# SHAREHOLDER AGREEMENT

This Shareholder Agreement (the "Agreement"), effective as of [Effective Date], is entered into by and between:

[Company Name], a corporation organized and existing under the laws of the State of [State], with its principal place of business at:
[Company Address]

and the following individuals and/or entities (collectively referred to as the "Shareholders"):

Shareholder 1:
Name: [Shareholder Name]
Address: [Address]

Shareholder 2:
Name: [Shareholder Name]
Address: [Address]

## RECITALS:

WHEREAS, the Shareholders collectively own all of the issued and outstanding shares of the Corporation;

WHEREAS, the Shareholders and the Corporation desire to enter into this Agreement to define their rights and obligations and to establish the framework for the management, operation, and governance of the Corporation, including matters related to business activities, ownership of shares, profits, and corporate assets;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

## 1. SHARES

The Shareholders own the following number of shares of the Corporation's common stock, representing their respective percentage ownership of the Corporation:

[Shareholder 1 Full Name]: [Number] shares ([Percentage]%)

[Shareholder 2 Full Name]: [Number] shares ([Percentage]%)

The shares listed above constitute all issued and outstanding shares of the Corporation. Each Shareholder acknowledges receipt of share certificates, if applicable, and the Corporation confirms that full consideration has been received for all issued shares.

All shares of the Corporation, whether currently issued or issued in the future, shall be subject to the terms and conditions set forth in this Agreement.

## 2. MANAGEMENT AND CONTROL

### a) *Directors*

Each Shareholder shall serve as a member of the Board of Directors (the "Board"), unless otherwise agreed in writing.

The Board shall hold regular meetings [annually/quarterly/other: specify]. Any Shareholder may appoint another Shareholder to act as a proxy on such Shareholder's behalf, provided that prior written authorization is given.

The Board is responsible for managing and overseeing the business and affairs of the Corporation in accordance with applicable law and sound business practices. The Board shall act in the best interests of the Corporation as a separate legal entity.

The Board shall have the authority to:

(a) Operate and manage the business of the Corporation;
(b) Evaluate the financial condition and assets of the Corporation;
(c) Maintain accurate books, records, and corporate documents as required by applicable law;
(d) Provide financial and operational reports to Shareholders at least annually;
(e) Ensure all required filings and legal obligations are met;

Directors shall be elected or confirmed at meetings of the Shareholders, as agreed by the parties.

### b) *Officers*

The Corporation shall have the following officers:

(a) President and Chief Executive Officer (CEO): [Name]
(b) Vice President: [Name]
(c) Treasurer: [Name]
(d) Secretary: [Name]

**Duties**

(a) President (CEO): Responsible for day-to-day operations and reporting to the Board. Duties shall include, but are not limited to: [Describe duties]
(b) Vice President: [Describe duties]

(c) Treasurer: [Describe duties]
(d) Secretary: [Describe duties]

**Compensation**

(a) President: $[Amount]
(b) Vice President: $[Amount]
(c) Treasurer: $[Amount]
(d) Secretary: $[Amount]

The Board may appoint a Chairperson to preside over meetings and coordinate communication between Shareholders and Officers.

Chairperson: [Name]

Shareholders may serve as Officers, provided they meet their responsibilities under this Agreement and applicable corporate documents.

The following actions require approval of all Officers (or another specified threshold):

[Describe actions requiring unanimous officer approval]

**Termination of Officers**

An Officer may be removed for:

(a) Violation of this Agreement;
(b) Failure to perform assigned duties;
(c) Engagement in misconduct or unlawful conduct;

Upon any such termination, the Corporation shall have the right to purchase the terminated Officer's shares or otherwise redistribute them among the remaining Shareholders in accordance with this Agreement or applicable law.

## 3. CORPORATE LIMITATIONS

The Corporation shall not undertake certain fundamental actions without the prior approval of [all Shareholders / a specified percentage of the Shareholders].

