

Stock Purchase Agreement

INTRODUCTION: This is an offer and agreement to buy and sell corporate stock, dated _____

1. DEFINITIONS: The following definitions and designations shall apply regardless of number or gender:

CORPORATION _____

BUSINESS _____ State of Registration _____

Address _____

BUYER _____ SELLER (All shareholders)
 See attached (Shareholder Authorization form)

Contact Person _____ Authorized Shareholder _____

SIGNING: Signing of this Agreement by both Buyer and Seller.

DAYS: Calendar days.

CLOSING: Transfer of Stock from Seller to Buyer.

STOCK: All the outstanding stock of the Corporation which is now owned by Seller and is to be purchased by Buyer.

BALANCE SHEET AT SIGNING: Corporation's latest balance sheet disclosed to Buyer prior to Signing adjusted to exclude certain assets and liabilities as agreed to by Buyer and Seller (e.g., loans to or from shareholders), dated _____, which is attached.

BALANCE SHEET AT CLOSING: Corporation's balance sheet as of Closing.

NET WORKING CAPITAL (NWC): The value of net working capital included in the Consideration as defined and identified in paragraph 4.a.

2. SALE OF STOCK: Seller agrees to sell to Buyer and Buyer agrees to buy from Seller all the outstanding Stock on the terms and conditions set forth in this Agreement.

3. The total consideration, which includes all assets and liabilities of the Corporation except as excluded in 9.d.viii and 9.e.iv., shall be \$ _____ paid or credited as follows:

a. \$ _____ as a deposit by Buyer upon signing this Agreement and included as part of the down payment.
 Broker is authorized to:

- hold deposit check uncashed until escrow instructions are signed, or
- deposit check into escrow trust account or broker trust account upon acceptance of offer.

b. \$ _____ additional cash deposited in escrow upon signing of escrow instructions.

c. \$ _____ additional cash deposited in escrow _____ days before Closing.

d. \$ _____ additional down payment provided from third party financing as described in paragraph 5.d.

e. \$ _____ Total Down Payment

(a+b+c+d)

f. \$ _____ approximate balance of a non-negotiable, secured promissory note payable to Seller in equal monthly installments, including _____ % per annum interest computed from Closing, to fully amortize over _____ months (i.e., \$ _____ per month), with payments to begin one month from Closing. Note shall be secured by a pledge agreement on the Stock and a security agreement on the assets of the Business, contain a right to prepay without penalty and be assumable with Seller's consent, which shall not be unreasonably withheld. Seller note shall be subordinated to any third-party financing described in paragraph 5.d. If Buyer is a corporation or other entity, its owners shall personally guarantee this promissory note.

See attached addendum for further details of the secured promissory note.

g. \$ _____ amount for long-term liabilities on the Balance Sheet at Signing

h. \$ _____ Total Consideration

(e + f + g)

4. CLOSING AND POST-CLOSING ADJUSTMENTS:

- a. Net Working Capital ("NWC"): The Consideration includes NWC of \$ _____. NWC is defined as the sum of \$ _____ cash, accounts receivable (AR) and inventory (if applicable), less the sum of customer deposits and accounts payable (AP). NWC at Signing shall be based on the Balance Sheet at Signing except for the cash value defined above, unless the following box is checked.
 - NWC at Signing is defined per attached Addendum.
- b. The Assets, NWC and Consideration do not include Inventory. (If checked, the balance of this paragraph 4.b does not apply.)
 - The Assets, NWC and Consideration includes Inventory. Inventory shall be defined as current raw material, saleable finished goods and consumable supplies, valued at lower of cost or market plus work in process, valued at the actual cost of material and direct labor incurred by Seller. If prior financial statements include overhead cost for work in process, overhead cost will be included in the work in process value, consistent with past statements. Inventory at Signing shall be based on the value of inventory on the Balance Sheet at Signing. Inventory at Closing shall be based on the value of inventory determined at Closing by Buyer and Seller, or by an independent inventory service, with the fees to be divided equally between Buyer and Seller.
- c. Long-term liabilities: Long-term liabilities at Signing shall be based on the Balance Sheet at Signing.
- d. Post-closing review: Not later than _____ days after Closing, Buyer and Seller shall complete a post-closing review of the Balance Sheet to determine the values of NWC at Closing and long-term liabilities at Closing. If there is any variance in the values of NWC or long-term liabilities at Closing compared to NWC at Signing (paragraph 4.a) or long-term liabilities at Signing (paragraph 3.g), then there shall be a post-closing adjustment ("PCA") calculated as follows:

