#### AGREEMENT OF PURCHASE AND SALE OF SHARES BY ANOTHER SHAREHOLDER OR BY THE COMPANY

This Agreement of Purchase and Sale of Shares (the “Agreement”), is made and effective [DATE],

**Between: [SHAREHOLDER 1 NAME]** (the “Transferor”), an individual having his/her principal place of living located at:

[ADDRESS]

**[SHAREHOLDER 2 NAME]** (the “Purchaser”), an individual having his/her principal place of living located at:

[ADDRESS]

Hereinafter separately referred to as "Shareholder", and jointly as "Shareholders"

**And: [COMPANY NAME]** (the "Company"), a company operating under the laws of [STATE/PROVINCE]:

[YOUR COMPLETE ADDRESS]

WHEREAS, the Shareholders together own [%] of the outstanding shares of capital Share of the Company, and

WHEREAS, as used herein, the term "shares" shall mean all shares of common Share, at [VALUE] par share, of the Company now owned or hereafter acquired by the parties, and

WHEREAS, the Shareholders are actively engaged in the conduct of the business of the Company, and it is contemplated that success or failure of the corporate enterprise will at all times depend in large measure on the personal abilities of the Shareholders, and

WHEREAS, there is not now, nor is there likely in the future to be a substantial market for the shares of the Company, and

WHEREAS, for the foregoing reasons, the parties desire to provide for the purchase by another Shareholder or by the Company of the Share of any party desiring to sell the same; and for the purchase by the Company of the Share of a deceased party.

IT IS THEREFORE AGREED, in consideration of the mutual promises and covenants hereinafter set forth, as follows:

1. **RESTRICTION DURING LIFE**

No Shareholder shall transfer or encumber any of his/her shares of capital Share of the Company during his/her lifetime to any person, firm or Company, without the consent of the Company and the other Shareholder, unless the Shareholder desiring to make the transfer or encumber (hereinafter referred to also as the "Transferor") shall have first made the offer hereinafter described and such offer shall not have been accepted.

* 1. **Offer by the Transferor**

The offer shall be given pro rata initially to the other Shareholder(s) and shall consist of an offer to sell or encumber all of the shares of the capital Share of the Company owned by the Transferor, to which shall be attached a statement of intention to transfer, the name and address of such prospective transferee, the number of shares of capital Share involved, and the terms of such transfer or encumbrance.

* 1. **Acceptance of Offer**

Within [NUMBER] days after the receipt of such offer the other Shareholder(s) may, at their option, elect to accept the offer. If such offer is not accepted by the other Shareholder(s), the Company may within [NUMBER] days after the rejection of such offer, at its option, elect to accept the offer. The Company shall exercise its election to purchase by giving notice thereof to the Transferor and to the other Shareholder(s). The other Shareholder(s) shall exercise the election to purchase by giving notice thereof to the Transferor and to the Company. In either event, the notice shall specify a date for the closing of the transaction, which shall not be more than [NUMBER] days after the date of the giving of such notice.

* 1. **Purchase Price**

The purchase price for, or the consideration for the encumbrance of the shares of the capital Share of the Company owned by the Transferor shall be set forth in paragraph 3 hereof.

* 1. **Closing of Transaction**

The closing of the transaction shall take place at the principal office of the Company. The consideration shall be paid as provided for in paragraph 3 hereof. Certificates for all shares sold or encumbered hereunder, property endorsed to Company or to the purchasing Shareholder, as the case may be, shall be delivered by transferor not later than the date of closing.

* 1. **Release from Restriction**

If the offer is neither accepted by the Company nor by the other Shareholder(s), the Transferor may make a bona fide transfer to the prospective transferee named in the statement attached to the offer, such transfer to be made only in strict accordance with the terms therein stated. However, if the Transferor shall fail to make such transfer within [NUMBER] days following the expiration of the election period by the other Shareholder(s), such shares of capital Share shall again become subject to all of the restrictions of this Agreement, provided, however, that nothing contained herein shall be construed as releasing any shares of this Company from any restriction or requirement of law concerning transfer of such shares.

* 1. **Termination of Employment**

Any Shareholder whose employment in any capacity with the company or its subsidiaries terminates for any reason whatsoever, voluntarily or involuntarily, shall be considered as of the date of such termination of employment to have made an offer of all of his shares of Share subject to the terms of this Agreement, at the purchase price stated in paragraph 3 hereof.

* 1. **Subchapter "S" Election [US ONLY]**

If at the time of a transfer of Share permitted hereunder, the Company then is an "S" corporation, the transferee and new Shareholder shall be required to consent in writing not to revoke such "S" election without the unanimous approval of all other Shareholders.