Such actions shall include, but are not limited to:

(a) Any merger, consolidation, or similar transaction involving the Corporation;
(b) Amendment, modification, or repeal of the Corporation's Articles of Incorporation;
(c) Issuance of additional shares or creation of new classes of stock;
(d) Sale, lease, or other transfer of all or substantially all of the Corporation's assets;
(e) Amendment of this Agreement;
(f) Any voluntary dissolution or liquidation of the Corporation.

These restrictions shall apply throughout the existence of the Corporation and shall remain in full force and effect.

## 4. CAPITAL CONTRIBUTIONS

If the Shareholders determine, by a vote of [a simple majority or specified percentage], that additional capital is required for the Corporation to meet its obligations or to continue its operations, the Shareholders may approve one of the following options by a vote of [a two-thirds (

:

(a) Provide additional funding to the Corporation in the form of loans (which may be interest-free or interest-bearing, as agreed by the Shareholders), to be made on a pro rata basis; or
(b) Authorize the Corporation to issue additional shares, which may be offered to existing Shareholders on a pro rata basis or otherwise as determined by the Shareholders in their sole discretion.

The terms and conditions of any such funding or share issuance shall be set forth in a written agreement duly executed by the parties.

## 5. DISTRIBUTIONS

The Corporation may, at the discretion of the Board, make distributions to Shareholders from time to time, but shall not be obligated to do so.

Prior to declaring any distribution or dividend, the Board shall determine that:

(a) The Corporation has sufficient earnings or surplus; and
(b) The Corporation is in compliance with applicable laws and accounting standards (including generally accepted accounting principles (GAAP), where applicable).

Distributions may be made in the form of cash dividends or other property, as determined by the Board in its sole discretion.

The Board shall have full authority to determine the timing, amount, and form of any such distributions.

## 6. TRANSFER OF SHARES

No Shareholder may sell, transfer, assign, or otherwise dispose of any shares except in accordance with the provisions of this Agreement.

**a)** ***Right of First Refusal – Corporation***

A Shareholder intending to transfer any shares (the "Selling Shareholder") must first offer such shares to the Corporation in writing.

The offer shall, at a minimum:

(a) Include the following:
    i) Name and contact details of the Selling Shareholder;
    ii) Number of shares offered;
    iii) Proposed purchase price;
    iv) The terms and conditions of the proposed sale;
    v) Deadline for acceptance ([Number] days).

The Corporation shall have [Number] days from receipt of such offer to accept or reject the offer.

**b)** ***Right of First Refusal – Shareholders***

If the Corporation declines or fails to accept the offer, the Selling Shareholder shall then offer the shares to the remaining Shareholders on a pro rata basis.

The same terms and conditions as set forth in the original offer shall apply.

The offer shall remain open for [Number] days.

Any offer not accepted within the specified time period shall be deemed rejected.

**c)** ***Mandatory Buyout Events***

The Corporation shall have the right or obligation, as applicable, to purchase all (and not less than all) shares of a Shareholder upon the occurrence of any of the following events (each, a "Triggering Event"):

(a) Termination of employment or relationship with the Corporation (if applicable);
(b) Legal incapacity or appointment of a guardian;
(c) Filing for bankruptcy, insolvency, or assignment for the benefit of creditors;
(d) Attempted unauthorized transfer of shares;
(e) Death of the Shareholder.

Upon occurrence of any such event, the Corporation shall provide written notice to the Shareholder or the Shareholder's legal representative and proceed with the purchase as soon as reasonably practicable following such event.

## 7. VALUATION OF SHARES

If the Corporation is required or entitled to purchase shares under this Agreement, the purchase price shall be determined in accordance with the Fair Market Value of such shares (the "Fair Market Value").

**a)** ***Annual Valuation***

The Fair Market Value shall be determined annually by the Shareholders at a meeting and approved by a vote of [a majority or specified percentage].

Such valuation shall be documented in writing and communicated within [Number] business days following such meeting.

**b)** ***Independent Valuation***

If the Shareholders are unable to agree on the Fair Market Value, the Fair Market Value shall be determined by an independent third-party valuation firm.

