

Sample Buy-Sell Agreement

Section 1: Introduction

The legal existence of the company shall not terminate upon the addition of a new owner or the transfer of an owner's interest under this agreement, or the death, withdrawal, bankruptcy, or expulsion of an owner.

Section 2: Limiting the Transfer of Ownership Interests

Right of First Refusal

- (a) No owner ("transferring owner") shall have the right to sell, transfer, or dispose of any or all of an ownership interest, for consideration or otherwise, unless he or she delivers to the company written Notice of Intent to Transfer the interest stating the name and the address of the proposed transferee and the terms and conditions of the proposed transfer. Delivery of this notice shall be deemed an offer by the transferring owner to sell to the company and the continuing owners the interest proposed to be transferred.

If the proposed transfer is a sale of the owner's interest, these terms shall include the price to be paid for the interest by the proposed transferee, and a copy of the offer to purchase the interest on these terms, dated and signed by the proposed transferee, shall be attached to the notice.

- (b) The company and the non-transferring owners then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase the interest proposed for transfer, and may do so within sixty (60) days after the date on which the company receives notice or becomes aware of the event triggering the Option to Purchase.

If the company and the non-transferring owners do not elect to purchase all of the interest stated in the notice, the transferring owner may then transfer his or her interest to the proposed transferee stated in the notice within sixty (60) days after the non-transferring owners' purchase option ends.

(c) Price and terms:

[Check either Option 1a or Option 1b below.]

Option 1a: Price and terms in offer

The company and the non-transferring owners shall have the right to purchase the interest of the transferring owner only at the purchase price and payment terms stated in the Notice of Intent to Transfer submitted to the company by the transferring owner. The price and terms in this notice override the general Agreement Price selected in the "Agreement Price" and "Payment Terms" sections of this agreement.

Option 1b: Price and terms in agreement

The company and the non-transferring owners shall have the right to purchase the interest of the transferring owner at the Agreement Price and payment terms selected in the "Agreement Price" and "Payment Terms" sections of this agreement.

Section 3: Providing the Right to Force Buyouts

Scenario 1. When an Active Owner Retires or Quits the Company's Employ

[You may check Option 1, Option 2, both, or neither below.]

Check Option 1 if you want the company and continuing owners to have the option to buy a retiring owner's interest.]

Option 1: Option of Company and Continuing Owners to Purchase a Retiring Owner's Interest

An owner who voluntarily retires or quits the company's employ is deemed to have offered his or her ownership interest to the company and the continuing owners for sale. The company and the continuing owners shall then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase all or part of the ownership interest within sixty (60) days after the date on which the company receives notice or becomes aware of the event triggering the Option to Purchase.

The price to be paid, the manner of payments, and other terms of the purchase shall be according to the "Agreement Price" and "Payment Terms" sections of this agreement. An owner who stops working for the company is referred to as a "retiring owner" below.

[Check Option 2 if you want a retiring owner to be able to force the company to buy his or her interest. This right can be in addition to Option 1 (company and continuing owners' option to purchase) above.]

[] Option 2: Right of Retiring Owner to Force a Sale

An owner who voluntarily retires or quits the company's employ can require the company and the continuing owners to buy all, but not less than all, of his or her ownership interest by delivering to the company at least sixty (60) days before departing a notice of intention to force a sale ("Notice of Intent to Force a Sale"). The notice shall include the date of departure, the name and address of the owner, a description and amount of the owner's interest in the company, and a statement that the owner wishes to force a sale due to the owner's retirement as provided in this provision. The price to be paid, the manner of payments, and other terms of the purchase shall be according to this section and the "Agreement Price" and "Payment Terms" sections of this agreement. An owner who requests that an interest be purchased is referred to as a "retiring owner" below.

Scenario 2. When an Owner Becomes Disabled

[You may check Option 1, Option 2, both, or neither below.]

Check Option 1 if you want the company and continuing owners to have the option to buy a disabled owner's interest. If you check Option 1, insert the amount of time an owner must be disabled before the company or the continuing owners can purchase the available interest.]

[] Option 1: Option of Company and Continuing Owners to Purchase a Disabled Owner's Interest

An owner who becomes permanently and totally disabled, and such disability lasts at least ____ months (the "waiting period"), either consecutively or cumulatively, is

deemed to have offered his or her ownership interest to the company and the continuing owners for sale. The company and the continuing owners shall then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase all or part of the ownership interest within sixty (60) days after the date on which the company receives notice or becomes aware of the event triggering the Option to Purchase. The price to be paid, the manner of payments, and other terms of the purchase shall be according to this section and the "Agreement Price" and "Payment Terms" sections of this agreement.

