

CROSS PURCHASE BUY-SELL AGREEMENT

This Cross-Purchase Buy-Sell Agreement (this "Agreement") is entered into as of (the "Effective Date") by and among the individuals and entities listed on **Schedule A** (each, an "Member" and collectively, the "Members"), with respect to their ownership of **[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"). The Company joins solely for the limited purposes of acknowledging this Agreement, maintaining the transfer restrictions on its books, and effectuating transfers hereunder. Each Member and the Company are each a "Party."

Recitals

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

B. The Members desire to provide, through a **cross-purchase** arrangement, that upon the occurrence of certain Triggering Events, each surviving or remaining Member shall purchase directly from the Selling Member (or such Member's estate, trustee, or legal representative) a pro-rata portion of the affected Membership Interests.

C. The Parties acknowledge that a cross-purchase structure provides each surviving Member with a **stepped-up tax basis** in the acquired Membership Interests equal to the Purchase Price paid — a material tax advantage over an entity redemption.

D. The Company is not a buyer under this Agreement and shall have no obligation to expend Company funds to purchase any Membership Interests.

NOW, THEREFORE, in consideration of the mutual covenants, the Parties agree as follows.

1. Definitions

"Membership Interest" means a membership interest in the Company.

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

"Purchasing Members" means all Members other than the Selling Member who are obligated or entitled to purchase Membership Interests hereunder.

"Pro-Rata Share" of any Purchasing Member means the ratio of such Member's Membership Interests to the total Membership Interests held by all Purchasing Members immediately before the purchase.

"Purchase Price" has the meaning in Section 4.

"Triggering Event" means any event in Section 3.

2. Transfer Restrictions

No Member shall sell, transfer, assign, pledge, encumber, gift, devise, or otherwise dispose of any Membership Interest except as expressly permitted herein. Any purported transfer in violation is void ab initio.

Adoption agreement. No transferee shall be recognized until executing a counterpart binding the transferee to this Agreement.

Permitted transfers. (a) to another Member; (b) to a revocable living trust of the transferring Member (sole trustee/lifetime beneficiary); and (c) pursuant to this Agreement. Each requires an adoption agreement.

3. Triggering Events

3A. Cross-Purchase Mechanics

Upon a Triggering Event, each Purchasing Member, severally and not jointly, shall purchase the Selling Member's Membership Interests in proportion to such Purchasing Member's Pro-Rata Share. The Company is not a buyer. Each Purchasing Member's acquired interest shall have tax basis equal to the Purchase Price paid, producing a stepped-up basis for future transactions.

Absorption. If any Purchasing Member fails or declines to purchase such Member's Pro-Rata Share, the remaining Purchasing Members may absorb the declined portions pro rata among themselves.

4. Purchase Price and Valuation

Appraisal. Independent ABV/ASA appraiser selected by mutual agreement within 30 days; if none, three-appraiser method with average of two closest values. Costs shared pro rata by Purchasing Members.

Annual review. Members shall meet by end of January annually to refresh Schedule B. Absent update, prior valuation continues.

5. Payment Terms

Installments. 20% down, balance by Purchasing Member's promissory note, equal monthly installments over 5 years at 5% (\geq AFR under IRC §1274), secured by escrowed Membership Interests. **Hybrid.** Insurance proceeds first; remainder via installment note with proceeds credited to Down Payment.

Closing. At the Company's principal office or as agreed. Selling Member delivers assignment documents; each Purchasing Member delivers its share of Purchase Price (or Down Payment plus note).

6. Insurance Funding (Cross-Purchase)

Insurable interest. Each Member has a valid insurable interest in each other Member arising from this Agreement. Each insured Member consents to being insured.

Cross-purchase insurance. Each Member shall apply for, own, pay premiums on, and be sole beneficiary of one or more life insurance policies on each other Member, with face amount at least the greater of (i) each beneficiary's pro-rata share of the Purchase Price or (ii) **\$1,000,000.00** (one million dollars and 00/100) per insured.

Each owner shall maintain such policies, not cancel, lapse, surrender, pledge, or modify without unanimous consent of other Members; shall apply dividends to reduce premiums; and shall deliver proof of payment within 15 days of each due date. Any Member may cure a missed premium and be reimbursed with interest at the installment rate.

Trusteed cross-purchase advisory. With n Members, cross-purchase requires $n \times (n - 1)$ policies. The Members may unanimously elect an insurance trustee arrangement where a single trustee holds policies for all Members.

7. Right of First Refusal

On any bona fide third-party offer the Selling Member wishes to accept, the Member delivers a ROFR Notice. Within 30 days, the other Members may elect to purchase all (not less than all) on the same terms, pro rata among electors. If not fully elected, the Selling Member may close with the third party within 90 days on terms no more favorable than the ROFR Notice.

8. Specific Performance

Membership Interests are unique; each Party may obtain specific performance and injunctive relief without bond or damages proof. Remedies cumulative.

9. Confidentiality

Terms, valuation, Schedule B, and financial information are confidential, disclosable only to (a) professional advisors under confidentiality, (b) legally compelled disclosures with notice, or (c) as needed to administer this Agreement.

10. State-Specific Provisions

11. Termination and Amendment

Terminates on: (a) written consent of Members holding a supermajority (at least 66.7%); (b) dissolution/receivership/bankruptcy of the Company; or (c) only one Member remains.

Amend only by written instrument of Members holding a supermajority (at least 66.7%).

Anti-windfall. No termination/amendment may impair a pending purchase.

12. Dispute Resolution

30-day mediation then AAA arbitration in [VENUE CITY FOR DISPUTES], [STATE].

13. General Provisions

Governing Law. [STATE]. **Notices.** Personal, certified mail, overnight courier, or confirmed email; ESIGN/UETA valid. **Binding Effect / Counterparts / Entire Agreement / Severability / Waiver.** Standard. **Effectiveness.** Effective on execution by all Members and the Company.

Signatures

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

COMPANY (for limited acknowledgment):

Authorized Officer

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Members:

Member

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Schedule A — Members

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

Schedule B — Valuation / Cross-Purchase Insurance

Method: Independent appraisal

Minimum per-policy face amount: \$1,000,000.00

Each Member owns a policy on each other Member ($n \times (n-1)$ total policies).

Insured	Policy Owner(s) / Beneficiary	Minimum Face	
	[OWNER 1 FULL LEGAL NAME]		
	Each other Member	\$1,000,000.00	