PCA equals the difference between NWC at CLOSING and NWC at Signing (paragraph 4.a) minus the difference between Long-term liabilities at Closing and Long-term liabilities at Signing (paragraph 3.g), which is mathematically expressed as follows:

$$PCA = [NWC \text{ at CLOSING} - NWC \text{ at Signing}] - [Long-term liabilities \text{ at Closing} - Long-term liabilities \text{ at Signing}]$$

To the extent the PCA is positive, Seller is due additional consideration. The total consideration and seller note shall be increased accordingly. If PCA is positive and there is not a seller note, Buyer shall execute a non-negotiable promissory note payable in equal monthly installments including _____ % per annum interest computed from Closing, to fully amortize over _____ months, with payments to begin on the first day of the month following completion of the post-closing review. The seller note shall otherwise contain the same provisions described in paragraph 3.f.

To the extent the PCA is negative, then Buyer is due a credit. The total consideration and seller note shall be decreased accordingly. If there is not a seller note, a post-closing adjustment allowance of \$ _____ of total down payment (paragraph 3.e) shall be held in escrow account after Closing and the post-closing credit amount disbursed to Buyer within 10 days of the post-closing review and any remaining amount disbursed to Seller. If the post-closing adjustment allowance is less than the credit owed Buyer, then Seller shall pay the deficiency to Buyer in cash within 10 days of the post-closing review.

6. CONTINGENCIES: This Agreement is subject to the following conditions:

a. **Buyer's due diligence:**

Within 2 days of Signing, Buyer shall request in writing any and all information and appointment(s) for access to inspect the premises as may reasonably be required for Buyer to evaluate the Business and within 2 days of Buyer's request, Seller shall provide to Buyer all requested information and access.

b. **Seller's due diligence:**

Within 2 Days of Signing, Seller shall request in writing any and all information as may reasonably be required to evaluate Buyer's qualifications to purchase and to operate the Business and within 2 days of Seller's request, Buyer shall provide to Seller all information requested.

- c. Lease: Within _____ days from Signing or upon CLOSING if sooner, Buyer shall
 - Obtain written consent of the landlord to assign the existing premises lease, if required by the lease, or
 - Obtain new lease between the landlord and Buyer which is acceptable to Buyer.

- d. Financing: Buyer shall
 - i. Submit a complete loan application(s) to _____ lenders within _____ days from Signing.
 - ii. Obtain a conditional approval letter for third party financing of \$ _____ within _____ days from Signing.
 - iii. Obtain funding in the amount indicated in paragraph 5.d.ii within _____ days from Signing.
- e. Attorney review: Buyer's and Seller's attorneys' review and approval of this Agreement. Such approval shall be conclusively presumed unless contrary written notice is given to the escrow holder or the other party's Broker within _____ days from Signing or upon Closing if sooner.
- f. As of Closing, all the Seller and Buyer Representations and Warranties shall be true.
- g. As of Closing, all the Seller and Buyer Covenants shall be complied with and performed in all material respects.
- h. All consents of third parties necessary to the performance of this Agreement by Seller or Buyer shall have been received.
- i. Other contingencies: _____

Buyer and Seller shall use best efforts to cooperate with one another and third parties as necessary to satisfy the above contingencies within the times specified. If Buyer is unable to satisfy conditions of paragraphs 5.c through 5.i within the specified time limits, either party may terminate this Agreement by giving written notice to the other party's Broker, and the Buyer's deposit will be returned less Buyer's share of any escrow fees and costs incurred to the termination date.

