date results of operation and balance sheet information. Furthermore, at the request of any Shareholder, the parties agree to an annual financial review for a previous year of business. Any such annual review shall be performed by someone other than the Certified Public Accountant who is utilized for day to day operations by the Corporation.

#### XIII.

For transactions involving amounts up to and including \_\_\_\_\_ (\$\_\_\_\_), any officer of the Corporation is authorized to enter into any and all contracts and leases for the improvements, purchase, maintenance, sale, lease or other disposition of corporate property in the form customary for such agreements. Furthermore, to the extent of the above stated limit, an officer may borrow money on behalf of the Corporation at commercially reasonable terms. Any transaction of whatever kind, over and above the amount of \_\_\_\_\_ (\$\_\_\_\_) shall be agreed to in writing prior to the binding the Corporation to the same by Shareholders holding a minimum of \_\_\_\_\_ percent (\_\_\_\_%) of the outstanding shares of the Corporation. Furthermore, each Director must sign a Resolution approving the extension of each agreement, lease, contract or other document in which any corporate obligation is created to signify their consent to approving the same.

XIV.

The Shareholders hereof shall be respectively entitled to reimbursement from the Corporation for all personal out-of-pocket direct costs, including on-site costs incurred by them in furtherance of the Corporation's business. Such Shareholders shall furnish written receipts relative to the same upon request. It is expressly understood that no cost over and above \_\_\_\_\_ (\$ \_\_\_\_\_) shall be incurred without the written consent of the Shareholders holding a minimum of seventy-five (75%) of the outstanding shares of the Corporation.

XV.

The Parties hereby agree that, in the event any Party shall elect to relinquish their shares pursuant to the Shareholder's Agreement to be executed as provided in Paragraph III, they shall execute a reasonable Non-Competition Agreement as provided in California Business and Professions Code Sections 16600 through 16602.5.

XVI.

The parties hereto agree to execute any and all necessary documents required to carry out the terms of this Agreement.

XVII.

This Agreement shall be binding upon, and inure to the benefit of the parties thereto, their legal representatives, successors and assigns. However, no assignment shall be made of the rights hereunder without the prior written consent of the other parties.

XVIII.

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

XIX.

This Agreement embodies and constitutes the entire understanding between the parties with respect to the transactions contemplated herein. All prior or contemporaneous agreements, understandings, representations, oral or written, are merged into this Agreement.

Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought and then only to the extent set forth in such instrument.

XX.

In the event a party to this Agreement must employ an attorney to enforce the provisions hereof or to secure performance by a defaulting party under the terms herein stated, the prevailing party in litigation arising there from shall be entitled to an award of its reasonable attorney's fees both on trial and the appellate level incurred in enforcing this Agreement and/or securing performance of the terms herein stated.

XXI.

This Agreement shall have an initial term of \_\_\_\_\_ ( ) years and shall be renewed for five (5) year terms automatically and perpetually thereafter unless a Shareholder decides to terminate the same within sixty (60) days of the end of a term, whereupon such Shareholder shall be deemed to have offered his stock under the Buy-Sell Agreement described above as amended. This Agreement shall terminate upon the earlier of the following:

- a. Dissolution of the Corporation;
- b. Mutual agreement of the parties hereto;

XXII.

All notices that the parties hereto may desire or be required to give hereunder shall be deemed to have been properly given and shall be effective when and if sent by U.S. regular mail, postage prepaid, U.S. certified mail and/or by personal delivery or by courier, addressed to the following:

NAME	ADDRESS
_____	_____
	_____
	_____
	_____
_____	_____
	_____
	_____
	_____
_____	_____
	_____
	_____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

This Agreement has been entered into on the date set forth above.

Shareholders:

_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name



**ACCEPTANCE, RATIFICATION AND ACKNOWLEDGMENT**

By Resolution of the Board of Directors of \_\_\_\_\_ Corporation, the PREINCORPORATION AGREEMENT, attached hereto, made on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is hereby accepted, ratified and acknowledged. A copy of this Agreement, certified by the Secretary of the Corporation as a true and accurate copy, shall be entered into and attached to the minutes of this meeting.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

ATTEST: \_\_\_\_\_  
Secretary

## SHAREHOLDERS AGREEMENT

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

The purpose of this Agreement is (1) to provide for the sale by a Stockholder during his 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; (2) and 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:

\_\_\_\_\_, \_\_\_\_\_ Shares  
\_\_\_\_\_, \_\_\_\_\_ Shares  
\_\_\_\_\_, \_\_\_\_\_ Shares  
\_\_\_\_\_, \_\_\_\_\_ Shares  
\_\_\_\_\_, \_\_\_\_\_ Shares  
\_\_\_\_\_, \_\_\_\_\_ Shares

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, individual 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 I and 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.

\_\_\_\_\_ INC.

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

\_\_\_\_\_  
Witnesses

\_\_\_\_\_  
Shareholder

\_\_\_\_\_  
Witnesses

\_\_\_\_\_  
Shareholder

\_\_\_\_\_  
Shareholder

\_\_\_\_\_  
Shareholder

\_\_\_\_\_  
Shareholder

\_\_\_\_\_  
Shareholder

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

**Confidentiality Agreement**

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

This Confidentiality Agreement (the "Agreement") is between the following parties:

_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name
_____	_____
	Type/Print Name

and \_\_\_\_\_ ("Corporation"). It is recognized that it may be necessary or desirable to exchange confidential information between one or more of the parties and the and Company for the purpose of conducting business on behalf of the Company and in furtherance of the Company Purpose ( the "Purpose").

