



L. IPSUM AND PARTNERS
SIT. DOLOR. EFT.

SHAREHOLDER AGREEMENT

PARTIES:

THIS AGREEMENT, SIGNED ON THE _____^{TH/RD} OF _____, 20____, IS CREATED WITH THE FOLLOWING “PARTIES,” CONSTITUTING THE COMPLETE SET OF ENTITIES WHO ARE BOUND BY THE AGREEMENT, REGARDING [L. IPSUM AND PARTNERS, INC (YOURCO), HEREAFTER “CORPORATION”];

[Doe, John Abraham];

[Pennetexque, LLC];

[L. Ipsum and Partners, LLC];

[ipsum.com, LLP];

[Shareholder Name N.];

[Shareholder Name N.];

[Shareholder Name N.];



L. IPSUM AND PARTNERS
SIT. DOLOR. EFT.

1. PURPOSE OF AGREEMENT

- A | The Shareholders constitute the entirety of shareholders of the Corporation, a [state] corporation, and are the sole Management, Officers, Executives, Board, and Directors of the Corporation.
- B | This Shareholder Agreement is a binding contract, which defines provisions for management, execution, and control over the affairs of the Corporation, including (a) Management of the business; (b) Distribution of assets in liquidation; (c) Disposition of shares; and (d) Assessment and distribution of dividends.

2. SHARES SUBJECT TO AGREEMENT

- A | The Shareholders listed, at the time of this Agreement, now own the shares indicated of common stock. Percentages are estimated, and the Number of Shares is the controlling figure.

<i>Name</i>	<i>Number of Shares</i>	<i>Representative Percentage</i>
<i>Doe, John Abraham</i>	450	32%
<i>Pennetexque, LLC</i>	110	8%
<i>L. Ipsum and Partners, LLC</i>	500	35%
<i>Ipsum.com, LLP</i>	75	5%
<i>Shareholder Name N</i>	50	4%
<i>Shareholder Name N</i>	150	11%
<i>Shareholder Name N</i>	75	5%

Table 1. Number of Shares

- B | The listed “Parts,” constituting the defined Number of Shares, are a complete representation of all issued and outstanding capital stock of the Corporation. The Corporation has received all compensations, considerations, tenders, and moneys for the Parts of the Corporation listed in the table Number of Shares. The Shareholders have received all Parts due in return for said considerations.

This agreement applies to all shares listed, a SUM TOTAL of 1,410, one thousand four hundred and ten, at the time of this writing, and to any shares created or acquired in the future.

3. COMPANY MANAGEMENT

- A | Directors. Each Shareholder is a Director, part of the Board of Directors of the Corporation.
- B | Authority. During the term of this Agreement, the Board of Directors are responsible to perform the following:
 - I | Maintain accounting to the best of their ability of the Current Assets of the Corporation, as required by statute.
 - II | Enforce the dissemination of a “Quarterly Report.” The Quarterly Report must be sent to the Shareholders not more than 30 calendar days after the closure of the previous fiscal quarter. Such report will be used to identify profits and dividends.
 - III| The Directors must file Articles of Incorporation as required by statute, and any other certificates, acts, or orders as required.
 - IV | The Directors must enforce the maintenance of records, books, and documents as required by statute.
 - V | The Directors must enforce that the Corporation is operated within the bounds of sound business practice.
- C | The Chief Executive will be the managing executive officer of the corporation. As such, the Chief Executive Officer will maintain and control all business operations, affairs, and the following:
 - [include any special duties of the CEO here]
- D | The Chief Operating Officer will perform the following duties:
 - [include special duties of the COO]
- E | The Chief Financial Officer will perform the following duties:
 - [include special duties of the COO]
- F | The Chief [Marketing officer, Technology officer, etc]
 - [if there are any other officer titles, list them similarly]
- G | Limitations on the duties and actions of the Executives and of the Board of Directors are as follows: no Executive may perform any of the following without “Board Approval:” [insert any limitations of executives].



L. IPSUM AND PARTNERS

SIT. DOLOR. EFT.

- H | Unless stated otherwise in this Agreement, the written approval of all of the Shareholders are required before the following actions may be taken: Changes to the Articles of Incorporation, Changes to the By-Laws, Mergers or Consolidations, Issuance of shares, Transfer of Substantially all assets of the Corporation, Change to this Shareholder Agreement, or initiation of Dissolution of the Corporation. [include any other prohibited subject to written approval from the Shareholders acts]
- I | The Shareholders may be employees of the Corporation if: They are active in the Corporation's affairs, they hold Shares in the Corporation, they adhere to the duties prescribed in this Agreement, and in the By-Laws and Articles of Incorporation, and any addendums, attachments, or annexes. This Agreement does not define the title, salary, or other terms of employment. Another agreement must be made to settle any terms of employment, made in unanimous written agreement by the Shareholders.

4. NONCOMPETE AND TRADE SECRETS

- A | Shareholders acknowledge that it is a material breach of this Agreement to (a) Be employed or otherwise interested in, either direct or indirect, to a business similar to that conducted by the Corporation, and (b) to Compete with the Corporation.
- B | Trade Secrets are assets of the Corporation. Unless written consent of All Shareholders is obtained for the disclosure of such secrets, the disclosure of these Trade Secrets is a material breach of this Agreement. Trade secrets include but are not limited to: Technical specifications, contacts of customers and clients, internal Corporation matters, and proprietary processes, research, communications, or intellectual property. The general prohibition of disclosure of such Trade Secrets is perpetual in term.

