

BUY-SELL AGREEMENT

This Buy-Sell Agreement (this "Agreement") is entered into and made effective as of (the "Effective Date"), by and among [COMPANY NAME], a Llc organized under the laws of the State of [STATE], with its principal office at [COMPANY S PRINCIPAL OFFICE ADDRESS] (the "Company"), and the individuals and entities listed on **Schedule A** (each, an "Member" and collectively, the "Members"). The Company and the Members are each a "Party" and collectively the "Parties."

Recitals

A. The Members collectively own one hundred percent (100%) of the issued and outstanding Membership Interests of the Company.

B. The Parties desire to (i) restrict the transfer of Membership Interests so as to preserve the continuity, ownership, and character of the Company's business; (ii) provide a fair and orderly mechanism for the purchase and sale of Membership Interests upon the occurrence of certain triggering events; and (iii) create a market for Membership Interests where none otherwise exists.

C. This Agreement is a **hybrid** buy-sell arrangement in which the Company has the first option to purchase Membership Interests upon a Triggering Event, and the remaining Members have a secondary obligation to purchase any Membership Interests not acquired by the Company.

D. The Parties acknowledge that this Agreement is entered into for bona fide business purposes and that its terms are the product of arm's-length negotiation among the Parties.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the Parties agree as follows.

1. Definitions

"Membership Interest" means a membership interest in the Company, including all economic, voting, and management rights associated therewith.

"Purchase Price" means the amount payable for the Membership Interests being purchased, calculated under Section 4.

"Triggering Event" means any event set forth in Section 3 that obligates or permits the purchase of an Member's Membership Interests.

"Selling Member" means the Member (or estate, legal representative, trustee, or successor) whose Membership Interests are being sold.

"Purchasing Party" means the Company (as first-option purchaser) or the other Members (as secondary purchasers), as provided in Section 3A.

2. General Transfer Restrictions

Except as expressly permitted by this Agreement, no Member shall sell, transfer, assign, pledge, hypothecate, encumber, gift, devise, or otherwise dispose of any Membership Interest (whether voluntarily, involuntarily, by operation of law, or otherwise), in whole or in part, without the prior written consent of all other Members. Any purported transfer in violation of this Agreement shall be void ab initio, and the Company shall not recognize any such purported transferee.

Transferee adoption agreement. Any transferee must execute and deliver a counterpart signature page or adoption agreement binding the transferee to this Agreement.

Permitted transfers. Permitted transfers (subject to adoption agreement): (a) to another current Member; (b) to the Company; (c) to a revocable living trust for the transferring Member's estate plan where the Member is sole trustee and sole lifetime beneficiary; and (d) to immediate family as part of a bona fide estate plan.

3. Triggering Events

Upon any Triggering Event, the Membership Interests held by the affected Member shall be subject to purchase under Section 3A and Sections 4–5.

3A. Hybrid Purchase Structure (Company First, Then Members)

Upon a Triggering Event, the Company shall have the first option, exercisable within thirty (30) days, to purchase all or any portion of the Selling Member's Membership Interests at the Purchase Price. To the extent the Company does not exercise that option in full, the other Members shall be obligated to purchase any remaining Membership Interests pro rata based on then-current holdings of the purchasing Members. If one or more Members decline, the remaining willing Members may absorb the declined portions pro rata.

4. Purchase Price and Valuation

Fair market value — independent appraisal. The Purchase Price equals the fair market value of the Selling Member's Membership Interests as determined by an independent business appraiser (ABV or ASA credentialed) selected by mutual agreement within thirty (30) days after the Triggering Event. If they cannot agree, each shall appoint one appraiser, and those two shall appoint a third neutral appraiser; the Purchase Price is the average of the two closest of the three appraisals. Appraisal costs are borne by the Company.

Annual valuation review. The Members shall meet annually, no later than end of January, to review and update valuation via updated Schedule B. If not updated in any year, the most recent valuation continues to govern.

5. Payment Terms

Installment payment. (i) 20% of the Purchase Price in cash at closing (the "Down Payment"); and (ii) the balance evidenced by a promissory note of the Purchasing Party, payable in equal consecutive monthly installments over 5th (5) years, at 5% per annum (not less than the Applicable Federal Rate under IRC §1274). The note shall be substantially in the form of **Exhibit D** and secured by a pledge of the transferred Membership Interests held in escrow.

Hybrid — insurance plus installment. Available insurance proceeds are applied first to the Purchase Price. Any balance is paid via the installment structure above, with insurance proceeds credited toward the Down Payment obligation.

Closing. Closing occurs at the Company's principal office. Selling Member delivers executed assignment and transfer documents; Purchasing Party delivers Purchase Price (or Down Payment plus executed note).