An owner who is unable to perform his or her regular duties is considered disabled. If disability insurance is used to fund a buyout under this provision, the insurance company shall establish whether an owner is disabled; without disability insurance, the owner's doctor will establish whether an owner is disabled. An owner who becomes disabled according to this section is referred to as a "disabled owner" below.

[Check Option 2 if you want a disabled owner to be able to force the company to buy his or her interest. This right can be in addition to Option 1 (company and continuing owners' option to purchase) above. If you check Option 2, insert the amount of time an owner must be disabled before forcing the company to purchase an interest.]

[] Option 2: Right of Disabled Owner to Force a Sale

An owner who becomes permanently and totally disabled, and such disability lasts at least ____ months (the "waiting period"), either consecutively or cumulatively, can require the company and the continuing owners to buy all, but not less than all, of his or her ownership interest by delivering to the company, within thirty (30) days of the expiration of the waiting period, a notice of intention to force a sale ("Notice of Intent to Force a Sale") in writing. The notice shall include the name and address of the owner, a description and amount of the owner's interest in the company, and a statement that the owner wishes to force a sale due to disability as provided in this provision. The price to be paid, the manner of payments, and other terms of the purchase shall be according to this section and the "Agreement Price"

and "Payment Terms" sections of this agreement.

An owner who is unable to perform his regular duties is considered disabled. If disability insurance is used to fund a buyout under this provision, the insurance company shall establish whether an owner is disabled; without disability insurance, the owner's doctor will establish whether an owner is disabled. An owner who becomes disabled according to this section is referred to as a "disabled owner" below.

Scenario 3. When an Owner Dies

[You may check Option 1, Option 2, both, or neither below.

Check Option 1 if you want the company and continuing owners to have the right to buy a deceased owner's interest.]

[] Option 1: Option of Company and Continuing Owners to Purchase a Deceased Owner's Interest

An owner who dies and the executor or administrator of the estate or the trustee of a trust holding the ownership interest are deemed to have offered the deceased owner's interest to the company and the continuing owners for sale as of the date of the notice of death received orally or in writing by the company. The company and the continuing owners shall then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase all or part of the ownership interest within sixty (60) days after the date on which the company receives notice or becomes aware of the death. The price to be paid, the manner of payments, and other terms of the purchase shall be according to the "Agreement Price" and "Payment Terms" sections of this agreement. An owner who has died is referred to as a "deceased owner" below.

[Check Option 2 below if you want the estate, trust, or inheritors of a deceased owner to be able to force the company to buy his or her interest. This right can be in addition to Option 1 (company and continuing owners' right to purchase) above.]

[] Option 2: Right of Estate, Trust, or Inheritors to Force a Sale

When an owner dies, the executor or administrator of the deceased owner's estate, the trustee of a trust holding the deceased owner's ownership interest, or the deceased owner's inheritors can require the company and the continuing owners to buy all, but not less than all, of the deceased owner's interest by delivering to the company within sixty (60) days a notice of intention to force a sale ("Notice of Intent to Force a Sale") in writing. The notice shall include the name and address of the deceased owner, the date of death, a description and amount of the owner's interest in the company, the name and address of the person exercising the right to force the sale, and a statement that this person wishes to force a sale of the interest due to the owner's death as provided in this provision. The price to be paid, the manner of payments, and other terms of the purchase shall be according to the "Agreement Price" and "Payment Terms" sections of this agreement. An owner who has died is referred to as a "deceased owner" below.

Scenario 4. When an Owner's Interest Is Transferred to His or Her Former Spouse

[Check Option 1 if you want the company and owners to have the right to buy a divorced owner's interest from his or her former spouse.]

[] Option 1: Option of Company and Continuing Owners to Purchase Former Spouse's Interest