- 6. ESCROW: The Consideration, closing costs and closing adjustments (including post-closing adjustment allowance per paragraph 4.d if applicable) shall be paid through an escrow to be established with _____, the escrow holder. Upon either

- removal of conditions of paragraphs 5.a, 5.b and _____ or
- within _____ days of Signing,

Buyer and Seller agree to sign separate escrow instructions that define the duties of the parties and the escrow holder. In the event of any conflict between the terms of the escrow instructions and this Agreement, this Agreement shall control. All parties shall cooperate with the escrow holder in completing any documents and performing any acts necessary to complete this transaction. The Broker is a party to the escrow as to the payment of any broker's fees and an irrevocable assignee of the sale proceeds to the extent of such fees.

- 7. CLOSING: The estimated date for Closing is _____, 20____. Buyer and Seller shall make best efforts to close on or before that date. Change of possession of the Business from Seller to Buyer shall be deemed to have occurred at the beginning or end of the day of Closing.

8. SELLER AND BUYER DISCLOSURE STATEMENTS:

- a. Buyer has received and read the completed Seller's Disclosure Statement, or
- Seller shall provide to Buyer the completed Seller's Disclosure Statement within 3 days from Signing.
- b. Seller has received and read the completed Buyer's Disclosure Statement, or
- Buyer shall provide to Seller the completed Buyer's Disclosure Statement within 3 days from Signing.

- 9. SELLER REPRESENTATIONS AND WARRANTIES: Except as noted in paragraph 9.j., Seller and, to the extent that the Seller is an entity, its owners represent and warrant as follows:

- a. SELLER DISCLOSURE: The disclosures in the Seller Disclosure Statement are accurate and complete.
- b. STATUS OF CORPORATION AND STOCK:
 - i. Corporation is duly organized, validly existing and in good standing with the State of California and has all corporate powers and authority to conduct the Business as it is now being conducted. All the Stock is owned by the Seller, constitutes all the issued and outstanding shares of stock of the Corporation and is validly issued, fully paid and non-assessable. The Corporation has no commitments to issue additional shares.
 - ii. Seller is operating the Business in compliance with all applicable laws and regulations, including but not limited to environmental regulations and contracts. This compliance will not be violated by this sale and the Business will pass all applicable inspections upon Closing. If any inspection by a government agency is required to complete Closing, Seller shall make whatever remedies are required to satisfy said inspection, and if remedies are not complete and paid for by Closing, then sufficient monies shall be held in Escrow to fund and or pay for the completion of such remedies.

- iii. If Seller is an entity, Seller has full corporate, or similarly applicable, power and authority to own and operate the assets and Business, and to execute and deliver this Agreement and consummate this sale. The execution of this Agreement and the consummation of this sale have been duly and validly authorized by all necessary corporate or similarly applicable action.
- iv. All restrictions on the transfer of the Stock will be duly complied with or effectively waived.
- v. This sale will not (a) cause the acceleration of any note balance or lease-purchase obligation, (b) if paragraph 5.c. has not been checked, cause the landlord to modify or end the premises lease, (c) end any financing or credit extended to the Corporation by any third party not listed in paragraph 9.d.viii. below or (d) affect any of the following leases or contracts to which the Business is a party, due to a change of control of the Corporation:

- | | |
|--|--|
| <input type="checkbox"/> Advertising contracts, including yellow pages | <input type="checkbox"/> Vehicle agreements |
| <input type="checkbox"/> Alarm system agreements | <input type="checkbox"/> Web site agreements |
| <input type="checkbox"/> Copier agreements | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Telephone agreements | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Other equipment leases | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Other equipment service agreements | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Software maintenance agreements | <input type="checkbox"/> _____ |

c. FINANCIAL STATEMENTS:

- i. All the financial information and statements furnished to Buyer are complete, accurate and prepared in a manner consistent with prior statements, and fairly present the financial condition of the Business as of the dates stated on them.
- ii. Since the date of the last financial statements furnished, there have been no material adverse changes in the aggregate in the assets, liabilities, revenues, expenses or any other items shown on such statements.

d. ASSETS:

