

Buy-Sell Agreement

BUY-SELL AGREEMENT made the _____

Between

(name)

of the city of _____ in the province of _____

(herein called _____),

and

(name)

in the province of _____ of the city of _____

(herein called _____)

WHEREAS

(1) The parties own or control all the issued and outstanding shares in _____ Corporation Limited (herein called the Corporation) as follows: (set, out shareholdings)

(2) The parties desire to provide for their mutual protection if either dies or wishes to withdraw from the Corporation

THIS AGREEMENT WITNESSES that the parties covenant and agree as follows:

I The parties shall not transfer, encumber, or in anyway deal with any of their shares in the Corporation except as provided for in this agreement.

During the lifetime of the parties

2. If either _____ or _____ wishes to dispose of his/her shares in the Corporation, he/she (herein called the Offeror") shall first offer in writing to sell all his/her shares to the other party (herein called the "Offeree") on the following terms and conditions.

3. The offer shall contain:

(a) an offer to sell all the shares of the Corporation owned or controlled by the Offeror or (herein called "all his/her shares" or "shares") at the arbitrary price stipulated in the offer.

(b) an offer to purchase all the shares of the Corporation owned or controlled by the Offeree (herein called "all his/her shares" or "the shares") at the same price.

(c) an undertaking to close the purchase or sale on a date fixed not less than _____ days and not more than _____ days from the service of the offer on the Offeree at the time and place fixed in the offer.

4. If the Offeree accepts the offer to sell under paragraph 3, the Offeror (herein called "the Vendor") shall sell and transfer all his/her shares to the Offeree (herein called "the Purchaser") who shall purchase and pay for them on the date and the place stated in the offer for the arbitrary price stipulated in the offer.

5. If the Offeree accepts the offer to purchase under paragraph 3(b), the Offeree (herein called the

5. Vendor "shall sell all his/her shares to the Offeror (herein called "the Purchaser") who shall purchase and pay for them on the date and at the place stated in the offer for the arbitrary price stipulated in the offer.

6. If the Offeree does not accept either of the alternative offers in accordance with the provisions, he/she shall be deemed to have accepted the Offeror's offer to sell all his/her shares to the Offeree and the Offeree (herein called "the Purchasee") shall purchase and pay for them on the date and at the place stated in the offer for the arbitrary price stipulated in the offer.

7. At the time set for closing the Vendor shall deliver to the Purchaser in exchange for the items set out in paragraph 8 -

(a) certificates for all his/her shares duly endorsed in blank for transfer,

(b) his/her resignation from the board and that of his/her spouse and nominees, if applicable,

(c) his/her resignation as an employee and that of his/her spouse and members of his/her family who may be in the employ of the Corporation;

(d) an assignment to the Purchaser of all debts, if any, owing by the Corporation to the Vendor,

(e) a release of all claims the Vendor has or may have against the Corporation and the Purchaser,

(f) assignment, of all insurance policies on the life of the Purchaser as set out in Appendix A;

(g) a certified cheque payable to the Purchaser for an amount equal to the aggregate of the cash surrender value of all policies on the life of the Vendor as set out in Appendix A,

(h) all other documents necessary or desirable in order to carry out the true intent. of this agreement.

8. At the time set for closing the Purchaser shall deliver to the Vendor in exchange for the items set out in paragraph 7 above:

(a) a certified cheque payable to the Vendor for the full amount of the arbitrary purchase price of the shares,

(b) a certified cheque payable to the Vendor for the full amount of any indebtedness owing by the Corporation to the Vendor as recorded on the books of the Corporation and verified by the Corporation's accountant;