(a) The Corporation, acting through any Officer, shall propose [Number] qualified valuation firms;
(b) The Shareholders shall select one such firm by a vote;
(c) The selected firm shall determine such Fair Market Value in accordance with generally accepted valuation principles, including, where applicable, generally accepted accounting principles (GAAP).

The determination made by the independent valuation firm shall be final, binding, and conclusive on all parties and not subject to further dispute.

## 8. DISPUTE RESOLUTION

In the event of any dispute arising among the parties out of or in connection with this Agreement or the Corporation, the parties shall first attempt to resolve such dispute through good faith negotiations.

If the dispute cannot be resolved through such negotiations, the parties agree to submit the dispute to mediation conducted in accordance with the then-current mediation rules of [mediation provider, such as the American Arbitration Association (AAA)].

(a) Any party may object in writing to the selection of a mediator within [Number] days of such selection;
(b) If an objection is made, a replacement mediator shall be selected;
(c) If the parties cannot agree on a mediator, any party may apply to a court of competent jurisdiction for the appointment of a mediator.

If mediation does not result in a resolution, the dispute shall be resolved through binding arbitration.

(a) Arbitration shall be conducted in accordance with [Arbitration Rules, such as the rules of t
;
(b) The place of arbitration shall be [City, State];
(c) Any party may object to the selection of an arbitrator within [Number] days;

(d) If no agreement is reached, any party may apply to a court of competent jurisdiction for the appointment of an arbitrator.

The decision of the arbitrator shall be final, binding, and conclusive upon all parties, and judgment upon the award may be entered and enforced in any court of competent jurisdiction.

## 9. NON-COMPETITION AND CORPORATE OPPORTUNITIES

Each Shareholder acknowledges that any business opportunity that is within the Corporation's line of business or reasonably related thereto and arises during such Shareholder's involvement with the Corporation shall be deemed a corporate opportunity belonging exclusively to the Corporation.

Each Shareholder agrees that such Shareholder shall not, during such Shareholder's involvement with the Corporation and for a period of [Time Period] following the termination of such Shareholder's involvement with the Corporation:

(a) Engage in or participate in any business that materially competes with the Corporation within [Geographic Area];
(b) Solicit, induce, or attempt to solicit or induce any employees, officers, directors, or Shareholders of the Corporation;
(c) Otherwise engage in any activity that materially interferes with the Corporation's business.

The foregoing restrictions shall apply to the fullest extent permitted by applicable law and shall be construed accordingly.

## 10. CONFIDENTIAL INFORMATION

Each Shareholder agrees to maintain the confidentiality of, and not disclose, any **Confidential Information** or **Trade Secrets** of the Corporation to any third party during the term of this Agreement and, with respect to Trade Secrets, at all times thereafter.

**Confidential Information** includes any non-public, commercially valuable information, whether written, oral, or in any other form, relating to the Corporation, including but not limited to:

(a) Business plans, financial data, and forecasts;
(b) Customer and supplier information;
(c) Intellectual property, software, and technical data;
(d) Internal processes, strategies, and operations.

**Trade Secrets** include any information that derives independent economic value, actual or potential, from not being generally known and is subject to reasonable efforts to maintain its secrecy.

Confidential Information shall not include information that:

(a) Is or becomes publicly available without breach of this Agreement;
(b) Was lawfully known prior to disclosure;
(c) Is received from a third party without restriction and without breach of any confidentiality obligation;
(d) Is independently developed without use of or reference to Confidential Information.

## 11. LEGEND ON SHARE CERTIFICATES

Each share certificate issued by the Corporation, if any, shall include a legend substantially in the following form:

"These shares are subject to the terms and conditions of a Shareholder Agreement entered into by the Corporation and its Shareholders. Such Agreement may restrict the transfer, sale, or other disposition of these shares. A copy of the Agreement is available from the Corporation upon written request."

