

Corporate stock redemption agreement

PREVIEW

1. This agreement is used to restrict the transfer of stock, usually in small closely held corporations. It thus provides for mandatory repurchases by the corporation at pre-designated price computation methods in the event of the occurrence of certain events such as the death of a shareholder.

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Form: Corporate stock redemption agreement

PREVIEW

CORPORATE STOCK REDEMPTION AGREEMENT

This agreement is made on _____, by and between [names], Stockholders in [Corporation], of [address], hereinafter called the Stockholders, and [name], hereinafter called the Corporation.

The Stockholders are presently active in the management of the corporation and own the following stock interest in it:

[Name] shares Certificate No.

and, **PLEASE DO NOT COPY**

The Corporation is dependent upon and derives substantial benefit from the continued active interest and participation of the Stockholders in the management of the Corporation, and,

The parties believe that the maintenance of harmonious management is in the best interest of the Corporation and the Stockholders and for this reason that ownership of stock in the Corporation remain in and be restricted to the parties hereto, and,

It is the Stockholders' and the Corporation's purpose to provide for the purchase by the Corporation of a deceased Stockholder's stock, to provide for the purchase of a withdrawing Stockholder's stock, and to provide a method of valuation of the stock.

It is mutually agreed that:

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1. Upon the death of a Stockholder, the Corporation shall purchase and the personal representative of the deceased Stockholder shall sell to the Corporation all of the stock in the Corporation owned by the deceased Stockholder at the time of [his or her] death at the price and under the terms and conditions hereinafter provided.

a. If the Corporation is unable to make such purchase required of it because of the provisions of its charter, its bylaws, or any applicable state or federal law, the Corporation and Stockholders agree to take such action as may be necessary to permit the Corporation to make such purchase.

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2. Unless altered as herein provided, for purposes of determining the purchase price to be paid for the stock of a Stockholder, the fair market value of each share of stock shall be, as of the date of this Agreement, One Dollar (\$1.00).

a. The Corporation and the Stockholders shall redetermine the value of the stock within sixty (60) days following the end of each fiscal year. Such redetermination shall be recorded on Schedule A attached hereto and made a part hereof of the Corporation and the Stockholders to make the required annual redetermination of value for a particular year, the

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last previously recorded value shall control, provided, however, that if no revaluation has been agreed upon for a period of two years before a Stockholder's death, the value of the deceased Stockholder's shares shall be agreed upon by the personal representative of the Stockholder and the Corporation.

b. If the personal representative and the Corporation are unable to reach an agreement within thirty (30) days after the Stockholder's death, the value of the deceased Stockholder's shares shall be determined as of the date of the Stockholders' death by independent appraisal and arbitration as follows. One appraiser shall be selected by the Corporation, one by the personal representative of the deceased Stockholder and a third by the first two appraisers chosen. The decision of the majority shall be binding on all parties hereto and their successors in interest.

3. The Corporation shall be obligated to pay the purchase price for the deceased Stockholder's stock in full or in part as soon as the amount thereof is ascertained and the balance, if any, in not more than twenty-four (24) monthly installments. If it elects to pay any part of its obligation in installments, it shall give to the personal representative of the deceased Stockholder its promissory note for the balance so payable, the note to be payable in twenty-four (24) equal monthly installments with interest at ten percent (10%) per annum on the unpaid balance. The note shall provide for the acceleration of the due dates of all unpaid installments on the default in the payment of any one installment within forty-five (45) days after the date due.

4. In the event that a Stockholder desires to sell any of his stock during his lifetime, he shall give written notice thereof to the Corporation which shall have an option for a period of forty-five (45) days from the receipt of such notice to purchase such stock at the price determined by Article 2 and under such other terms as offered by the selling Stockholder. The option may be exercised by the Corporation only as to all of such offered stock and by its delivery of written notice thereof to the Stockholder before the expiration of such 45 day period.

a. If the Corporation does not exercise its option, the Stockholder desiring to sell shall offer it at the same price and terms to the remaining Stockholder who shall have an option, exercisable within forty-five (45) days, to purchase that portion of the stock offered for sale. If any stock is not purchased by the Corporation or the remaining Stockholder, the selling Stockholder may seek another purchaser but shall not sell it at a price and on terms more favorable than those offered to the Corporation and other Stockholder unless the Corporation and other Stockholder are first given an offer to purchase at such favorable price and terms.

5. The certificate or certificates of stock subject to this Agreement shall not be assigned or otherwise disposed of during the continuance of this Agreement except as herein provided.

a. The stock certificates shall be endorsed as follows:

"This certificate and any disposition of it are subject to the terms of an Agreement executed _____ between the Stockholder whose name appears on

the face hereof, the _____ Corporation and the other Stockholder, [name]."
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b. The certificates should be held by the Treasurer of the Corporation to be held by that officer or his successor subject to the terms and conditions of this Agreement.

6. This Agreement shall terminate upon:

a. The written agreement of the Stockholders and the Corporation;

b. The bankruptcy, receivership, or dissolution of the Corporation or a Stockholder;

or

c. The death of all Stockholders within a period of 30 days.

7. In the event of divorce between a Stockholder and [his or her] spouse, the value of [his or her] undivided interest in the business shall be determined as of the date of filing of the petition for divorce in the manner provided in the valuation provision of this Agreement. An undivided interest representing [his or her] community share of the value so determined shall constitute the entire interest of the divorced spouse in the business. Each Stockholder and [his or her] spouse agree that in the event of divorce between them, the spouse shall sell and the corporation shall purchase [his or her] interest upon terms to be agreed upon between themselves or, in default of agreement, upon the terms specified in this Agreement. IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first written.

8. This Agreement may be altered, amended, or modified at any time by written agreement signed by the Stockholders and the Corporation.

9. This Agreement shall be binding not only upon the parties hereto but also upon their heirs, personal representatives, successors and assigns, and the parties hereto agree for themselves and their heirs, personal representatives, successors and assigns to execute any instruments in writing which may be necessary or proper in carrying out the purposes of this Agreement.

10. Where appropriate in this Agreement, words used in the singular shall include the plural. The law of the State of Texas shall govern this Agreement.

Signed on _____

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President

Stockholder

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, Secretary , Stockholder

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The undersigned, [name], spouse of [name], who as a stockholder executed the foregoing instrument, hereunto subscribes [his or her] name in evidence of [his or her] agreement and consent to the disposition to be made of the stock of [name], in the event of divorce, referred to in the foregoing Agreement in Article 7, and to all other provisions thereof,

Signed on _____.

[Signature]

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The undersigned, [name], spouse of [name], who as a stockholder executed the foregoing instrument, hereunto subscribes [his or her] name in evidence of [his or her] agreement and consent to the disposition to be made of the stock of [name], in the event of divorce, referred to in the foregoing Agreement in Article 7, and to all other provisions thereof,

Signed on _____.

[Signature]

THIS DOCUMENT

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