

SHAREHOLDER AGREEMENT

THIS AGREEMENT is made and entered into this { \$contract_date }, by and between { \$corporation_name } (Name of Corporation), a { \$state } (State) Corporation, whose principal offices are located at { \$corporation_address } (Address), and the individuals and entities whose names and addresses are listed on Exhibit A attached hereto and made a part hereof, all of whom are shareholders of the Corporation.

WITNESSETH:

WHEREAS, the present distribution of shares of the Corporation is as follows:

Name	Shares
<u>{ \$shareholder_name_1 }</u>	<u>{ \$shareholder_name_1_shares_amount }</u>
<u>{ \$shareholder_name_2 }</u>	<u>{ \$shareholder_name_2_shares_amount }</u>
<u>{ \$shareholder_name_3 }</u>	<u>{ \$shareholder_name_3_shares_amount }</u> ; and

WHEREAS, the parties have agreed that to promote the good conduct of the Corporation and avoid the difficulties that might result from the passing of shares to outsiders, it is desirable to make this Agreement concerning the conduct of the Corporation and restrictions upon the transfer of its shares;

NOW, THEREFORE, in consideration of the promises herein made to one another, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. (a) The Corporation shall have { \$directors_count } ({ \$directors_number }) directors; and each shareholder shall, so long as he owns shares in the Corporation, have the right to serve as a director of the Corporation or to designate some responsible person to serve as his nominee.

(b) The officers of the Corporation shall be the following shareholders, each of whom shall continue to serve as long as he owns shares:

President _____

Vice President _____

Treasurer _____

Secretary _____

(c) The Corporation shall employ shareholders and pay salaries to such shareholders as follows:

Name and Address of Shareholder	Salary Amount
<u>{ \$shareholder_name_1 }</u> <u>{ \$shareholder_address_1 }</u>	<u>{ \$shareholder_salary_1 }</u>
<u>{ \$shareholder_name_2 }</u> <u>{ \$shareholder_address_2 }</u>	<u>{ \$shareholder_salary_1 }</u>

{Sshareholder_name_3} \${Sshareholder_salary_1}
{Sshareholder_address_3}

The directors of the Corporation may increase salaries of shareholder/employees from time to time, provided, however that the compensation paid to each shareholder or employee during each calendar year for his services shall be equal to the compensation paid to each of the other shareholders during such calendar year unless otherwise unanimously agreed by the shareholders or by a written consent signed by all the directors of the Corporation and inserted in the corporate minute book.

2. (a) The Corporation will not, without the unanimous consent of all the shareholders, do any of the following: (i) issue additional shares of any class or any securities convertible into shares of any class; (ii) merge or participate in a share exchange with any other Corporation; or (iii) sell, lease, mortgage, or otherwise transfer all or substantially all of the assets of the Corporation for any consideration other than cash.

(b) In the event the shareholders agree to issue additional shares or securities convertible into shares, then each of the shareholders shall have the right to purchase any such securities so offered at a future date in proportion to his then respective interest in the Corporation at the time of such offer.

3. No shares shall be voluntarily sold, pledged, hypothecated, or otherwise transferred or permitted to be transferred in any manner or by any means whatsoever except as follows:

Any shareholder intending to transfer any shares, shall first offer such shares for sale at the Purchase Value as hereinafter defined to the Corporation for a period of thirty (30) days, and then, to the extent such offer is rejected or not accepted by the Corporation within that period, such shares have been offered for sale at the Purchase Value for a period of ten (10) days to all other shareholders in proportion to the number of such shares held by them. Each such offer shall be in writing and shall specify the number of shares being offered, the name and address of each person to whom such shares are proposed to be transferred, and the price per share and other terms upon which each such transfer is intended to be made; and each such offer may be accepted by the Offeree in whole or in part at any time during the continuance of the offer. If any shares are not purchased pursuant to the aforesaid offers, the Offeror shall for a period of ninety (90) days thereafter be free to transfer such shares to the person or person so named at the price per share and upon the other terms so named; provided that any such transferee of those shares shall thereafter be bound by all of the provisions of this Agreement.

4. (a) Upon the happening of any of the events enumerated below, the Corporation shall purchase at Purchase Value as hereinafter defined all of the shares of the shareholder so affected: (i) If any shareholder employed by the Corporation under Paragraph 1(c) shall terminate his employment for any cause or reason, including, but not limited to, loss of any license or certificate required for his conduct of the business or disability lasting more than six (6) months; or (ii) If any shareholder shall be adjudged incompetent or a general guardian or guardian of his estate shall be appointed for him by any court; or (iii) If any shareholder makes any assignment for the benefit of creditors or applies for the appointment of a trustee, a liquidator, or a receiver, or commences any proceeding related to himself under any bankruptcy or arrangement of similar law; or if any such application is filed or proceedings commenced against the shareholder and the shareholder consents thereto or an order is entered allowing such application and remains in effect for sixty (60) days; or (iv) If the shares of any shareholder are purported to be transferred involuntarily, including, without

limitation, any purported transfer by or pursuant to bankruptcy, attachment, divorce, equitable distribution, or operation of law; or (v) If any shareholder shall die.