- (a) If, in connection with the divorce or dissolution of the marriage of an owner, a court issues a decree or order that transfers, confirms, or awards part or all of an ownership interest to a divorced owner's former spouse, the former spouse is deemed to have offered the newly acquired ownership interest to the divorced owner for purchase on the date of the court award or settlement, according to the terms of this agreement. If the divorced owner does not elect to make such purchase within thirty (30) days of the date of the court award or settlement, the former spouse of the divorced owner is deemed to have offered the newly acquired ownership interest to the company and the co-owners (including the divorced owner) for purchase, according to the terms of this agreement. The divorced owner must send notice to the company, in writing, that his or her former spouse now owns an ownership interest in the company. The notice shall state the name and

address of the owner, the name and address of the divorced owner's former spouse, a description and amount of the interest awarded to the former spouse, and the date of the court award. If the company does not receive notice from the divorced owner, an offer to the company and the co-owners is deemed to have occurred when the company actually receives notice orally or in writing of the court award or settlement transferring the divorced owner's interest to the owner's former spouse. The company and the co-owners (including the divorced owner) shall then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase all or part of the ownership interest within sixty (60) days after the date on which the company receives notice or becomes aware of the event triggering the Option to Purchase. The price to be paid, the manner of payments, and other terms of the purchase shall be according to the "Agreement Price" and "Payment Terms" sections of this agreement.

- (b) A former spouse who sells an ownership interest back to the company or continuing owners agrees to be responsible for any taxes owed on those sales proceeds.

Scenario 5. Expulsion of Owner

[Check Option 1 below if you want to give the company and the continuing owners the option to purchase an expelled owner's interest. If you check Option 1, also check and fill in Options 1a through 1f.]

[] Option 1: Option of Company and Continuing Owners to Purchase an Expelled Owner's Interest

- (a) When the company has three or more owners, situations may arise in which a group of owners wish to expel another owner. An owner may be expelled upon a unanimous vote of all other owners for adequate cause. Upon such expulsion, the expelled owner is deemed to have offered to sell all of his or her interest to the company and the continuing owners. The company and the continuing owners shall then have an option, but not an obligation (unless otherwise stated in this agreement), to purchase all or part of the ownership interest within thirty (30) days after the vote to expel the owner. The price to be paid shall be as specified in this section; if not so specified, then according to the "Agreement Price" section of this

agreement. The manner of payments and other terms of the purchase shall be according to the "Payment Terms" section of this agreement. An owner who has been expelled is referred to as an "expelled owner" below.

(b) Adequate cause includes, but is not limited to:

Option 1a: Any criminal conduct against the company (such as embezzlement)

Option 1b: A serious breach of the owner's duties or of any written policy of the company

Option 1c: _____

(c) If an owner is expelled for a reason listed in subsection (b), the price that the company or the continuing owners will pay for the expelled owner's ownership interest will be:

Option 1d: The full Agreement Price according to the "Agreement Price" section of this agreement.

Option 1e: Decided by an independent appraisal, according to the Appraised Value Method in the "Agreement Price" section of this agreement.

Option 1f: The Agreement Price as established in the "Agreement Price" section of this agreement, decreased by __%.

Section 4: Agreement Price

Unless otherwise provided in this agreement, the undersigned agree that the method checked below for valuing the company shall be used to determine a price for ownership interests under this agreement.

[You must check one and only one of the valuation methods below:]

Valuation Method 1: Agreed Value

The agreed value of the company shall be \$____, or such other amount as fixed by all owners of the company after the date this agreement is adopted as specified in a written

statement signed by each owner of the company. If more than one such statement is signed by the owners after this agreement is adopted, the statement with the latest date shall control for purposes of fixing a price for the purchase of ownership interests under this agreement. The value of an individual owner's interest shall be the entire value for the company as determined under this paragraph, multiplied by his or her ownership percentage.

[] Valuation Method 2: Book Value

The value of the company shall be its book value (its assets minus its liabilities as shown on the balance sheet of the company) as of the end of the most recent fiscal year prior to the purchase of an ownership interest under this agreement. The value of an individual owner's interest shall be the entire value for the company as determined under this paragraph, multiplied by his or her ownership percentage.

[] Valuation Method 3: Multiple of Book Value

The value of the company shall be ____ times its book value (its assets minus its liabilities as shown on the balance sheet of the company) as of the end of the most recent fiscal year prior to the purchase of an ownership interest under this agreement. The value of an individual owner's interest shall be the entire value for the company as determined under this paragraph, multiplied by his or her ownership percentage.

[] Valuation Method 4: Capitalization of Earnings (Adjusted for Income Taxes)

The value of the company shall be determined on the basis of ____ times the average net earnings (annual gross revenues of the company minus annual expenses and minus any annual federal, state, and local income taxes payable by the company) for the ____ fiscal years of the company (or the number of fiscal years the company has been in existence, if fewer) that have occurred prior to the purchase of an ownership interest under this agreement. The value of an individual owner's interest shall be the entire value for the company as determined under this paragraph, multiplied by his or her ownership percentage.