I.

Except as otherwise provided in this Agreement, all information disclosed by customers, one or more of the Parties, (list others) to the Company is Confidential Information and (1) shall remain the exclusive property of the Company and shall be used by the Company and the Parties only for the Purpose set forth above, and (3) shall be protected by the Company and each of the Parties hereto.

II.

Confidential Information shall constitute all information concerning \_\_\_\_\_ (whether prepared by \_\_\_\_\_, its representatives, advisors or others), whether furnished before or after the date of this Agreement and regardless of the manner in which it is furnished and includes, without limitation, any:

(i) performance, sales, financial, contractual, personnel, marketing information, ideas, technical data and concepts, and

(ii) formula, pattern, program, method, technique, process, design, business plan, business opportunity, customer or personnel list or financial statement

which derives independent economic value or commercial advantage, actual or potential, for not being generally known to the public or to the other persons who can obtain economic value from its disclosure or use and is subject to efforts that are reasonable under the circumstances to maintain its secrecy. Confidential Information includes, but is not limited to, information disclosed in connection with this Agreement, and shall not include information that:

(a) is now or subsequently becomes generally available to the public through no wrongful act or omission of the Corporation;

(b) the Party can demonstrate to have had rightfully in its possession prior to disclosure to the Corporation through its Shareholders, Officers, Agents or Employees;

(c) is independently developed by the Party without use, directly or indirectly, of any Confidential Information; or

(d) the Party rightfully obtains from a third party who has the right to transfer or disclose it.

### III.

Except as specifically authorized by Resolution of the Board of Directors in writing, the a Party hereto shall not reproduce, use, distribute, disclose or otherwise disseminate the Confidential Information and shall not take any action causing, or fail to take any action necessary to prevent, any Confidential Information disclosed to the Party pursuant to this Agreement to lose its character as Confidential Information. Upon expiration or termination of this Agreement or upon request by the Corporation, the Party or Parties shall promptly deliver to the Corporation all Confidential Information and all embodiments thereof then in its custody, control or possession and shall deliver within 5 working days after such termination or request a written statement to the President of the Corporation certifying to such action.

### IV.

The Parties agrees that access to Confidential Information will be limited to those employees or other authorized representatives of the Company who:

(1) need to know such Confidential Information in connection with their work related to this Agreement; and

(2) have signed agreements with the Company obligating them to maintain the confidentiality of Confidential Information disclosed to them.

The Parties further agree to inform such employees or authorized representatives of the confidential nature of Confidential Information and agrees to take all necessary steps to ensure that the terms of this Agreement are not violated by them.

V.

The Parties duty to protect the Confidential Information pursuant to the Agreement extends both during the term of this Agreement (including any extension or renewal thereof) and after its expiration or termination.

VI.

Any Confidential Information provided to the Parties shall be used only in furtherance of the Purpose described in this Agreement, and shall be, upon request at any time, returned to the \_\_\_\_\_. If the a Party loses or makes unauthorized disclosure of Confidential Information it shall notify \_\_\_\_\_ immediately and take all steps reasonable and necessary to retrieve the lost or improperly disclosed Confidential Information.

VII.

The standard of care for protecting Confidential Information imposed on the Parties will be that degree of care the Party uses to prevent disclosure, publication or dissemination of its own Confidential Information, but no less than reasonable care.

VIII.

In providing any information hereunder, a Party make no representations, either express or implied, as the information's adequacy, sufficiency, or freedom from defect of any kind, including freedom from any patent infringement that may result from the use of such information nor shall either party incur any liability or obligation whatsoever by reason of such information, except as provided hereunder.

IX.

This Agreement contains the entire agreement relative to the protection of information to be exchanged hereunder, and supersedes all prior to contemporaneous oral or written understandings or agreements regarding the issue. This Agreement shall not be modified or amended, except in a written instrument executed by the parties.

X.



Nothing contained in this Agreement shall, by express grant, implication, estoppel or otherwise, create in either party any right, title, interest or license in or to the inventions, patents, technical data, computer software or software documentation of the other party.

XI.

Nothing contained in this Agreement shall grant to a Party the right to make commitments of any kind or on behalf any other Party or the Company without the prior written consent of that other party.

XII.

The effective date of this Agreement shall be the date upon which the last signatory below executes this Agreement.

XIII.

This Agreement shall be governed and construed in accordance with the laws of the \_\_\_\_\_.

IVX.

This Agreement may not be assigned or otherwise transferred by either party in whole or in part without the express prior written consent of the other party, which consent shall not unreasonably be withheld. This consent requirement shall not apply in the event either party shall change its corporate name or merge with another corporation.

XV.

This Agreement shall benefit and be binding upon the successors and assignees of the parties hereto.

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

\_\_\_\_\_ INC.

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

\_\_\_\_\_  
Witnesses

\_\_\_\_\_  
Shareholder

\_\_\_\_\_

\_\_\_\_\_

Witnesses

Shareholder

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Shareholder

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Shareholder

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Shareholder

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Shareholder

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