- i. Except as noted in paragraph 9.d.viii, assets include all assets currently used in the Business of every kind and nature, tangible or intangible, wherever located, including, but not limited to, cash, accounts receivables, inventory, equipment, trade fixtures, leasehold, leasehold improvements, contract rights, business records (with Seller retaining a reasonable right of access), software and software licenses, transferable governmental licenses and permits, other licenses, franchises, goodwill, covenants not to compete, trade names, customer lists, trade secrets, patents, other intellectual property, marketing materials, telephone and fax numbers, websites, domain names, email addresses, sales order backlog and _____.
- ii. All assets currently used in the Business are owned by the Corporation. All personal property contained within the assets is in good working condition. As of Closing, all assets shall be free from liens and encumbrances, except as otherwise noted in paragraph 9.d.viii. below.
- iii. All assets conform with all applicable building and zoning ordinances and regulations and other laws.
- iv. All accounts receivable of the Corporation arose from the normal course of business, none have been previously assigned and they are fully collectable.
- v. All resale inventory of the Business is marketable and in good condition.
- vi. All leases and contracts relevant to the ownership and operation of the Business are complete and in effect, and there are no undisclosed amendments.
- vii. All insurance policies and other agreements of the Corporation are in full force and effect and Seller is not in default as to any of their provisions.
- viii. Exceptions _____
(Attach Exhibit _____ if more space is needed).

e. LIABILITIES:

- i. The financial and other information furnished to Buyer includes a full disclosure of all liabilities of the Corporation and all facts which might reasonably give rise to liability.
- ii. There are no existing claims or investigations that would affect the Business or its assets or the transfer of good title, and all pending or threatened litigation involving the Corporation has been disclosed.
- iii. There are no claims by distributors, sales representatives or customers because of defective products or services already delivered or rendered by Corporation, arising either now or in the future, which will be asserted against the Corporation. This warranty shall only apply so long as the Corporation maintains liability insurance comparable to that presently in force.
- iv. Seller shall remove the following liabilities from the Corporation prior to closing: _____
(Attach Exhibit _____ if more space is needed).

- f. COMPLIANCE:
 - i. Corporation has all necessary permits and authority and is operating the Business in compliance with all applicable laws and contracts. This compliance will not be violated by this sale. The Business will pass all applicable inspections upon Closing.
 - ii. The Business and its premises are in compliance with all applicable hazardous waste and other environmental regulations.
- g. TAXES: All tax returns required to be made by Corporation have been properly prepared, signed and timely filed and all tax liabilities have been paid.
- h. EMPLOYEES:
 - i. There are no material facts known to Seller or Corporation indicating employee or labor disputes which could adversely affect Corporation's business operations.
 - ii. Balance sheet at Closing will reflect all accrued payroll, vacation pay, bonuses, pension, profit sharing or other benefits accrued or owed to employees and all employee advances and loans.
- i. SURVIVAL: All representations and warranties will be true at Closing as if made then and will survive Closing.
- j. EXCEPTIONS: _____

- 10. SELLER COVENANTS: Seller and Corporation covenant jointly and severally that from signing until Closing:
 - a. The Corporation's articles, by-laws and ownership will not change in any way.
 - b. The Corporation will not incur or permit any additional encumbrances on the assets of the Business or dispose of any such assets, except in the normal course of business.
 - c. The Corporation will not enter into any material or long-term contracts or any other transactions except in the normal course of business, and will make no changes in its labor or employment agreements.
 - d. Pending Closing, Seller shall continue to operate the Business in the usual way, protect and preserve its assets and goodwill, maintain the equipment in good working order, maintain good relations with suppliers, customers and employees and allow Buyer to make reasonable inspections. Seller shall not remove or acquire assets other than in the ordinary course of business and shall not increase the compensation of any employee or independent contractor without written approval of Buyer.
 - e. The Corporation will hold appropriate director and stockholder meetings and take all other steps necessary to legally perform this Agreement.
 - f. Prompt notice will be given to Buyer of any event that materially alters the accuracy of the above Seller Representations, Warranties and Covenants.
- 11. SELLER INDEMNITY: Seller and Corporation shall indemnify Buyer for and hold Buyer harmless from any damage resulting from the falsity of the above Seller Representations or the breach of the above Seller Warranties or Covenants. Seller shall indemnify, defend and hold Buyer harmless from all claims, liabilities or obligations arising out of conduct of the Business prior to Closing.
- 12. BUYER REPRESENTATIONS AND WARRANTIES: Buyer represents and warrants as follows:
 - a. The disclosures in the Buyer Disclosure Statement are accurate and complete.
 - b. Buyer has the full right, power, legal capacity and authority to enter into and perform Buyer's obligations under this Agreement and Buyer is legally bound by this Agreement.
 - c. Buyer has the financial ability to accomplish the purchase described in this Agreement, subject to financing described in paragraph 5.d.
- 13. BUYER COVENANTS: Buyer covenants that from signing until Closing:
 - a. Buyer will take all steps necessary to legally perform this Agreement.
 - b. Prompt notice will be given to Seller of any event which materially alters the accuracy of the above Buyer Representations, Warranties and Covenants.
- 14. BUYER INDEMNITY: Buyer shall hold Seller harmless from any damage resulting from the falsity of the above Buyer Representations or the breach of the above Buyer Warranties or Covenants. Buyer shall indemnify, defend and hold Seller harmless from all claims, liabilities or obligations arising out of conduct of the Business after Closing.