[] Valuation Method 5: Appraised Value

The value of the company shall be its fair market value as determined by an independent

appraiser mutually selected by the Buyer(s) and Seller of the ownership interest subject to purchase under this agreement. If the Buyer(s) and Seller are unable to agree upon an independent appraiser within thirty (30) days, within the next ten (10) days, each shall select an independent appraiser. If the selected appraisers are unable, within sixty (60) days, to agree on the fair market value of the company, then the appraisers shall select an additional independent appraiser within the next ten (10) days, who shall, within 30 days, determine the fair market value of the company. The Buyer(s) and Sellers shall equally share all costs of an appraiser mutually selected by the Buyer(s) and Seller or of an additional appraiser. All costs of an individually selected appraiser shall be paid by the party selecting the appraiser. The value of an individual owner's interest shall be the entire value for the company as determined under this paragraph, multiplied by his or her ownership percentage.

Section 5: Payment Terms

Unless otherwise provided in this agreement, the undersigned agree that the payment terms checked below shall be used for the purchase of ownership interests.

[You must check one and only one of the payment terms alternatives below.]

Payment Terms Alternative 1: Full Cash Payment

Cash payment for the Seller's ownership interest shall be made by the Buyer(s) to the Seller within ____ days of the date the company provides a Notice of Intent to Purchase to the Seller under this agreement.

Payment Terms Alternative 2: Monthly Installments of Principal and Interest

The Buyer(s) shall pay the Seller the purchase price for an ownership interest in equal installments over a term of ____ months, with interest added to the amount of each installment computed at an annual rate of _____ and compounded annually on the unpaid continuing balance of the purchase price of the ownership interest. The buyer shall make the first installment payment to the Seller by _____, and the continuing payments shall be made on the ____ of every month, until the full purchase price, together with any interest owed, is paid in full.

Payment Terms Alternative 3: Customized Schedule for Payment for

Ownership Interest

The Buyer(s) shall pay the Seller the purchase price for the ownership interest according to the schedule and other terms included below:

Signed

Signed

Printed Name

Printed Name

Date

Date

Sample Partnership Agreement

1. Partners

_____ (Partners) make the following Partnership Agreement.

2. Creation of Partnership

As of _____, the Partners agree to enter into a Partnership for the purpose of operating a business known as: _____ (Partnership Business).

The name of the Partnership (if different from name of Partnership Business) shall be: _____ (Partnership Name).

3. Nature of Partnership Business

The Partnership Business will consist of the following business activities:

4. Contributions to the Partnership

The Partners will make the following contributions to the Partnership:

Partner Name	Cash Contribution	Other Contribution (describe property and/or work; give cash value)	Total Contribution Value
	\$		\$
		Total cash value:	
	\$		\$
		Total cash value:	
	\$		\$
		Total cash value:	

Sample Partnership Agreement

5. Profit and Loss Allocation

The Partners will share business profits and losses as follows:

in the same proportions as their contributions to the business.

as follows: _____.

6. Management of Partnership Business

The Partners will have the following management powers and responsibilities:

The Partners will have equal management powers and responsibilities.

The Partners will share management powers and responsibilities as follows:

_____.

7. Addition of a Partner

A new Partner may be added to the Partnership under the following conditions:

unanimous vote of all Partners.

majority vote of Partners.

other conditions: _____.

8. Departure of a Partner

A Partner can be expelled by:

unanimous vote of the other Partners.

majority vote of the other Partners.

Any Partner who leaves voluntarily will give at least 30 days' written notice.

If any Partner leaves the Partnership for any reason, including voluntary withdrawal, expulsion, or death, the Partnership will survive. dissolve.

Sample Partnership Agreement

If the Partnership survives, the remaining Partner(s) will pay, within a reasonable time, the departing Partner, or the deceased Partner's estate, the fair market value of the departing Partner's share of the business as of the date of his or her departure. The Partnership's accountant will determine the fair market value of the departing Partner's share of the business according to the following method: _____.

9. Dispute Resolution

If a dispute arises under this Agreement, the Partners agree to first try to resolve the dispute with the help of a mutually agreed-on mediator. The Partners will share any costs and fees other than attorney fees equally. If it is impossible to arrive at a mutually satisfactory solution, the Partners agree to submit the dispute to binding arbitration in the same city or region, conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

10. Amendment of Agreement

This agreement cannot be amended without the written consent of all Partners.

11. Partner Signatures

Name: _____

Name: _____

Signature

Signature

Date: _____

Date: _____

Address: _____

Address: _____

Social Security # _____

Social Security # _____