(b) This duty to purchase or retire shall apply to all, but not less than all of the shares, and shall be exercised by the Corporation by serving written notice upon such shareholder or such shareholder's legal representative within thirty (30) days after the Corporation receives notice of the occurrence of such event or the qualification of such legal representative, whichever is later.

5. With regard to Paragraph 3, the Purchase Value shall mean the price per share and other terms upon which a shareholder is entitled to transfer his shares as shown in a bona fide offer to purchase.

6. (a) Whenever under this Agreement the Corporation or the shareholders exercise any option or right to redeem or purchase shares of any shareholder, the Purchase Value shall be paid to the shareholder whose shares have been redeemed or purchased in cash within thirty (30) days after notice to the affected shareholder.

(b) Whenever under this Agreement the Corporation or the shareholders exercise any option or right to redeem or purchase shares of any shareholder, the Purchase Value shall be paid immediately upon the receipt by the Corporation of the proceeds of any insurance on the life of a deceased shareholder owned by and payable to the Corporation, to the extent of such proceeds.

7. (a) If, under the terms of this Agreement, the shares of the shareholders are purchased or retired, such shareholder, or the legal representative of such shareholder, shall execute and deliver all necessary documents that may be reasonably required for accomplishing a complete transfer of such shares for the purpose of the purchase transaction.

(b) Every transferee of restricted shares that are transferred in accordance with the provisions of this Agreement shall be deemed a shareholder and be bound by all of the provisions of this Agreement. Any purported or attempted transfer of restricted shares that does not comply with the provisions of this Agreement shall be null and void and the purported transferee shall not be deemed to be a shareholder of the Corporation and shall not be entitled to receive a stock certificate or any dividends or other distributions on or with respect to such restricted shares. For the purposes of this Agreement, a purported transfer of shares that causes such shares to be subject to an option under Paragraph 4 shall be deemed to comply with the provisions of this Agreement only after the expiration of such option.

8. This Agreement shall terminate, and all rights and obligations hereunder shall cease upon the happening of any one of the following events:

(a) The adjudication of the Corporation as bankrupt, the execution by it of any assignment for the benefit of creditors, or the appointment of a receiver for the Corporation;

(b) The voluntary or involuntary dissolution of the Corporation;

(c) By a written Agreement signed by all the shareholders to terminate this Agreement.

9. If the Corporation reasonably determines that any proposed transferee is not eligible as a shareholder of a Subchapter S Corporation or that such transfer would cause the Corporation to lose its qualification as a Subchapter S Corporation, then the Corporation may so notify the shareholder of that determination and thereby forbid the consummation of the transfer.

Nothing in this paragraph, however, shall preclude the Corporation's and the shareholders' rights of refusal under this Agreement.

10. The certificates for shares subject hereto shall be surrendered to the Corporation and endorsed as follows:

"The shares represented by this certificate are subject to and are transferable only on compliance with a Shareholders Agreement dated the day of , among shareholders, a copy of which is on file in the office of the Secretary of the Corporation."

11. Whenever under this Agreement notice is required to be given, it shall be given in writing served in person or by registered mail, return receipt requested, and it shall be deemed to have been given upon personal delivery or on the date notice is posted.

12. This Agreement embodies the entire representations, Agreements and conditions in relation to the subject matter hereof and no representations, understandings or Agreements, oral or otherwise, in relation thereto exist between the parties except as herein expressly set forth. The Agreement may not be amended or terminated orally but only as expressly provided herein or by an instrument in writing duly executed by the parties hereto.

13. This Agreement and the various rights and obligations arising hereunder shall inure only to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

14. The invalidity or unenforceability of any term or provision of this Agreement or the non-application of such term or provision to any person or circumstance shall not impair or affect the remainder of this Agreement, and its application to other persons and circumstances and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect.

15. Whenever in this Agreement any pronoun is used in reference to any shareholder, purchaser or other person or entity, natural or otherwise, the singular shall include the plural, and the masculine shall include the feminine or the neuter, as required by context.

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and place first above mentioned.

{Corporation_name}

By: _____,

_____ President

_____ Shareholder

_____ Shareholder

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