1. **PURCHASE UPON DEATH**

Upon the death of a Shareholder (hereinafter referred to as Decedent), all of the shares of the capital tock of the Company owned by him/her, and to which he or his estate shall be entitled, shall be sold and purchased as hereinafter provided:

* 1. **Obligation of the Company to Purchase**

It shall be for the Company to purchase from the Decedent's Personal Representative, and the Decedent's Personal Representative shall be obligated to sell to the Company, all of the shares of the capital Share of the Company owned by the Decedent and to which the Decedent or his Personal Representative shall be entitled, at the price set forth in paragraph 3 hereof.

* 1. **Closing**

The closing of such purchase and sale shall take place at the offices of the Company, at a date selected by the Company upon [NUMBER] days notice to the Transferor which date shall be not more than [NUMBER] days following the date of the qualification of the Personal Representative and not less than [NUMBER] days following such date.

* 1. **Insurance**

To insure or partially insure its obligation under this Agreement to purchase from the estate of a deceased Shareholder the shares owned by him prior to his death, the Company shall have the option to purchase policies of insurance covering the lives of each Shareholder in any amount deemed desirable. In the event any Shareholder ceases to be a Shareholder of the Company, the Company shall terminate any such insurance on such Shareholder's life and in the event any Shareholder increases his holdings of the shares of the Company, the Company shall procure and maintain, if so desired by it, additional insurance on the life of such Shareholder proportionate to the increase in the holdings of such Shareholder.

If the Company shall receive any proceeds of any policy on the life of the Decedent, such proceeds shall be used by the Company to pay the Decedent's Personal Representative to the extent of the purchase price of the Decedent's Share, such payment to be deemed made on account of such purchase price.

* 1. **Balance of Purchase Price**

If the amount of any insurance proceeds is insufficient to pay the purchase price of any Decedent's shares, then the balance of the purchase price remaining after credit for any insurance proceeds shall be payable as follows: [%] of the balance due to be paid shall be paid in cash, and the balance shall be represented by a promissory note executed by the purchaser payable in [NUMBER] installments, which note shall be secured by the Share of the deceased Shareholder.

* 1. **"S" Election [US ONLY]**

If the Company is an "S" corporation at the time of the transfer and sale of its Share, the transferee and new Shareholder shall be required to consent in writing not to revoke such "S" election without the unanimous approval of all other Shareholders. Such written consent shall be submitted prior to the delivery of the shares to the transferee.

1. **CONSIDERATION**

Unless the parties agree to another price in writing, the price for each share of capital Share to be sold under this Agreement shall be equal to its fair market value as an on-going business concern as determined in the sole discretion of the company's Certified Public Accountant, (CPA) and such determination by the CPA shall be binding and conclusive upon the parties hereto.

Unless the parties agree otherwise, the purchase price shall be paid as follows:

1. [%] of the amount determined to be due as the price to be paid at the closing in addition to any insurance proceeds and the balance to be payable by the execution of a promissory note in such amount to be repaid in [number] installments, such note to be secured by the Share being sold.
2. The promissory note shall bear interest until paid in full at the prime rate as determined from time to time by [BANK NAME] or any other bank as determined by and agreed upon by the Shareholders.
3. In the event that suit shall be required to collect on the promissory notes above referred to, then in such event, the defaulting Shareholder or the Company shall pay for attorney fees, and courts costs, incurred in such action.
4. **LIMITATION ON SHAREHOLDER'S RIGHT TO PLEDGE SHARE**

The restrictions of paragraph 1 above shall not apply to encumbrances as collateral for a note or notes in favor of the company or any one or more of the other Shareholders or in favor of a recognized lending institution, but only if the proceeds of such loan are used in their entirety to purchase shares of the Company and the borrowing Shareholder delivers to the Company and the other Shareholder(s) the written commitment of the lender, in form acceptable to the Company that such lender will not dispose of such shares without first affording the Company and the other Shareholder(s) the right for a period of [NUMBER] days to purchase shares at a price satisfactory to the Company and the other Shareholder(s).

1. **CORPORATE RESTRICTIONS AFTER PURCHASE**

So long as any part of the purchase price of shares of capital Share sold in accordance with this Agreement remains unpaid, the Company shall not:

1. Declare or pay dividends on its capital Share;
2. Reorganize its capital structure;
3. Merge or consolidate with any other Company, or sell any of its assets except in the regular course of business;
4. Increase the salary of any officer or executive employee of the Company;
5. Allow any of its obligations to become in default; or
6. Allow any judgments against the Company or any liens against the Company's property to remain unsatisfied.