15. NO MATERIAL ADVERSE CHANGES: From Signing until Closing, there shall be no Material Adverse Changes ("MAC"). MAC means any Material (as defined below) adverse change in the operations, assets, liabilities or financial condition of the Business. "Material" is defined as a level of significance that would have affected any decision of a reasonable person in the Buyer's position regarding whether to enter into this Agreement or would affect any decision of a reasonable person in the Buyer's position regarding whether to consummate the transaction contemplated by this Agreement. In the event of a MAC prior to Closing, Seller shall cure within 10 days from Seller's discovery or Buyer's written notice of the MAC. If the MAC is not cured, Buyer may terminate this Agreement with written notice and the Buyer's deposit will be returned less any escrow costs.

16. TAXES and EXPENSES:

a. Corporation has filed its tax returns though _____, 20____ and paid all taxes due thereon.

If Closing is before the first day of the next tax year, Buyer, on behalf of Corporation, shall file the corporation's current tax year returns and pay all taxes due, if any, on or before the filing deadline without seeking any extensions. At least 14 days prior to filing the current tax year return, Buyer shall provide Seller with a draft of the return for Seller's review but Seller shall not have any authority to alter the returns.

If Closing is on or after the first day of the next tax year, Seller, on behalf of Corporation, shall file the corporation's current tax year returns and pay all taxes due, if any, on or before the filing deadline without seeking any extensions. At least 14 days prior to filing the current tax year return, Seller shall provide Buyer with a draft of the return for Buyer's review but Buyer shall not have any authority to alter the returns.

To the extent that corporation is an S-Corporation and has any taxable income gain or loss from January 1, 20____ through Closing, that gain or loss shall be reported exclusively to Seller on a K-1 (1120S).

- b. Utilities, personal property taxes, income taxes, other taxes, insurance, rent and other accrued expenses of the Business not otherwise provided for in this Agreement shall be included in the Balance Sheet at Closing.
- c. Buyer shall remit to Seller upon receipt any refund of overpayments of worker's compensation premiums, taxes, trade payables or the like which relate to the period prior to Closing and are not reflected on the Balance Sheet at Closing.
- d. Except as otherwise noted in this Agreement, each party shall pay when due all operating costs incurred while that party is in possession and hold the other party harmless therefrom.
- e. Any liquor or other license or franchise fees shall not be prorated and Buyer shall pay any transfer or issue fees for permits and licenses required.
- f. Buyer and Seller shall pay equally all escrow fees and costs and other transfer costs except _____

g. Each party shall pay its own accountants, attorneys and other advisors.

17. MATERIAL CONTRACTS: Prior to Closing, the parties will complete and sign a **Material Contracts Schedule**. For contracts to be assumed by Buyer, the parties will use their best efforts to obtain any third-party consents necessary. Nothing in this Agreement shall be construed as an agreement to assign any contract that by its terms is not capable of being assigned or transferred without the consent of a third party unless such consent is given.

18. TRAINING: Seller and _____, individually, shall train Buyer in the operation of the Business for a period of _____ consecutive weeks from Closing, for _____ hours per week, without additional cost to Buyer.