## 12. TERMINATION

This Agreement shall automatically terminate upon the occurrence of any of the following events:

(a) Dissolution or liquidation of the Corporation, whether voluntary or involuntary;
(b) Bankruptcy, insolvency, or assignment for the benefit of creditors by the Corporation;
(c) By written agreement of all Shareholders to terminate this Agreement.

Upon termination, all rights and obligations under this Agreement shall cease, except for those provisions that, by their nature or express terms, are intended to survive termination.

## 13. DISSOLUTION AND WINDING UP

The Corporation shall not voluntarily dissolve without the approval of [all Shareholders / a s

.

Upon the dissolution of the Corporation, it shall cease its business operations except as necessary to wind up its affairs. Such winding up activities may include:

(a) Paying or collecting outstanding debts and obligations;
(b) Defending or resolving legal claims;
(c) Recovering improper or unlawful distributions;
(d) Selling or distributing corporate assets;
(e) Engaging agents or professionals as needed to complete the winding up process.

After all liabilities of the Corporation have been satisfied or adequately provided for:

1. The remaining assets shall first be applied to any outstanding obligations (excluding Shareholder loans, unless otherwise agreed);
2. Thereafter, any remaining amounts shall be distributed to Shareholders in accordance with their ownership interests, or as otherwise agreed.

## 14. AMENDMENTS

This Agreement may be amended, modified, or supplemented only by a written agreement signed and duly executed by [all Shareholders / a specified percentage of the Shareholders].

## 15. [RESERVED]

[Optional additional provisions may be inserted here]

## 16. [RESERVED]

[Optional additional provisions may be inserted here]

## 17. GENERAL PROVISIONS

**a)** ***Governing Law***

This Agreement shall be governed by and construed in accordance with the laws of the State of [State], without regard to its conflict of laws principles.

Any legal action or proceeding arising out of or in connection with this Agreement shall be brought exclusively in the state or federal courts located in the State of [State], and the parties hereby consent to the jurisdiction of such courts.

**b)** ***Filing***

This Agreement shall be maintained with the Corporation's official records and updated from time to time to reflect amendments or the addition of new Shareholders, in accordance with applicable law.

**c)** ***No Third-Party Beneficiaries***

This Agreement is intended solely for the benefit of the parties hereto and shall not create any rights or remedies in favor of any third party.

**d)** ***Language***

This Agreement shall be executed and interpreted in the English language.

**e)** ***Assignment***

No party may assign or transfer its rights or obligations under this Agreement without the prior written consent of [all Shareholders / a specified percentage of the Shareholders].

**f)** ***No Waiver***

No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the party granting such waiver.

Failure of any party to enforce any provision shall not be deemed a waiver of that provision or any other provision.

**g)** ***Severability***

If any provision of this Agreement is determined to be invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it enforceable, and the remaining provisions shall remain in full force and effect.

**h)** ***Entire Agreement***

This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements, understandings, or representations, whether written or oral.

**i)** ***Headings***

Headings used in this Agreement are for convenience only and shall not affect the interpretation of its provisions.

**j)** ***Counterparts***

This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

The Agreement shall become effective as of the date on which all parties have executed it (**[Effective Date]**).

**k)** ***Notices***

All notices under this Agreement shall be in writing and delivered by one of the following methods:

(a) Personal delivery;
(b) Certified or registered mail;
(c) Courier service; or
(d) Electronic communication (including email), if agreed by the parties.

Notices shall be sent to the addresses set forth in this Agreement or as otherwise designated in writing.

## EXECUTION AND SIGNATURES

IN WITNESS WHEREOF, the undersigned Shareholders have executed this Shareholder Agreement as of the date first written above.

**Shareholder 1:** [Full Name]

Signature:

Date: [Enter a date]

---

**Shareholder 2:** [Full Name]

Signature:

Date: [Enter a date]

---

**Company Representative** (if applicable): [Name, Title]

Signature:

Date: [Enter a date]

---

DISCLAIMER: This template is provided for general informational and reference purposes only. It does not constitute legal advice and should not be relied upon as such.