

SHAREHOLDERS AGREEMENT

THIS AGREEMENT made this _____(1)_____ day of _____(2)_____, _____(3)_____, by and between _____(4)_____, hereinafter "Shareholders" of _____(5)_____, hereinafter "Corporation".

WITNESSETH:

WHEREAS, the parties believe it is in their best interest to unanimously agree to terms below related to the operation, management and control of the Corporation in order to achieve harmonious balance and direction.

NOW THEREFORE, the parties agree to the following:

1. The Shareholders agree to maintain "S" status of the Corporation for federal tax purposes throughout a period of five (5) years from the date hereof unless seventy-five percent (75%) of outstanding stock of the Corporation is voted in such a manner as to consent to the revocation of such status.

2. The parties hereto agree to execute a Buy-Sell Agreement between and mutually acceptable by the parties.

3. For a period of five (5) years from the date of this Agreement, the Shareholders as Directors shall, unless one is either no longer a Shareholder, or unable or unwilling to perform, vote for the following officers:

_____ (6) _____ President

_____ (7) _____ Vice President/Treasurer

_____ (8) _____ Secretary

4. Restrictive Endorsements shall be set forth on all the stock certificates for the Corporation which shall set forth that such stock is subject to the Buy-Sell Agreement terms as well as to the voting restrictions contained herein.

5. The Corporation shall do its banking business at _____(9)_____ or at such bank or banks as determined in the sole discretion of the Directors. The signature of any one officer of the Corporation shall be sufficient for checks or drafts up to the amount of One Thousand Dollars (\$1,000.00). The joint signature of either _____(10)_____ or _____(11)_____ as one party, and _____(12)_____ as the other party will be necessary for any check over the amount of One Thousand Dollars (\$1,000.00).

6. The Shareholders consent that upon the occurrence of a situation whereby the operating capital of the Corporation is not sufficient to meet operating expenses and upon a majority vote by the Shareholders each Shareholder shall make the required contribution as to such total request within thirty (30) days of request of a Shareholder in the proportion of their stock ownership interest in the Corporation. Failure to make such contribution within said thirty (30) days will result in the then remaining Shareholders having the right to purchase the prorata share of the stock held by the Shareholder who has failed to make his capital contribution by purchasing the capital contribution together with interest at prime (as determined by Chase Manhattan Bank) plus one percent (1%).

7. The parties hereto agree that the Corporation shall lease certain real property for its corporate purposes.

8. The Corporation shall utilize the accrual method of accounting with a year ending in

December of any given year.

9. Corporate books shall be kept in the offices of the Corporation unless the Shareholders agree otherwise. The books are to be maintained under generally accepted accounting standards with sufficient controls and audit trail necessary for easy outside review. A monthly financial operating statement shall be sent to each Shareholder not later than seven (7) working days after the last day of the previous month. Such financial report shall include current month and year to date results of operation and balance sheet information. Furthermore, at the request of any Shareholder, the parties agree to an annual financial review for a previous year of business. Any such annual review shall be performed by someone other than the CPA who is utilized for day to day operations by the Corporation.

10. For transactions involving up to and including the amount of One Thousand Dollars (\$1,000.00), any officer of the Corporation is authorized to enter into in the future any and all contracts and leases for the improvements, purchase, maintenance, sale, lease or other disposition of corporate property in the form customary for such agreements. Furthermore, to the extent of the above stated limit an officer may borrow money on behalf of the Corporation at commercially reasonable terms. Any transaction of whatever kind, over and above the amount of One Thousand Dollars (\$1,000.00) shall be agreed to in writing prior to the binding the Corporation to the same by Shareholders holding a minimum of seventy-five percent (75%) of the outstanding shares of the Corporation. Furthermore, each Director must sign each agreement, lease, contract or other document in which any corporate obligation is created to signify their consent to approving the same.

11. The Shareholders hereof shall be respectively entitled to reimbursement from the Corporation for all personal out-of-pocket direct costs, including on-site costs incurred by them in furthermore of the Corporation's business. Such Shareholders shall furnish written receipts relative to the same upon request. It is expressly understood that no cost over and above One Thousand Dollars (\$1,000.00) shall be incurred without the written consent of the Shareholders holding a minimum of seventy-five (75%) of the outstanding shares of the Corporation.

12. The parties hereto agree to execute any and all necessary documents required to carry out the terms of this Agreement.

13. This Agreement shall be binding upon, and inure to the benefit of the parties thereto, their legal representatives, successors and assigns. However, no assignment shall be made of the rights hereunder without the prior written consent of the other parties.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of _____(13)_____.

15. This Agreement embodies and constitutes the entire understanding between the parties with respect to the transactions contemplated herein. All prior or contemporaneous agreements, understandings, representations, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought and then only to the extent set forth in such instrument.

16. In the event a party to this Agreement must employ an attorney to enforce the provisions hereof or to secure performance by a defaulting party under the terms herein stated, the prevailing party in litigation arising therefrom shall be entitled to an award of its reasonable attorney's fees both on trial and the appellate level incurred in enforcing this Agreement and/or securing performance of the terms herein stated.

17. This Agreement shall have an initial term of five (5) years and shall be renewed for additional five (5) year terms automatically and perpetually thereafter unless a Shareholder

decides to terminate the same within sixty (60) days of the end of a term, whereupon such Shareholder shall be deemed to have offered his stock under the Buy-Sell Agreement described above as amended. This Agreement shall terminate upon the earlier of the following:

- a. Dissolution of the Corporation;
- b. Mutual agreement of the parties hereto;
- c. Bankruptcy of the Corporation or of any Shareholder.

18. All notices that the parties hereto may desire or be required to give hereunder shall be deemed to have been properly given and shall be effective when and if sent by U.S. regular mail, postage prepaid, U.S. certified mail and/or by personal delivery or by courier, addressed to the following:

NAME	ADDRESS
_____ (14) _____	_____ (15) _____
_____ (16) _____	_____ (17) _____
_____ (18) _____	_____ (19) _____

This Agreement has been entered into on the date set forth above.

_____ (20) _____
Shareholder

_____ (21) _____
Shareholder

_____ (22) _____
Shareholder

Acceptance, ratification and acknowledgment of the above terms:

_____ (23) _____
Director

_____ (24) _____
Director

_____ (25) _____
Director

ATTEST: _____ (26) _____
Secretary

NOTICE

The information in this document is designed to provide an outline that you can follow when formulating business or personal plans. Due to the variances of many local, city, county and state laws, we recommend that you seek professional legal counseling before entering into any contract or agreement.