# STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is made this 08 day of January, 2018, between John J Pelfrey located at 524 Clarksburg Park Road, Harquahala Valley, AZ 85069 (the "Seller") and Laura K Gragg located at 2254 Berkshire Circle, Knoxville, TN 37917 (the "Purchaser"). The parties agree to the following:

I. **Shares.** The Seller is the owner of fifty (50) shares of Class A Stock (the "Stock") of ABC, Inc. (the "Company"), a Tennessee Corporation.

II. **Purchase and Sale.** Seller agrees to sell fifty (50) shares to Purchaser for five hundred (500) dollars per share for a total price of twenty five thousand (25000) dollars. Seller shall deliver to Purchaser stock certificates representing this stock.

III. **Delivery.** Purchaser and Seller agree to exchange the total price for the stock certificates simultaneously on January 17, 2018.

IV. **Seller's Representations.** Seller represents that:

1. The Company is in good standing under the laws of the State of Tennessee.
2. The Seller is the record owner of the stock.
3. The stock is free and clear of all security interests, liens, encumbrances, equities, or other charges.
4. There are no other claims or restrictions on the Stock.
5. There is no act or omission that would give rise to any claim for commission, fees, or other payment in relation to the transaction.
6. Seller does not need approval from any officer of the corporation to sell the shares.

V. **Expenses.** The parties are responsible for their own fees, including legal counsel, accountants, and other agents incurred pursuant to this Agreement regardless of whether this Agreement is executed.

VI. **Indemnification.** The Purchaser and Seller agree to indemnify and hold harmless the other from any claim, damage, liability, loss, expense, arising out their failure to perform the obligations set forth in this agreement.

VII. **Miscellaneous**

1. **Dispute Resolution.** Any dispute arising out of or related to this Agreement that the Purchaser and Seller are unable to resolve by themselves shall be settled by arbitration in the State of Tennessee in accordance with the rules of the American Arbitration Association. The written decision of the arbitrator(s), as applicable, shall be final and binding. Judgment on a monetary award or enforcement of injunctive or specific performance relief granted by the arbitrator(s) may be entered in any court having jurisdiction over the matter.
2. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the Purchaser and Seller and their respective legal representatives, heirs, administrators, executors, successors and permitted assigns.
3. **Severability.** If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid, legal and enforceable as though the invalid, illegal or unenforceable parts had not been included in this Agreement.
4. **Governing Law.** The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, not including its conflicts of law provisions.

5. **Headings.** The section headings herein are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Agreement.
6. **Entire Agreement.** This Agreement contains the entire understanding between the parties and supersedes and cancels all prior agreements, whether oral or written, with respect to such subject matter.
7. **Amendment.** This Agreement may be amended or modified only by a written agreement signed by both parties.
8. **Notices.** Any notice or other communication given or made to any party under this Agreement shall be in writing and delivered by hand, sent by overnight courier service or sent by certified or registered mail, return receipt requested, to the address in Exhibit 1 or to another address as that party may subsequently designate by notice and shall be deemed given on the date of delivery.
9. **Waiver.** No party shall be deemed to have waived any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly and in writing. Waiver of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.

**IN WITNESS WHEREOF**, this Agreement has been executed and delivered as of the date first written above.

| | |
|---|---|
| | Laura K Gragg |
| **Purchaser** Signature | **Purchaser** Full Name |
| | John J Pelfrey |
| **Seller** Signature | **Seller** Full Name |

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# GENERAL INSTRUCTIONS

## WHAT IS A STOCK PURCHASE AGREEMENT?

A stock purchase agreement (SPA), also known as a share purchase agreement, is a contract signed by both the company (or shareholders of a company) and the buyers of the stock. This agreement protects both the company and the buyers. The agreement itself lays out the sale of shares in a company and what is being obtained.

Shares or stock in a company are often sold to raise money or for some other agreed upon compensation. Small companies and startups may also offer stock in the company as an employee benefit or founders of the company may hold shares of stock. The agreement itself lays out the price per share and the amount of shares being purchased.

## WHEN DO I NEED ONE?

You need a stock purchase agreement if you plan on selling shares of your company.

If you have a solo-preneurship, or you're the only employee of your company, this might be a step you skip. Although, if your plans are to grow the company, creating shares and an agreement can help you when the time comes to expand.

There are a few reasons to create a share purchase agreement:

1. To obtain funds for a company to expand and thrive.
2. As an incentive for highly skilled talent. This makes your company more attractive to talent that may be able to command a higher pay at another company.

## THE BENEFITS OF HAVING ONE

The reality is that if you're selling shares of your company, there is no scenario where it's a good idea NOT to create a share purchase agreement.

The reasons for creating an agreement are numerous:

- This contract lays out all of the warranties and provisions of the sale.
- It guarantees the ownership of the stock by the seller to the buyer.
- The price per share is stipulated.
- The number of shares are documented.
- The right of first refusal section protects the company in case a shareholder wants to sell his/her shares. What this means is that the company will be given the option of buying back the shares rather than allowing the shareholder to sell shares to an outsider.
- Stipulates resolution of disputes for the protection of the company and the buyer.

## THE CONSEQUENCES OF NOT HAVING ONE

Not having a well drafted stock purchase agreement will put your company at financial risk.

Without a written contract, the terms of the sale and ownership would not be governed by any legally binding agreement. This might put you at risk of having shares of your company bought up by outsiders. It might also open you up to litigation because there's not set resolution clause.

There isn't a scenario where selling shares of stock without this agreement would be prudent.

## WHAT SHOULD BE INCLUDED

Information that should be included:

- The company name and location.
- The purchaser's name and information.
- Value of stock per share.
- The number of shares being sold.
- Date and time of the transaction.
- The location of the sale.
- Warranties made by the purchaser and seller.
- Representations made by the purchaser and seller.
- Purchase and sale.
- General provisions.
- Total price of purchase and financial stipulations.
- Witnesses.
- Termination.
- Articles.