

SHAREHOLDER AGREEMENT

This Shareholder Agreement is entered into as of the _____ day of _____, 2004, by and among _____, Inc., a California corporation (“the company”), and its shareholders of record

RECITALS

A. The Shareholders own all of the outstanding shares of the Company capital stock as set forth on Exhibit A attached hereto (The Shares).

B. It is the general policy of the Company to reserve for those active in the operation or the promotion of the business the control of the Company through stock ownership.

C. The parties realize that a transfer of Shares to outsiders by a Shareholder occasioned by the death of a Shareholder or a spouse or by the sale or other *inter vivos* disposition by a Shareholder or the retention of Shares by a Shareholder after termination of his employment with the Company, might disrupt the business, management, and harmonious control of the Company.

D. The parties desire to avoid such problems by providing for the optional or mandatory purchase of a Shareholder’s Shares by the Company or the other Shareholders upon the occurrence of certain events.

NOW, THEREFORE, in consideration of the foregoing and mutual promises herein contained, the parties agree as follows:

ARTICLE 1

RESTRICTIONS ON THE TRANSFER OF SHARES

1.1 Transfers Restricted. To accomplish the purpose of this Agreement, any transfer, sale, assignment, hypothecation, encumbrance or alienation of any of the Shares by a Shareholder other than according to the terms of this Agreement is void and transfers no right, title or interest in or to such Shares, or any of them to the purported transferee, buyer, assignee, pledge or encumbrance holder.

1.2 Share Legend. Each stock certificate representing the Shares shall have conspicuously endorsed on its face or reverse side the following statement:

THE OWNERSHIP, SALE, TRANSFER, ASSIGNMENT, OR HYPOTHECATION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY THE PROVISIONS OF AN AGREEMENT AMONG THE CORPORATION AND ITS SHAREHOLDERS, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE CORPORATION, AND ALL THE PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE IN THIS CERTIFICATE.

1.3 Inspection of Agreement. A copy of this Agreement duly executed by the Company and each of the Shareholders shall be delivered to the Secretary of the Company and held by the Secretary at the principal office of the Company, and shall be shown to any person making inquiry regarding its terms and conditions.

ARTICLE 2

PERMITTED TRANSFERS

2.1 Written Permission to Transfer. Notwithstanding Section 1.1, a Shareholder may transfer all or any Shares covered by this Agreement only if such Shareholder first obtains the written permission of all of the other Shareholders and the Company. As a condition to the validity of a Shareholders transfer of ownership of Shares hereunder (including, without, limitation any pledge or hypothecation of any Shares), the transferee (or Permitted Transferee) and his or her spouse, if any, shall agree in writing to hold such Shares subject to all the terms and provisions of this Agreement (or any amended agreement necessitated by the transfer, which amended agreement shall be included in the term Agreement) as if they were Shareholders, and shall agree to make transfers thereof only as required and permitted for a Shareholder and his or her spouse under this Agreement unless the Company and all of the Shareholders agree otherwise. For purposes of this Agreement, the term Shareholders shall also mean a Permitted Transferee.

2.2 Transfer to a Revocable Trust. A Shareholder may transfer all or a portion of Shares to a revocable trust for the sole benefit of the Shareholder, his spouse or his lineal descendants, without the written permission of the other Shareholders and the Company, provided said Shareholder is the sole trustee of such trust empowered to vote or otherwise deal with the Shares in any manner and prior written notice (together with a copy of the trust agreement) is given the Company within thirty (30) days thereafter. The trustee shall hold such Shares subject to all the provisions hereof, and shall make no further transfers other than as provided herein. Upon the death, total disability or termination of employment of the transferor Shareholder, the successor trustee or any co trustee (and any subsequent transferee) shall be required to sell, transfer or present said Shares for purchase as provided herein, for the price and on the terms hereafter set forth as if such successor trustee and subsequent transferee were the transferor Shareholder. All references herein to Shares shall be deemed to include Shares owned by any such successor trustee or subsequent transferee, except that payment for such trustee and transferee Shares shall be made to the trustee and transferee instead of to the original Shareholder or his estate.

2.3 Interest in Shares Created by Law. By operation of law, a community property, dower, courtesy, or like interest (Marital Interest) may be created in the spouse of a Shareholder. Such Marital Interest shall be subject to the provisions of this Agreement as provided herein. The term Shareholder includes the Shareholders spouse with respect to the spouses Marital Interest, and reference to the Shares of a Shareholder shall include the Marital Interest of the Shareholders spouse therein.

ARTICLE 4

LIFETIME DISPOSITIONS AND INVOLUNTARY TRANSFERS

3.1 Restriction on Transfer. No Shareholder shall transfer, assign, hypothecate, encumber, pledge or otherwise alienate any of the Shares owned by said Shareholder or any right or interest therein without the prior written consent of the Company.

3.2 Notice of Proposed Sale. In the event a Shareholder elects to transfer, assign, hypothecate, encumber, pledge or otherwise alienate any of his Shares of stock in the Company or any right or interest therein, such Shareholder first shall give written notice of his intention to do so, via certified mail, to the Secretary of the Company. The notice of intention shall constitute an irrevocable offer to sell (Offer to Sell) the Offered Shares during the Company and Shareholder Option Periods, as defined below.