So long as any part of such purchase price remains unpaid, the Transferor, or the Personal Representative of the Decedent shall have the right to examine the books and records of the Company from time to time and to receive copies of all accounting reports and tax returns prepared for the Company. If the Company breaches any of its obligations under this paragraph, the Transferor or the Personal Representative, in addition to any other remedies available, may elect to declare the entire unpaid purchase price due and payable forthwith.

1. **PURCHASE BY SHAREHOLDER**

Whenever a Shareholder purchases shares of capital Share under this Agreement, such purchaser (unless he shall have paid the entire purchase price in cash) shall, following the delivery of the purchased Share, endorse the new certificates of Share issued to such purchaser, and deliver the same to the Seller as collateral security for the payment of the unpaid purchase price; and such capital Share shall be so held until the entire purchase price shall be paid. While such capital shall be so held as collateral security and so long as the Purchaser is not in default, the Purchaser shall be entitled to all voting rights with respect thereto. Dividends paid shall be applied to the indebtedness.

1. **PURCHASE BY COMPANY**

Whenever the Company shall, pursuant to this Agreement, be required to purchase shares of the capital Share of the Company, the Shareholders and the Personal Representative of any Decedent shall do all things and execute and deliver all papers as may be necessary to consummate such purchase. Any note required to be given hereunder by the Company as part of the purchase price shall be endorsed and guaranteed by the remaining or surviving Shareholders, who shall not be discharged from such liability by reason of the subsequent extension, modification or renewal of any such note. Until all amounts due are paid, the Share certificates shall be delivered to Seller.

1. **ENDORSEMENT ON SHARE CERTIFICATES**

Each certificate representing shares of capital Share of the Company now or hereafter held by the Shareholders shall contain with a legend insubstantially the following form: "The transfer or encumbrance of the shares of Share represented by the within certificate is restricted under the terms of an Agreement dated [DATE] a copy of which is on file at the Company office."

1. **VALUE OF PURCHASE PRICE FOR TAX PURPOSES**

It is understood that the purchase price, determined as set forth hereinabove, shall be the value of the purchased shares for all tax purposes. In the event such value is later increased by any federal or state taxing authority, any tax liability resulting from such increase shall be borne by the selling Shareholder or his Personal Representative, as the case may be.

1. **AMENDMENTS**

This Agreement may be amended or altered by execution of a written agreement authorized by corporate resolution and signed by all the parties hereto.

1. **NOTICES**

Any and all notices, designations, consents, offers, acceptances, or any other communication provided for herein, shall be given in writing by registered or certified mail addressed, in the case of the Shareholders, to his address appearing on the Share books of the Company, or to his residence, or to such other address as may be designated by him, and in the case of the Company, to the principal office of the Company as given below, postage prepaid, by United States Mail, and shall be considered to have been delivered on the [DAY] day following the date stamped by the post office.

Company address: ATTN. [NAME], [YOUR COMPANY NAME], [YOUR COMPLETE ADDRESS], [YOUR FAX NUMBER].

1. **INVALID PROVISION**

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and the Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

1. **MODIFICATION**

It is understood between the parties that this Agreement contains the entire understanding of the parties and no change or modification of this Agreement shall be valid unless the same be in writing and signed by all the parties hereto.

1. **BINDING EFFECT**

This Agreement shall bind and, unless inconsistent with its provisions, shall inure to the benefit of the Executor, Administrator or Personal Representative, and the heirs and assigns of each of the Shareholders.

1. **PRIOR AGREEMENT**

This Agreement supersedes any prior Agreement of the parties.

1. **DEADLOCK**

If at any time the Shareholders cannot agree on the Certified Public Accountant of the company and therefore are unable to establish an acceptable price for purchase, the matter shall be submitted to arbitration in the following manner:

* + - * 1. Each Shareholder shall, within [NUMBER] days after notice of such deadlock, appoint a Certified Public Accountant, and the two accountants shall then appoint a third Certified Public Accountant within [NUMBER] days after the two accountants are selected, and the average of purchase price determined by them shall be final, conclusive and binding upon the Shareholders, their executors, administrators and personal representatives, and a judgment on such determination may be obtained in any court of proper jurisdiction. The cost of such accounting shall be borne equally by the parties unable to reach agreement hereunder.
        2. In the event any one of the Shareholders shall fail within the given time to select a Certified Public Accountant to represent him to resolve the dispute, then and in such event, the remaining Shareholder shall have the right to institute suit for specific performance under this Agreement, and the defaulting Shareholder shall pay for all attorney fees and court costs of such action.

