

# SIMPLE SHAREHOLDER AGREEMENT

Company Name: \_\_\_\_\_

State of Incorporation: \_\_\_\_\_

## **Parties:**

This Simple Shareholder Agreement (the "Agreement") is entered into by and among the persons identified as Shareholders below (in

## **Recitals:**

WHEREAS, the Shareholders own all of the issued and outstanding shares of the Company; WHEREAS, the Shareholders desire to set forth the terms and conditions governing their rights and obligations as shareholders of the Company; NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

## **1. Definitions**

In this Agreement, the following terms shall have the meanings set forth below: "Board" means the board of directors of the Company; "Shares" means the shares of the Company's issued stock held by the Shareholders.

## **2. Shareholders and Ownership**

Each Shareholder owns the number and class of Shares set forth opposite such Shareholder's name on Schedule A attached hereto. Shareholders shall cause to be maintained an accurate and complete Shareholder register reflecting ownership of Shares.

## **3. Management and Board of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board. Shareholders agree to vote their Shares to elect and maintain the Board as provided in Schedule B.

## **4. Transfer Restrictions**

No Shareholder shall sell, assign, pledge, encumber, or otherwise transfer any Shares except in compliance with this Agreement. Any proposed transfer shall be subject to a right of first refusal by the Company and/or other Shareholders as set forth herein.

## **5. Right of First Refusal**

Before any Shareholder may transfer Shares to a third party, the Company and other Shareholders shall have the right to purchase such Shares on the same terms by matching the offer within thirty (30) days.

## **6. Tag-Along Rights**

If one or more Shareholders propose to transfer Shares to a third party, the other Shareholders shall have the right to include their Shares in such transfer on a pro rata basis.

## **7. Drag-Along Rights**

If Shareholders holding a majority of the Shares approve a sale of the Company, all Shareholders shall be required to sell their Shares on the same terms.

## **8. Dividends**

Dividends shall be declared and paid at the discretion of the Board in accordance with applicable law and the Company's governing documents.

## **9. Covenants**

Each Shareholder agrees to abide by the Company's bylaws, to act in good faith toward the Company and other Shareholders, and to not compete with the Company during ownership and for one year thereafter.

## **10. Confidentiality**

Each Shareholder agrees to keep confidential all non-public Company information and not to disclose such information to any third party except as required by law or with consent.

## **11. Dispute Resolution**

Any dispute arising under this Agreement shall be resolved first by mediation, and if unresolved, by binding arbitration in accordance with the rules of the American Arbitration Association.

## **12. Term and Termination**

This Agreement shall continue in effect until terminated by written agreement of all Shareholders or by the dissolution of the Company.

## **13. Amendments**

This Agreement may be amended only by a written instrument signed by Shareholders holding at least seventy-five percent (75%) of the Shares.

## **14. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts of law principles.

## **15. Entire Agreement**

This Agreement, together with all schedules and exhibits hereto, constitutes the entire agreement among the parties and supersedes all prior agreements.

## **16. Severability**

If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

## **17. Notices**

All notices under this Agreement shall be in writing and delivered personally, by certified mail, or by recognized overnight courier to the addresses on file with the Company.

## **18. Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

## **19. Waiver**

No waiver of any breach or default shall be deemed a waiver of any subsequent breach or default.

## **20. Signatures**

The parties have executed this Agreement as of the date first written above.

**SHAREHOLDER'S SIGNATURE**

**COMPANY REPRESENTATIVE SIGNATURE**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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