19. COVENANT NOT TO COMPETE: Seller and _____, individually, shall not directly or indirectly carry on a similar business within a radius of _____ miles of the present location of the Business, or within _____ attempt to hire any existing employees of _____ the Business, solicit any customers of the Business or assist anyone else except the Buyer to do so within these limits, or have any interest, directly or indirectly, in such business, except as an employee of the Buyer, for a period of _____ consecutive years from Closing. This covenant shall become an asset of the Business and may be transferred as part of any future transfer of the Business. Any part of the purchase price to be allocated to this covenant shall be agreed upon by the parties and submitted to escrow prior to Closing.

20. AGENCY CONFIRMATION: The parties acknowledge having received a disclosure regarding agency relationships. The following agency relationships are hereby confirmed for this transaction, and supersede any prior agency relationships:

BUYER'S BROKER _____ Agent for <input type="radio"/> Buyer only or <input type="radio"/> both Buyer and Seller Agent _____ Broker DRE# _____ Agent DRE# _____ Phone _____ FAX _____ Email _____	SELLER'S BROKER _____ Agent for <input type="radio"/> Seller only or <input type="radio"/> both Buyer and Seller Agent _____ Broker DRE# _____ Agent DRE# _____ Phone _____ FAX _____ Email _____
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21. BROKER'S FEE: The Broker(s) identified in paragraph 20 has/have acted as the only Broker(s) for this sale and earned a broker's fee. Seller agrees to pay a broker's fee for services as follows:

- _____ percent of the Consideration to _____, Broker, and
- _____ percent of the Consideration to _____, Broker, or
- as per representation agreement between Seller and Seller's Broker.
- as per agreement between Buyer and Buyer's Broker.

Broker's fee shall be payable (a) at Closing, or (b) if Closing is prevented by default of Seller, upon Seller's default, with the deposit returned to Buyer.

22. BROKER: Buyer acknowledges that Broker(s) have furnished to Buyer financial and other information obtained from Seller and other sources, the accuracy and completeness of which have not been verified by Broker(s). Broker(s) have no knowledge of or any duty to discover contingent liabilities not disclosed in Seller's Disclosure Statement. Buyer is relying solely on its own inspection and due diligence of the Business, its assets, financial statements, business records, contracts, any assumed liabilities, operational history, future profitability and the representations by the Seller, and not on any representations of the Broker(s). Seller acknowledges that it is relying solely on its own investigation of the Buyer's creditworthiness and ability to complete this transaction and to successfully operate the Business, and not on any representations of the Broker(s). Should any such representations of Seller or Buyer be untrue, Buyer and Seller agree to look solely to each other for relief and shall release, hold harmless, indemnify and defend the Broker(s) from any such claims. Buyer and Seller agree that Broker(s) may receive a referral fee from an institutional lender.

23. LIQUIDATED DAMAGES: **If Buyer fails to complete this purchase because of Buyer's default, Buyer shall relinquish and Seller shall retain, as liquidated damages, the entire sum of deposits paid under paragraphs 3.a and 3.b, payable first to the broker's fee and any remaining amount released to Seller. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to default under this Agreement.** In any action, proceeding or arbitration relating to the payment of such a fee, the prevailing party shall be entitled to reasonable attorney's fees and costs.

Buyer Initials: _____ / _____	Seller Initials: _____ / _____
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24. MEDIATION OF DISPUTES: Except as reasonably necessary for a party to seek equitable relief from a Court, such as an injunction or other expedited relief (writ of attachment, specific performance, appointment of a receiver or similar remedies), Buyer, Seller and Broker(s) shall mediate any dispute or claim between or among them arising out of this Agreement or any resulting relationship or transaction between such parties. Any party may demand mediation by notice to the other party or parties, which notice shall state the nature of the dispute to be resolved. The parties shall agree upon a mediator not later than the twentieth day after such notice is given. If a mediator cannot be agreed upon, the matter shall be submitted to the American Arbitration Association ("AAA") for appointment of a mediator. Mediation shall occur in the county in which the Business is located at the time of Signing. The parties shall have 90 days from the selection of the mediator to commence the first mediation session. The parties shall share all mediation costs equally. The parties agree that any mediated settlement agreement may be enforced according to the governing rules of civil procedure. Should any party fail to participate timely and in good faith in the selection process for the mediator, or in the mediation process, such party will be deemed to have refused mediation, and that party shall not be entitled to attorney fees that might be otherwise available to it in any subsequent court action or arbitration. This paragraph shall not apply to any action brought in the Small Claims Court.