- (c) a certified cheque payable to the Vendor for an amount equal to the aggregate of the cash surrender value of all policies on the life of the Purchaser as set out in Appendix A;
- (d) a release by the Corporation of all debts, if any, owing by the Vendor to the Corporation;
- (e) a release of all claims the Corporation and the Purchaser have or may have against the Vendor;
- (f) a release of all guarantees given by the Vendor on behalf of the Corporation;
- (g) all securities, free and clear of all claims, which belong to the Vendor and are lodged with any person (including the Corporations banks) to secure an indebtedness or credit of the Corporation;
- (h) assignments of all insurance policies on the life of the Vendor as set out in Appendix A;
- (i) all other documents necessary or desirable in order to carry out the true intent of this agreement,

9. If on the closing date the Vendor neglects or refuses to complete the transaction or does not comply with the procedures herein set out the Purchaser has the right upon such default (without prejudice to any other rights that he/she may have), upon payment by him/her of the purchase price (plus or minus any adjustments herein provided) to the credit of the Vendor in any chartered bank in the city of _____ (or to the solicitor for the Corporation in trust for on behalf of, and in the name of the Vendor), to complete the transaction as above. The Vendor hereby irrevocably constitutes the Purchaser his/her true and lawful attorney to complete the said transaction and execute on behalf of the Vendor every document necessary or desirable in that behalf (If there is more than one vendor, this power of attorney shall apply to both vendors.)

10. If on the closing date the Purchaser neglects or refuses to complete the transaction, or does not comply with the procedures herein set out, the Vendor has the right upon such default (without prejudice to any other rights that he/she may have) to Give to the Purchaser, within ten (10) days after such default, notice that on the twenty-first day after the original closing date, he/she (herein called "the New Purchaser") will purchase from the Purchaser (herein called "the New Vendor") all the shares of the Corporation owned or controlled by the New Vendor, for an amount equal to seventy-five percent (75%) of the purchase price set out in paragraph 8(a) and at the same time fix a new date within thirty (30) days and a time and place for closing; whereupon, on the new date for closing, the New Vendor shall sell all his/her shares to the New Purchaser who shall purchase the same for the new purchase price, and it is expressly agreed that all the terms of this agreement applicable to the closing of the sale and purchase of shares and to the adjustment of purchase price, if any, shall be applicable to the said closing The New Vendor hereby constitutes the New Purchaser his/her true and lawful attorney to complete the said transaction and execute on behalf of the New Vendor every document necessary or desirable in that behalf. (If there is more then one vendor, this power of attorney shall apply to both vendors.)

11. No offer hereunder shall be given while another offer is outstanding or a sale pending or until _____ days after any sale is aborted after the death of a patty

12. Within _____ days of the death of either _____ or _____ (provided the survivor is alive on the thirtieth day after the death of the first deceased), the survivor (Purchaser) shall purchase and the estate of the deceased (Vendor) shall sell to the survivor all his/her shares owned or controlled by the deceased at the time of hi/her death for the most recent price stipulated in the offer.

13. The legal representatives of the deceased shall fix, in writing a date not more than _____ days from the date of death a time and a place for the closing of the sale of its shares.

14. At the time set for closing the Purchaser shall deliver to the Vendor/Estate in exchange for the items set out in paragraph 15 -

(a) a certified cheque payable to the Vendor/Estate for the full amount of the purchase price as set out in the offer;

(b) a certified cheque payable to the Vendor/Estate for the full amount of any indebtedness owing by the Corporation to the deceased;

(c) a certified cheque payable to the Vendor/Estate for the amount of the cash surrender value on all insurance policies on the life of the Purchaser listed in Appendix A;

(d) a certified cheque payable to the Vendor/Estate for the amount, if any, by which the aggregate net proceeds received by the Purchaser from the Insurers in Appendix A exceeds the aggregate of (a), (b), and (c) above;

(e) a release by the Corporation and the Purchaser of all debts and other claims that they have or in may have against the Vendor/Estate,

(f) a release of all guarantees given by the deceased Vendor on behalf of the Corporation;

(g) all securities free and clear of all claims, belonging to the deceased Vendor which are lodged with any person (including the Corporation's banks) to secure any indebtedness or credit of the Corporation;

(h) all other documents necessary or desirable in order to carry out the true intent of this agreement.

