

REDEMPTION BUY-SELL AGREEMENT

This Redemption (Entity-Purchase) Buy-Sell Agreement (this "Agreement") is entered into and made effective as of (the "Effective Date") by and among [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"), and the Members listed on **Schedule A** (each, an "Member" and collectively, the "Members"). The Company and the Members are each a "Party."

Recitals

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

B. The Parties desire to implement a **redemption** (entity-purchase) buy-sell structure in which the Company is the sole purchaser of Membership Interests upon Triggering Events. Redeemed Membership Interests shall be retired (or, in the case of corporations, returned to treasury or cancelled per applicable state law), and the proportional ownership of the remaining Members shall automatically increase.

C. The Parties understand and acknowledge that under a redemption structure (i) remaining Members do **not** receive a stepped-up tax basis in their existing Membership Interests as a consequence of the redemption; (ii) the transaction may be treated as a dividend rather than a sale/exchange under IRC §§301–302 absent a complete termination or substantially disproportionate redemption; and (iii) the Company's ability to redeem may be limited by state-law surplus, solvency, or distribution statutes.

NOW, THEREFORE, the Parties agree:

1. Definitions

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

"Redemption" means the purchase by the Company of a Selling Member's Membership Interests and the concurrent retirement or cancellation of such Membership Interests.

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

"Purchase Price" has the meaning in Section 4.

"Triggering Event" means any event in Section 3.

2. Transfer Restrictions

No Member shall sell, assign, transfer, 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. Any permitted transferee must execute a counterpart binding the transferee.

Permitted transfers. (a) to another Member; (b) to the Company under this Agreement; (c) to a revocable living trust of the transferor (sole trustee/lifetime beneficiary); (d) to immediate family as part of a bona fide estate plan. Each requires an adoption agreement.

3. Triggering Events

3A. Redemption Mechanics

The Company shall be the sole purchaser under this Agreement. Upon a Triggering Event, the Company shall redeem the Selling Member's Membership Interests at the Purchase Price, and such Membership Interests shall be retired. The remaining Members's percentage interests increase automatically.

Tax treatment notice. The remaining Members do not receive a stepped-up basis in their existing Membership Interests. The redemption may be treated as a distribution taxable as a dividend to the Selling Member under IRC §§301/302 unless it qualifies as a complete termination of interest (§302(b)(3)) or as substantially disproportionate (§302(b)(2)). Each Selling Member is advised to consult independent tax counsel regarding §302 treatment and any §318 family-attribution issues.

State-law solvency / distribution compliance. The Company shall only redeem to the extent permitted by applicable state law governing distributions, surplus, or repurchases, and the Company's board shall make any required solvency or surplus determination prior to closing.

4. Purchase Price and Valuation

Appraisal. ABV/ASA; three-appraiser fallback with average of two closest. Costs borne by the Company.

Annual review. By end of January; absent update, prior value continues.

5. Payment Terms

Installments. 20% down; balance by Company promissory note over 5 years at 5% (\geq AFR under §1274); secured by escrowed/retired Membership Interests or a security interest in Company assets as agreed.

Hybrid. Insurance proceeds first; balance via installment note.

Closing. At the Company's principal office. Selling Member delivers assignment documents; Company delivers Purchase Price (or Down Payment plus note) and causes retirement/cancellation of the

Membership Interests.

6. Insurance Funding (Entity-Owned)

Insurable interest. The Company has insurable interest in each Member as a key participant in Company operations and this Agreement; each insured Member consents.

Entity-owned life insurance. The Company shall own, pay premiums on, and be sole beneficiary of policies on each Member, face amount at least **\$1,000,000.00** (one million dollars and 00/100) per insured, or as needed to fund the redemption obligation. Premiums are non-deductible (IRC §264). Upon death benefit receipt, the Company's basis in redeemed Membership Interests equals the redemption price paid.

Premium proof. The Company shall furnish Members with proof of premium payment within 15 days of each due date.

IRC §101(j) notice-and-consent. Under §101(j), death benefits on employer-owned life insurance are taxable unless pre-issuance written notice-and-consent requirements are met. Each insured Member **acknowledges written notice** of the Company's intent to insure the Member up to **\$1,000,000.00**; **consents in writing** to such insurance (including continuation after termination of employment/ownership); and **acknowledges** the Company as owner/beneficiary. The Company shall file IRS Form 8925 annually.

7. Right of First Refusal

On any bona fide third-party offer, the Selling Member delivers a ROFR Notice. Within 30 days, the Company (first) and then the other Members may elect to purchase all (not less than all) on the same terms. Failure to fully elect: Selling Member may close with the third party within 90 days on no-more-favorable terms.

8. Specific Performance

Membership Interests are unique; equitable remedies available without bond or damages proof. Remedies cumulative.

9. Confidentiality

Terms, valuation, Schedule B, financials are confidential; disclosures limited to professional advisors, legally compelled disclosures, and administration.

10. State-Specific Provisions

11. Termination and Amendment

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

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

Anti-windfall. Termination/amendment cannot impair a pending redemption.

12. Dispute Resolution

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

13. General Provisions

Governing Law ([STATE]); Notices (ESIGN/UETA); Binding Effect; Counterparts; Entire Agreement; Severability; Waiver; Effectiveness upon execution by all Members and an authorized officer of the Company.

Signatures

COMPANY:

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 / Entity-Owned Insurance

Method: Independent appraisal

| Insured | Policy Owner | Beneficiary | Minimum Face | |---|---|---|---| | [OWNER 1 FULL LEGAL NAME] | Company | Company | \$1,000,000.00 |