1. **INDEBTEDNESS OF A SHAREHOLDER**

In the event that there is a purchase and sale of shares of Share or interest therein, pursuant to the provisions hereinabove, and there is any indebtedness owed by the selling Shareholder or his estate to any party to this Agreement, then, notwithstanding the said provisions relating to the payment of the purchase price, and any amount to be paid for the Share being purchased shall be applied first to reduce and satisfy any indebtedness owed by the Selling Shareholder or his estate to any party under this Agreement.

1. **DEFAULT**

In the event of a default in the payment of any installment of the purchase price, the covenants and conditions of this Agreement, or any Security Agreement given to Sellers, Sellers may declare the entire unpaid portion of the purchase price to be immediately due and payable, and may proceed to enforce payment of same and to exercise any and all rights and remedies provided by the Uniform Commercial Code as well as any other rights and remedies either at law or in equity available to them, and Seller may assign, sell or transfer all or any part of the collateral in such manner, at such price, and on such terms and conditions as Sellers, in their sole and absolute discretion, may determine. Sellers or the Company shall have the right to purchase any or all of the collateral, apply any unpaid indebtedness on account thereof, and have a claim against Purchaser for the balance of such indebtedness in addition to any and all remedies available to them at law or in equity.

1. **VOTING**

It is understood and agreed that until the purchase price shall have been paid in full, the Purchaser shall have no voting rights whatsoever.

1. **TERMINATION OF AGREEMENT**

This Agreement shall terminate upon the occurrence of one of the following events:

1. The written agreement of the parties hereto or their successors in interest to that effect;
2. The bankruptcy, receivership, or dissolution of the Company;
3. The disposal of all the shares of Share of any Shareholder during his lifetime or by his Personal Representative or estate upon his death, shall terminate this Agreement as to such retiring or deceased Shareholder; or
4. All of the issued and outstanding Share of the Company becoming owned by one of the Shareholders of the Company.
5. **LAWS GOVERNED BY**

This Agreement is executed in and shall be construed by and governed under the laws of the [State/Province] of [STATE/PROVINCE].

**22. WITHDRAWAL FROM COMPANY**

Any Shareholder may withdraw from participation in the Company at any time in accordance with the following provisions:

* 1. **Notice to Company**

Such Shareholder ("Withdrawing Shareholder") shall give notice to the Company at least [NUMBER] days prior to the date (he) (she) wants to withdraw ("Withdrawal Date") which notice shall set forth the Withdrawal Date.

* 1. **Offer to Company**

Within [NUMBER] days after receipt of such notice, the Company may, at its option, elect to purchase all, but not less than all, of the Withdrawing Shareholder's shares. The Company shall exercise its option to purchase by giving written notice thereof to the Withdrawing Shareholder within said [NUMBER] day period. Such written notice shall specify a date for the closing of the purchase, which shall not be more than [NUMBER] days after the date of the giving of such notice. The purchase price for the shares to be paid by the Company and terms of payment therefore shall be as set forth in Paragraph 3 hereof.

* 1. **Acceptance by Shareholders**

If the Company fails to exercise said option within said [NUMBER] day period, then for a [NUMBER] day period thereafter the other Shareholder(s) of the Company shall have the option to purchase such shares, such option to be exercised in the same manner as that of the Company, and the purchase price and terms of payment to be the same for the Shareholder(s) as for the Company as set forth in Paragraph 3 hereof. The option may be exercised by the Shareholders pro rata (based on that proportion which the number of shares owned by each other Shareholder bears to the total number of shares then outstanding, not counting the shares proposed to be sold), and if one (or more) of the Shareholders does not desire to exercise his option, then his option shall be exercisable on a pro rata basis by the other Shareholders (not counting for any purpose, the shares proposed to be sold or the shares owned by any Shareholder who does not desire to exercise his option); or the option may be exercised by the other Shareholders on such basis as they may agree upon.

* 1. **Dissolution and Liquidation**

In the event that neither the Company nor the other Shareholder(s) purchase the shares of the Withdrawing Shareholder, the other Shareholder(s) agree to execute a consent voluntarily dissolving the Company. In addition, the Shareholder(s) agree to liquidate the assets of the Company as soon as practicable thereafter.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written. Signed, Sealed and Delivered in the Presence of: "SHAREHOLDERS"

SHAREHOLDER SHAREHOLDER

Signature Signature

Printed Name and Title Printed Name and Title

COMPANY

Authorized Signature

Print Name and Title

[CORPORATE SEAL]