15. At the time set for closing, the Vendor/Estate shall deliver to the Purchaser in exchange for the items set out in paragraph 14:

(a) certificates for all the Vendor's shares duly endorsed for transfer in blank with signature guaranteed by a bank or trust company;

(b) evidence of authority of executors to sign;

(c) succession duty release for the shares if applicable;

(d) resignations from the board and employment of all members of the deceased's family and nominees;

(e) an assignment to the Purchaser of all debts, if any, owing by the Corporation to the Vendor.

(f) a release of all claims the deceased Vendor or his/her Estate has or may have against the Corporation or the Purchaser-

(g) an assignment to the Purchaser of all insurance policies on the life of the Purchaser listed in Appendix A.

(h) all other documents necessary or desirable in order to carry out the true intent of this agreement.

Insurance

16. In order to ensure that all or a substantial part of the purchase price for the shares of the deceased party< will be available immediately in cash upon his/her death each of the parties hereto has procured insurance on the other's life as set out in Appendix A. Additional policies may be taken out for the purposes of this agreement and they shall be added to Appendix A

17. Each of the parties hereto agrees throughout the term of this agreement, to maintain and pay the premiums as they fall due on the life insurance policies listed in Appendix A owned by him/her.

18. The insurers set out in Appendix A are hereby authorized and directed to give any party hereto, upon written request, all information concerning the status of the said policies.

19. If any premium on any insurance policy is not paid within_____days after its due date, the party insured shall have then to pay such premium and be reimbursed by the owner together with interest at the rate of____percent per month on the amount so paid in respect of such premium from the overdue payment until the date of reimbursement.

20. Immediately upon the death of one of the parties hereto, the survivor shall proceed as expeditiously as possible to collect the proceeds of the policies on the deceased party, and the legal representatives of the Estate of the deceased party shall apply and expedite the application for letters of administration or letters probate, as maybe required,

21. The parties shall not assign, encumber, borrow upon, or otherwise deal with any of the insurance policies set out in Appendix A.

General

22. The parties shall not throughout the term of this agreement and until a valid sale of the shares is completed under this agreement do or cause or permit to be done anything out. of the normal course of business of the Corporation.

23. Time shall be of the essence of this agreement and everything that relates thereto.

24. The parties agree to execute and deliver any documents necessary or desirable to carry out the true purpose and intent of this agreement

25. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs; executors, administrators, and assigns.

IN WITNESS WHEREOF we have set our hands and our seals this_____day of_____20__

(SIGNED, SEALED, AND DELIVERED)

in the presence of

(Witness signature)

(Signature)

(Witness signature)

(Signature)

Appendix A

Corporation Limited

Buy-Sell Agreement

Life insurance policies on the life of _____

owned by _____

Insurer

Number

Amount

Life insurance policies on the life of _____

owned by _____

Insurer

Number

Amount

ALTERNATE VALUATION CLAUSES

Valuation by auditor - Book value at fixed date

The survivor and the executors or administrators of the deceased shall cause a valuation of all other shares of common and preferred stock of the Corporation to be made by the auditors of the Corporation based on the book value of the Corporation on the first day of the month immediately preceding the deceased's death. If Within thirty (30) days the survivor and the executors or administrators of the deceased have not signified their approval of the valuation of the shares of the Corporation as determine d by the auditors, the value of such share s shall be fixed by a board of three (3) arbitrator selected as follows: the survivor shall select one arbitrator, the executors or administrators of the decease d shall select one arbitrator, and the two so selected shall select. the third arbitrator and the decision of a majority of the said arbitrator s as to such valuation shall be final.

Book value - Capitalization of fixed assets

To the book value of the shares of the Corporation shall be added an amount equal to ___ times the difference between the average net profit of the Corporation, after payment of all taxes and dividends for ___ complete fiscal years of the Corporation immediately preceding the deceased's death, and _____ percent of the adjusted net asset value of the Corporation as above determined at the date of the deceased's death.