5. DIVIDENDS, DISTRIBUTIONS OF PROFITS AND LOSSES

- A | Profits and losses of the Corporation will be determined by independently determined rules of accounting, and will be determined on a fiscal year basis.
- B | The Corporation shall retain a portion of its income. This "Retained Revenue" sum of [percentage], or [amount], whichever is higher will not be included into amounts distributed as Dividend. Additional Discretionary Retained Revenue may be added, as needed, with the approval of the Board of Directors, for the purposes of the following non-limiting items: conducting business and maintaining development, normal operations, or expansion of the business.
- C | After subtracting the Retained Revenue and Additional Discretionary Retained Revenue from the Gross Revenue, the Corporation should subtract any earnings required by law, including but not limited to Taxes, Expenses, Depreciation, Interest and Depreciation, resulting in a net Income amount. The Net Income may be distributed to Shareholders every financial quarter. The amount will be proportional to the Number of Shares owned. Shareholders may choose not to receive distributions, but instead offer distributions to the Corporation as a loan.

6. LOANS FROM SHAREHOLDERS TO THE CORPORATION

- A | In the event that a Shareholder elects to provide moneys to the Corporation, additionally not related to the compensation for shares, The Shareholder may provide such a loan to the Corporation, except in the following condition(s) [provide conditions where the Shareholder may not provide a loan.]
- B | The Corporation may repay the Loans provided by Shareholders upon agreement by the Shareholders that the moneys are available to pay the loan. The oldest Loans will be repaid first, unless the Shareholder waives these terms.

7. DISSOLUTION

- A | All Shareholders must agree unanimously to voluntarily dissolve the Corporation.
- B | In the case of voluntary or involuntary dissolution, at the beginning of proceedings, all business operations will cease. The only exception to this clause is for operations which must continue for the purposes of the dissolution proceedings.

During the Dissolution Proceedings, the CEO, Shareholders, or appointed persons responsible shall:

- I | Manage business that is necessary to complete the dissolution proceedings
 - II | Complete, Pay, Collect, and settle any debts or credits against the Corporation, including any litigation processes ongoing.
 - III | Sell, or otherwise convert all assets of the Corporation for Cash.
 - IV | Make any Contracts necessary in the name of the Corporation, regarding dissolution proceedings.
 - V | Employ agents or entities with power of attorney(s) to complete above tasks.
- C | The CEO, Shareholders, or entity appointed by the CEO or Shareholders shall apply any moneys, during dissolution proceedings, in the following order:



L. IPSUM AND PARTNERS
SIT. DOLOR. EFT.

- I | To liabilities or debts of the Corporation, expenses of dissolution, and in accordance with the law.
- II | To Shareholder loans
- III | To Profits, undistributed
- IV | To Repayment of the purchase of shares, by original amounts of consideration paid by Shareholders.
- V | To the shareholders as a proportion to the number of shares owned.

8. TRANSFERRING SHARES

- A | Any transfer or sale, if not authorized by the terms of this Shareholder Agreement, is void.
- B | The Shareholders agree to sell any shares to the Corporation, and the Corporation agrees to buy any shares, on the event of a Shareholder’s death. The moneys will be paid to the estate, and the executor of the estate will make the sale within 60 days of the appointment of the executor.
- C | A Shareholder may depart the Corporation by selling all of their stock held in the Corporation. If the Departing Shareholder chooses to depart, any sales must be made within 60 days of the written Notice of Intent to Depart made by the Shareholder.
- D | If a buy or sell action occurs under this section, the remaining Shareholder(s) will have right of first refusal to purchase all shares that would be purchased otherwise by the Corporation. The price will be held at the purchase price that the corporation would pay. To use this Right of First Refusal, Shareholders must provide written notice not less than 10 days before effective sale.

9. MISCELLANEOUS TERMS

- A | Any disputes shall be settled by the Corporation and Shareholders according to the following terms and format: [describe the way that any disputes can be settled. Usually, such terms are set to minimize the litigation costs (even mediation can be quite costly).]
- B | All Notices from Shareholders to the Corporation, or vice-versa, will be in writing sent in the following format:
[note the format that the notices should be sent in], to the following addresses: [list of the shareholders’ addresses, and the corporation’s official notice address.]
- C | [A section regarding who pays attorney’s fees- in the case of disputes]

10. EXECUTION

This Agreement is binding, to any successors, executors, heirs, administrators, and assigns, between the Parties named “Shareholders” and the Corporation, with all clauses and terms enforceable only if not in validation of any statute, present or future, and governed by the laws of [indicate the locality of governance]. The entire body of the Agreement is contained within these pages, of which this is the last. Any modifications or nullifications to this Agreement must be made and approved by all parties in writing, in a separate Agreement.

EXECUTED ON THIS _____^{TH/RD} DAY OF _____, 20_____, AT
[CITY, STATE/PROVINCE, COUNTRY] IN THE ENGLISH LANGUAGE ONLY.

Signed,

_____	_____	_____	_____
Name	Name	Name	Name
_____	_____	_____	_____
Name	Name	Name	Name
_____	_____	_____	_____
Name	Name	Name	Name