6. Insurance Funding

Insurable interest recital. Each policy owner has a valid insurable interest in the life of each insured person. Each insured Member consents to being insured.

Entity-owned insurance. The Company shall apply for, own, pay premiums on, and be sole beneficiary of life insurance on each Member with death proceeds of at least **\$1,000,000.00** (one million dollars and 00/100) per insured Member, or such greater amount as needed to fund the purchase obligation. Premiums are non-deductible under IRC §264. The Company's basis in redeemed Membership Interests equals the redemption price paid.

IRC §101(j) notice-and-consent acknowledgment. Under IRC §101(j), death benefits on employer-owned life insurance are taxable unless, before policy issuance, the employee was notified in writing of the employer's intent to insure and of the maximum face amount, consented in writing to being insured (including post-termination continuation), and was informed the employer is the beneficiary. Each insured Member acknowledges receipt of such written notice for coverage of at least **\$1,000,000.00**, consents in writing to such insurance (including post-termination continuation), and acknowledges the Company as owner/beneficiary. Each Member shall execute IRS Form 8925 as directed.

Premium proof. Within 15 days after each premium due date, the Company shall provide evidence of premium payment to each Member.

7. Right of First Refusal

If any Selling Member receives a bona fide written third-party offer that the Member desires to accept, the Member shall deliver a ROFR Notice stating (i) proposed transferee, (ii) Membership Interests offered, (iii) price, and (iv) other material terms.

Election period. Within 30 days, the Company and then the other Members (in priority) may elect to purchase all (not less than all) at the same terms. Multiple electing Members purchase pro rata.

Failure to exercise. If not fully elected, the Selling Member may complete sale to the third party within ninety (90) days on terms no more favorable than the ROFR Notice.

8. Specific Performance and Remedies

The Membership Interests are unique; breach causes irreparable harm; each Party may seek specific performance, injunctive relief, and other equitable remedies without bond or proof of damages. All remedies cumulative.

9. Confidentiality

The existence and terms of this Agreement, valuation methodology, Schedule B, and all financial information exchanged hereunder are confidential. No Party shall disclose except (a) to attorneys, accountants, insurance brokers, lenders under confidentiality obligations; (b) as required by law or court order (with notice where permissible); or (c) as required for administration.

10. State-Specific Provisions

11. Termination and Amendment

Termination. Terminates on the earliest of: (a) written agreement of Members holding a supermajority (at least 66.7%); (b) dissolution, receivership, or bankruptcy of the Company; or (c) only one Member holding Membership Interests.

Amendment. By written instrument executed by Members holding a supermajority (at least 66.7%) and by the Company.

Anti-windfall. No termination or amendment may disadvantage any Member whose Membership Interests have been offered (or deemed offered) but not yet closed.

12. Dispute Resolution

Mediation; Arbitration. Good-faith mediation in [VENUE CITY FOR DISPUTES], [STATE] for 30 days; then binding AAA arbitration in the same venue.

13. General Provisions

Governing Law. Laws of the State of [STATE], without regard to conflict-of-laws rules.

Notices. Written; effective on personal delivery, third day after registered/certified mail, next business day after overnight courier, or confirmed email delivery. Electronic notices valid under ESIGN (15 U.S.C. §7001 et seq.) and state UETA.

Binding Effect. Binds and benefits heirs, successors, legal representatives, estates, trustees, and permitted assigns.

Counterparts/Electronic Signatures. Multiple counterparts; PDF and electronic signatures valid.

Entire Agreement. Together with Schedules and Exhibits, constitutes the entire agreement; controls over conflicting operating agreement, bylaws, or partnership agreement as among the Parties.

Severability. Invalid provisions narrowed to the minimum extent necessary.

Waiver. No waiver by delay or partial exercise; written waiver required.

Effectiveness. Effective on the Effective Date upon execution by all Members and an authorized officer of the Company.

Signatures

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COMPANY:

Authorized Officer

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Members:

Member

_____ PRINTED NAME

_____ SIGNATURE

DATE

Schedule A — List of Members

| Member | Address | Ownership % | |---|---|---| | [OWNER 1 FULL LEGAL NAME] | [OWNER 1 ADDRESS] | 50% |

Schedule B — Valuation / Insurance Face Amounts

Valuation method: Independent appraisal at each Triggering Event

Minimum life insurance face amount per insured Member: \$1,000,000.00

| Insured Member | Policy Owner | Beneficiary | Minimum Face Amount | |---|---|---|---| | [OWNER 1 FULL LEGAL NAME] | Company | Company | \$1,000,000.00 |