SHAREHOLDER AGREEMENT

This Shareholder Agreement (this "Agreement") takes effect on _____, 20____ (the "Effective Date"). It is made among _____, a _____ corporation (the "Corporation"), and the shareholders listed below (each a "Shareholder").

Shareholder 1: _____, address _____, holding _____ shares.

Shareholder 2: _____, address _____, holding _____ shares.

Shareholder 3: _____, address _____, holding _____ shares.

The Shareholders together hold all of the Corporation's issued and outstanding shares (the "Shares").

1. BOARD OF DIRECTORS AND VOTING

The board will have _____ directors. Each Shareholder holding at least _____% of the outstanding Shares may name one director, and each Shareholder will vote its Shares to elect the directors so named. Nothing in this Agreement requires a director to break a fiduciary duty.

If the articles of incorporation or bylaws conflict with this Agreement, the Shareholders will vote to amend them to match this Agreement.

2. RESERVED MATTERS

The Corporation will not take any of the following actions without the written consent of Shareholders holding at least _____% of the outstanding Shares (the "Required Approval"): issuing new shares or options; amending the articles or bylaws; selling all or most of the business; merging or reorganizing; borrowing outside the ordinary course of business; deals with a Shareholder, director, officer or their relatives; and dissolving the Corporation. Other matters: _____.

3. RESTRICTIONS ON TRANSFER

No Shareholder may sell, give, pledge or otherwise transfer any Shares except as this Agreement allows. Every new holder must first sign a joinder agreeing to be bound by this Agreement. Any other transfer is void.

Right of first refusal. A Shareholder that wants to accept a written offer from an outsider must first offer the Shares on the same terms to the Corporation, which has 30 days to accept, and then to the other Shareholders, who have 20 more days to accept in proportion to their Shares. Shares not bought may be sold to the outsider within 90 days on terms no better for the buyer.

Tag-along. If a Shareholder sells to an outsider, each other Shareholder may sell the same fraction of its Shares at the same price and on the same terms.

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Drag-along. If Shareholders holding at least _____% of the Shares approve a sale of the whole Corporation to an unrelated buyer, every Shareholder will sell on the same terms per Share, with liability capped at the proceeds it receives.

Each share certificate, or the notice sent for uncertificated Shares, will note conspicuously that the Shares are subject to this Agreement.

4. PURCHASE ON DEATH, DISABILITY OR DEPARTURE

On a Shareholder's death, long-term disability, or departure from work for the Corporation (check those that apply: [ ] death [ ] disability [ ] departure [ ] divorce [ ] bankruptcy), the Corporation may buy, and then the other Shareholders may buy, all of that Shareholder's Shares at the Purchase Price.

Purchase Price (check one): [ ] the value per Share last agreed in writing by all Shareholders, updated each year, with an appraisal if it is more than 24 months old; [ ] fair market value set by an independent appraiser; [ ] book value at the last fiscal year end; [ ] this formula: _____.

Payment (check one): [ ] in full within 90 days; [ ] 20% at closing and the rest by a promissory note over _____ years with interest at the applicable federal rate, secured by the Shares bought.

5. CAPITAL, DISTRIBUTIONS AND PRE-EMPTIVE RIGHTS

No Shareholder must contribute more money. Before issuing new shares, the Corporation will offer each Shareholder the chance to buy its proportionate share on the same terms, except for an approved equity plan, stock splits and acquisitions. Dividends are paid in proportion to Shares held.

6. CONFIDENTIALITY AND RESTRICTIVE COVENANTS

Each Shareholder will keep the Corporation's non-public information confidential while it holds Shares and for three years after. For _____ months after it stops holding Shares, each Shareholder will not compete with the Corporation's business within _____ or solicit its customers or employees, to the extent the law of the governing state allows.

7. DEADLOCK AND DISPUTES

If the owners cannot decide an important matter at two meetings held at least 10 days apart, they will try mediation. Disputes are governed by the laws of _____, the state of incorporation, and any lawsuit will be brought in the courts serving _____ County. Any party may ask a court to enforce the transfer and purchase terms directly.

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8. GENERAL TERMS

This Agreement ends when one Shareholder holds all Shares, the Corporation is sold or listed on a national securities exchange, or all parties agree in writing. It is the complete agreement on its subject, can be changed only in a writing signed by the Corporation and all Shareholders, and binds heirs and successors. If any part is unenforceable, the rest stays in effect. It may be signed in counterparts and electronically.

Additional terms: _____

Date signed: _____

SIGNATURES

Corporation, by its authorized officer

Signature: _____ Date: _____

Printed Name: _____

Shareholder

Signature: _____ Date: _____

Printed Name: _____

Shareholder

Signature: _____ Date: _____

Printed Name: _____

Shareholder

Signature: _____ Date: _____

Printed Name: _____

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