

SHAREHOLDERS BUY SELL AGREEMENT QUESTIONNAIRE

1. Identify the Corporation -

Name: _____

Address: _____

State of incorporation: _____

2. Shareholders may transfer Shares to family members without "triggering" the right of first refusal which is otherwise applicable to voluntary transfers [but if there is a buy-out of Shares of a Shareholder, the family members also must sell their Shares]

3. If a Shareholder wishes to sell Shares, ALL of his Shares must be offered (under the right of first refusal)

4. If Shares are offered, ALL of the offered Shares (not just some of them) must be purchased [and if all Shares are not purchased, the Corporation must be liquidated, rather than merely permitting the Shares to be sold to third parties]

5. The Agreement is to prohibit voluntary transfers before a specific date - date:

6. When a Shareholder dies:

His Shares will be purchased and life insurance to pay for the Shares is to be maintained

His Shares will be purchased (but no insurance is required)

Agreement is to be silent

7. If a Shareholder becomes totally disabled:

His Shares will be purchased and disability insurance to pay for the Shares is to be maintained

His Shares will be purchased (but no insurance is required)

Agreement is to be silent

8. Is the Agreement to provide for:

"stock redemption" (Corporation has the first election to purchase the Shares)

"cross-purchase" (other Shareholders have the first election)

9. Shares are to be sold if a Shareholder:

retires from employment by the Corporation

is terminated FOR CAUSE

such sale is to be required, rather than being merely an option to purchase

Shareholders are to covenant not to compete with the Corporation after cessation of employment

For how many years: _____

Area or restriction: _____

10. If Shares are to be purchased, purchaser may pay in installments evidenced by a Note (rather than all cash)

How many monthly installments: _____

Any minimum amount for each installment: \$ _____

Rate of interest: _____%

Percent of price as cash down payment: _____%

11. The purchase price of each Share is to be based on:

book value

fair market value based on the assets and liabilities of the Corporation, to be stipulated annually or determined by appraisal [Goodwill is to be taken into account, whether or not carried on the books]

stipulate present value of each Share: \$ _____

stipulate minimum future value of each Share: \$ _____

disputes are to be resolved by arbitration (list the County and State):

12. Identify the Shareholders who are to be parties to the Agreement. [If a spouse is to waive dower, courtesy or similar rights, enter the spouse's name.

13. If a Shareholder is a corporation or partnership and buy-outs are to occur upon the death of disability of a principal of such entity, enter the name of the principal.]

Name of Shareholder #1: _____

Street Address: _____

City, State ZIP: _____

Tele. No.: _____

male female - Signing spouse:

corporation partnership LLC - Principal:

Name of Shareholder #2:

Street Address:

City, State ZIP:

Tele. No.:

male female - Signing spouse:

corporation partnership LLC - Principal:

Name of Shareholder #3:

Street Address:

City, State ZIP:

Tele. No.:

male female - Signing spouse:

corporation partnership LLC - Principal:

Name of Shareholder #4:

Street Address:

City, State ZIP:

Tele. No.:

male female - Signing spouse:

corporation partnership LLC - Principal:

Name of Shareholder #5:

Street Address:

City, State ZIP:

Tele. No.:

male female - Signing spouse:

corporation partnership LLC - Principal:

14. ___ The Corporation is to sign the Agreement [prepare Minutes of Board of Directors Meeting authorizing execution]

15. ___ The issuance of new stock is to be prohibited

16. ___ New stock may be issue, but it first must be offered to the Shareholders in proportion to their interests

17. ___ The Agreement is to recite who shall be the directors and officers

Name of Director #1:

Name of Director #2:

Name of Director #3:

Name of Director #4:

Name of Director #5:

18. Name of President:

19. ___ Vice President:

20. Name of Secretary:

21. ___ Assistant Secretary:

22. Name of Treasurer:

23. ___ Assistant Treasurer:

24. ___ If a Shareholder who is a director or officer sells his Shares (or ceases to be a principal of an entity which is a Shareholder) the Shareholder must resign as a director and officer

25. ___ A Subchapter S election is to be filed

26. ___ "Major act" (e.g., large loans) are to require unanimous Board approval

27. Date of Agreement: _____

28. ___ The restrictions of Agreement are to terminate on a specific date: _____