

State of _____

SHAREHOLDER AGREEMENT

This Shareholder Agreement (this "Agreement") is made as of this _____ day of _____, 20____ (the "Effective Date"), by and among _____ [Company], a _____ [State] corporation located at _____ (the "Company") and each of the individual listed on Schedule A attached hereto (each a "Shareholder" and collectively, the "Shareholders").

ARTICLE I PURPOSE

- 1. Shares.** The Shareholders own all of the outstanding shares of the Company (the "Shares") in the amounts outlined in Schedule A. All Shares owned by the Shareholders or acquired in the future by any Shareholder shall be subject to this Agreement.
- 2. Purpose.** The Shareholders have entered into this agreement to act together with respect to the management and supervision of the Company.

ARTICLE II MANAGEMENT

1. Board of Directors. The Board of Directors (the "Board") shall be equal to the number of Shareholders. Each Shareholder shall have the right to sit on the Board or appoint a member to the Board. The Board shall not be obligated to hold annual, regular or special meetings.

2. Authority of Directors. The Board may perform the following acts on behalf of the Company:

- _____
- _____
- _____

3. Limitations. The Board may not perform any of the following acts without the unanimous written consent of all of the Shareholders: (Check all that apply)

- Merge or sell or transfer all, or substantially all, of the assets of the Company
- Issue additional shares of any class or any rights related to shares of any class
- Voluntarily dissolve the Company
- Other: _____

4. Expenses. All expenses in connection with the management and organization of the Company will be paid by the Company.



5. **Books and Records.** The Company shall maintain complete and accurate accounts in proper books of all transactions. The Company shall maintain at its principal office the following: (a) the full name and last known business or residence address of each Shareholder; (b) records detailing all capital accounts, including entries for contributions and distributions, ownership interest, and percentage ownership; (c) a copy of the articles of formation of the Company and any and all amendments; (d) copies of all federal, state, and local income tax or returns and reports for the six most recent taxable years; (e) a copy of this Agreement and any amendments; (f) copies of financial statements of the Company for the six most recent fiscal years; (g) the books or records as related to the internal affairs of the Company; and (h) true and full information regarding the status of the business and financial conditions of the Company.

ARTICLE III DISTRIBUTION OF PROFITS AND LOSSES

1. **Profits/Losses.** For accounting and tax purposes, net profits or net losses shall be determined on an annual basis. Profits and losses will be distributed in proportion to each Shareholder's percentage or ownership interest in the Company as set forth in Schedule A.

2. **Distributions.** The Company shall distribute net income (Check one) monthly quarterly semi-annually annually or, if determined as necessary by the Board, at more frequent intervals.

ARTICLE IV PREEMPTIVE RIGHTS

1. **Restrictions on Transfer.** No Shares shall be sold, transferred, or pledged other than in accordance with the terms of this Agreement.

2. **Involuntary Transfers.** Upon the occurrence of any of the following events (1) the death of a Shareholder; (2) the total mental or physical disability of a Shareholder; (3) the termination of a Shareholder's employment with the Company; or (4) the bankruptcy or insolvency of a Shareholder, the Company shall redeem or purchase for cancellation all of the Shares owned by the withdrawing Shareholder within sixty (60) days from the date of the event.

3. **Right of First Refusal.** If any Shareholder intends to sell or transfer any Shares, such Shareholder shall first offer to the remaining Shareholders the option to purchase the offered Shares at the price and in accordance to the same terms being offered to the third party. The remaining Shareholders shall have _____ days to exercise this right of first refusal. If the remaining Shareholders elect to purchase less than all of the offered Shares, the offering Shareholder may sell any remaining Shares to the third party.

4. **Certificates.** All certificates representing the Shares now owned or hereafter acquired by each Shareholder shall have the following legend conspicuously printed on its face:



“The shares represented by this certificate are subject to certain restrictions contained in a Shareholder Agreement among the Company and the Shareholders. A copy of the Shareholder Agreement is on file at the principal office of the Company.”

ARTICLE V TERM AND TERMINATION

1. **Term.** This Agreement shall be effective and binding upon the parties as of the Effective Date.
2. **Termination.** This Agreement will terminate in the event one of the following occurs: (Check all that apply)

- Written consent of a majority of the Shareholders
 - Death or incapacity of all of the Shareholders
 - Bankruptcy, receivership or dissolution of the Company
 - A single Shareholder becoming the owner of all of the Shares
 - Other: _____
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ARTICLE VI MISCELLANEOUS

1. **Amendments.** This Agreement may be amended or modified only by a written agreement signed by all of the parties.
2. **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 Company at the address stated above and to the Shareholders at the address in the Company’s records.
3. **No 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 by any party of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.
4. **Assignment.** No party hereto shall have the right to assign its rights or delegate its duties hereunder without the written consent of the other parties, which consent shall not be unreasonably withheld.
5. **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.
6. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, heirs, administrators, executors, successors and permitted assigns.



7. **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.

8. **Governing Law.** The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of _____.

9. **Disputes.** Any dispute arising from this Agreement shall be resolved through: (Check one)

Court litigation. Disputes shall be resolved in the courts of the State of _____.

(Check if applicable)

If either party brings legal action to enforce its rights under this Agreement, the prevailing party will be entitled to recover from the other party its expenses (including reasonable attorneys' fees and costs) incurred in connection with the action and any appeal.

Binding arbitration. Binding arbitration shall be conducted in accordance with the rules of the American Arbitration Association.

Mediation.

Mediation, then binding arbitration. If the dispute cannot be resolved through mediation, then the dispute will be resolved through binding arbitration conducted in accordance with the rules of the American Arbitration Association.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together, shall constitute one and the same document.

11. **Entire Agreement.** This Agreement contains the entire understanding between the parties and supersedes and cancels all prior agreements of the parties, whether oral or written, with respect to such subject matter.

12. **Miscellaneous.** _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.



Company Name	Representative Signature	Representative Name and Title
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Shareholder Signature	Shareholder Full Name
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Shareholder Signature	Shareholder Full Name
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Shareholder Signature	Shareholder Full Name
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Shareholder Signature	Shareholder Full Name
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SCHEDULE A

Name	Number of shares

