CORPORATION
BUY-SELL AGREEMENT ORGANIZER

(S Corporations and C Corporations)

(Professional and Business Corporations)

Durrell Law Group P.C.

1400 W. Benson Blvd., Suite 370
Anchorage, AK 99503
907-258-3224 phone
907-258-3229 fax
info@durrell.com
www.durrell.com

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Transferability of Stock:

Whether a transfer of stock will be permitted, restricted, or prohibited generally depends upon the identity of the transferee and the nature of the rights obtained by the transferee.

Please place in each cell of the following table the appropriate number from the list below to reflect how each type of transfer should be handled in the case of each possible category of transferee:

	Categories of Possible Transferees				
	Other Shareholders	Descendants of Shareholders	Spouses of Shareholders	Employees of the corporation	Anyone
Lifetime Gift					
Lifetime Sale					
Involuntary Transfers[1]	X	X	X	X	
Death					

Possible consequences of proposed transfer:

1. Permitted
2. Permitted subject to right of first refusal held by corporation and other shareholders (applicable only to sales)
3. Permitted subject to option to buy-back for specified price by corporation and other shareholders
4. Permitted, but transferee has an option to sell stock back to corporation for specified price (generally applicable only in event of death)
5. Permitted subject to consent of shareholders (what percentage vote required for consent? _____%)
6. Not permitted - Triggers obligation to buy-back for specified price
7. Not permitted – Void

Should transfers to a revocable trust for which the shareholder is the Trustee and Trustor be permitted? Yes ____ No ____

Should transfers in trust for a spouse or child be permitted (assuming transfers to the spouse or child would be permitted)? Yes ____ No ____

In the case of death of a shareholder, should the applicable transfer restriction be triggered by:

_____event of death
_____the transfer from the deceased shareholder's estate to the beneficiary

1 Lifetime Involuntary transfers include bankruptcy, execution by judgment creditor, transfer to spouse incident to divorce, etc.

Purchase Price and Terms:

If a purchase is triggered for a specified price, select from the following choices of how the purchase price be determined and what will be the payment terms:

_____ Formula:____

_____ Pro rata share of business value per appraisal

_____ Pro rata share of business book value per financial statements

_____ Value of shares per appraisal (after minority and lack of marketability discounts)

_____ Periodic agreement of shareholders

Will there be life insurance to fund a death-time purchase? Yes ____ No ____

If so, will the corporation or the other shareholders own the life insurance?____________________

Will the payment terms be cash at closing or seller financing?_______________________________

If seller financing, describe the payment terms (interest rate, amortization, payment amount, payment frequency, collateral, due date):_______________________________

____

Exit Mechanisms:

In a few cases we include options to sell (Put Option) or buy (Call Option) shares not triggered by the transfer of stock. Should we include any Put Options or Call Options? Yes ____ No ____

Ø Put Option: Should a shareholder under any circumstance (e.g., termination of employment with the corporation or deadlock among the shareholders) have an option to sell shares to the corporation or the other shareholders? Yes ____ No ____

If yes, explain:____

Ø Call Option: Should a shareholder under any circumstances (e.g., termination of employment of another shareholder, unauthorized attempt to transfer, or deadlock among the shareholders) have an option to purchase shares to the other members? Yes ____ No ____

If yes, explain:____

What will be the price and terms in the case of a Put or Call Option?______________________

____

Ø Deadlock: Should a mechanism be included that permits a shareholder to trigger the forced purchase or sale of stock? Yes ____ No ____. Must a deadlock precede the triggering of the mechanism? Yes ____ No ____. Such a mechanism is a good way to ensure that a clean break can be achieved, but generally all parties must have the financial strength to participate.

If applicable, select from the following mechanisms:

________ Show Down: Any shareholder may make an offer to one or more of the other shareholders to buy an interest at a specified price and terms. The offeree has a specified period to turn the table and buy the offeror's shares for the specified price and terms, or must sell at the specified price and terms.

________ Bidding: A shareholder may make an offer to one or more of the other shareholders to buy shares at a specified price and terms. The offeree has a specified period to bid higher (with a specified minimum increment) to purchase the offeror's shares or the offeree must accept the offer and sell the shares.

The payment terms under either of these mechanisms must be cash or be clearly specified in the agreement.

Business Sales:

The controlling shareholder is frequently granted the right to sell the entire business. Under such a provision, the controlling shareholder would have the right to "pull along" the other shareholders in the sale transaction. If a pull-along right is granted, the non-controlling shareholders typically have the right to "tag along" if the pull along right is not exercised.

Should we include Pull Along/Tag Along rights? Yes ____ No ____

If yes, what percentage should be used to define controlling shareholder? ______%