25. NOTICES: All notices or approvals required or permitted by this Agreement shall be in writing and shall be addressed to the parties at the respective addresses set forth below. Notice shall be sufficiently given for all purposes when: (a) personally delivered to the recipient; (b) delivered by an overnight delivery service, charges prepaid or charged to the sender's account; or (c) verification of electronic transmission is received. Any party or Broker may change its address by giving written notice of the change to the other parties and Broker(s) in accordance with the provisions of this paragraph.

26. **ACKNOWLEDGMENT AND PERSONAL GUARANTEE:** By signing below, the Buyer and Seller each acknowledge that they have carefully read and fully understand this Agreement and have received a copy of it. The undersigned individuals signing for Buyer and Seller warrant that their signatures are legally sufficient to bind the Buyer and Seller. If the Buyer and/or Seller is a corporation or other entity, the undersigned personally guarantee the performance of this Agreement and any other agreements necessary to complete the purchase.
27. **SUMMARY:** The entire agreement of the parties relating to the sale of the Stock is set forth in this Agreement and can only be modified in writing signed by the parties. There are no other representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. This Agreement shall bind and benefit the parties and their legal successors and shall supersede any prior written or oral agreements. This Agreement may be signed in counterparts and faxed and electronic signatures may be considered as originals. Captions in this Agreement are for convenience only and shall not be considered in construing this Agreement. This Agreement shall be governed by the laws of the State of California. In any action, proceeding or arbitration between or among any of Buyer, Seller and/or Broker(s) arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs, except as provided in paragraph 23. Venue shall be the county in which the Business is located at the time of Signing, and the parties hereby submit to the jurisdiction of said county.
28. **ACCEPTANCE:** This offer shall expire unless it is accepted in writing by Seller and that acceptance is communicated to Buyer by a.m. p.m. on _____, 20____. Any later acceptance shall constitute a counteroffer.
 The undersigned Seller accepts and agrees to sell the Business Stock on the above terms and conditions.

NOTE: LIBERTY BUSINESS ADVISORS OF SAN FRANCISCO, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. A BUSINESS BROKER IS NOT LICENSED OR QUALIFIED TO PROVIDE LEGAL, ACCOUNTING OR TAX ADVICE. SELLER AND BUYER ARE ADVISED TO CONSULT WITH INDEPENDENT ATTORNEYS, ACCOUNTANTS, AND OTHER COMPETENT PROFESSIONALS IN ENTERING INTO AND COMPLETING THE TRANSACTION.

Subject to attached addendum

Subject to attached counteroffer

BUYER

SELLER

 Print Name

 Name of Authorized Shareholder

 Signature

 Date

 Signature

 Date

 Print Name

 Signature

 Date

 Corporation (or other entity)

by: _____

 Print Name and Title

 Signature

 Date

Address _____

Address _____

City, State Zip _____

City, State Zip _____

BROKER'S AGENT FOR BUYER*

BROKER'S AGENT FOR SELLER*

 Signature of Broker's Agent

 Date

 Signature of Broker's Agent

 Date

* Broker(s) is/are a party to this Agreement only with respect to the provisions in paragraphs 20, 21, 22, 23, 24 and 27.

Business _____ Buyer _____ Date _____ Agent for Broker: _____

Prior to Closing, the following items will be completed by Buyer and Seller and made part of this Agreement.

- Agency Disclosure
- Balance Sheet at Signing
- Asset List (a detailed list of the equipment and other assets included in this Agreement)
- Agency Disclosure
- Shareholder Authorization
- Contingency Removals
- Seller Disclosure Statement
- Buyer Disclosure Statement
- Material Contracts Schedule
- Secured Promissory Note
- _____
- _____
- _____