3.3 Requirements of Notice. The Offer to Sell from such Shareholder (Offering Shareholder) must name the proposed transferee and specify the number of Shares, right or interest, to be transferred, assigned, hypothecated, encumbered, pledged or alienated (Offered Shares), the price, and the terms of payment and all other terms of the proposed transaction.

3.4 Failure to Serve Notice. Any such transfer, assignment, hypothecation, encumbrance, pledge or other alienation not made in accordance with this Article 4 shall be null and void and the Company shall not be obligated to treat the transferee in such transaction as a shareholder of record or for any other purpose.

3.5 Company Option Period. For sixty (60) days following receipt of the Offer to Sell by the Secretary (Company Option Period), the Company shall have the option to purchase all of the Offered Shares, or a portion of the Offered Shares (provided, however, that the balance of the Offered Shares are purchased by the Non-Offering Shareholders pursuant to this Article 3) at the price and on the other terms stated in the Offer to Sell. The option may be exercised by a written election signed by the board of directors of the Company provided that such exercise complies with the provisions of the General Corporation law of California (including California Corporations Code Section 500 *et seq.*) and such other pertinent governmental restrictions as are now or may hereafter become effective.

3.6 Shareholder Option Period. If the Company fails to exercise said option as to all of the Offer Shares, the Secretary shall give written notice thereof immediately after the expiration of the Company Option Period to all of the Non-Offering Shareholders who shall have the option to purchase the remaining Offered Shares at the price and on the terms stated in the Offer to Sell. For thirty (30) days following the mailing of such notice by the secretary (Shareholder Option Period), each Non-Offering Shareholder shall have the option to acquire all or any part of the remaining Offered Shares as provided herein.

3.7 Exercise of Option by Shareholders. A Non-Offering Shareholder may exercise the option to purchase any or all of the remaining Offered Shares by delivering to the Secretary a written election within the Shareholder Option Period. If the total number of Shares specified in such elections exceeds the number of remaining Offered Shares, each Non-Offering Shareholder shall have priority up to the number of Shares specified in such Shareholders written election, to purchase such proportion of the remaining Offered Shares as the number of the Company shares which such Shareholder holds bears to the total number of the Company Shares held by all the Non-Offering Shareholders electing to purchase.

3.8 Payment by Shareholders. Promptly after the expiration of the Shareholder Option Period, or, if the Company has elected to purchase all of the Offered Shares, after the Company Option Period, the Secretary shall notify the Shareholders and the Company of the outcome of the option election(s). The Company and each Shareholder electing to purchase shall, within thirty (30) days of mailing of said notice, deliver to the Offering Shareholder the consideration set forth in the Offer to Sell.

3.9 Option to Purchase All Shares. Neither the Company nor any Non-Offering Shareholders have the right to

purchase any portion of the Offered Shares pursuant to this Article 3 unless all Offered Shares are so purchased.

3.10 Failure to Purchase All Shares. In the event the Offered Shares are not purchased by the Company or the Non-Offering Shareholder hereunder, said Shares or interest therein may be transferred at any time within a sixty (60) day period commencing One Hundred Twenty (120) days from the date of the Offering Shareholders Offer to Sell to the proposed transferee, provided, however, that in no event shall such transfer include less than all of the Offered Shares; and provided further that any transferee of ownership hereunder and his or her spouse first agree by execution of a copy of this Agreement to hold such Shares subject to all the provisions of this Agreement (such transferee holding Shares subject to this Agreement to be included in the term Shareholder herein), unless Company and the other Shareholder agree otherwise, and on the terms specified therein, provided that immediately upon such transfer, the proposed transferee executes and becomes bound by this Agreement and any amendments or revisions hereto. Such proposed transferee shall receive and hold said Shares subject to all of the provisions herein contained, and all provisions of the Company's License Agreement with Keller Williams International, including the Licensor's right to approve such transfer and payment of all fees for the Franchiser's review and approval of such transfer. If such transfer is not made during such sixty (60) day period on the terms specified in the Offer to Sell, the Offered Shares shall again become subject to all the restrictions of this Agreement.

3.11 Involuntary Transfers. In the event of any (i) receivership, bankruptcy, stay or creditors proceeding regarding a Shareholder, or (ii) taking of any Shares of a Shareholder by legal process (such as levy of execution), all or any of the Shares owned by such Shareholder (or a trust for his benefit) shall be subject to the terms of this Agreement. In the event a sale or transfer is proposed pursuant to such a judicial order or action (the Order), all of the terms of the options under this Article 3 shall apply, with the following modifications: Instead of the Offer to Sell being delivered by the Offering Shareholder, a copy of the Order shall be delivered to the Company and the Non-Offering Shareholder by the proposed transferee, which copy shall state the name and address of the proposed transferee and specify the number of Shares to be transferred or sold, the consideration per share if any, and the terms of the transfer. For all other purposes of this Article 3, the delivery of the Order shall be treated as delivery of the Offer to Sell. Any purported transfer in contravention of this Section 3.9 shall be null and void and shall pass no title to the purported transferee.

ARTICLE 4

DEATH OR DISABILITY

4.1 Sale on Death or Disability. Upon the death or Disability (as defined in Section 4.2) of any Shareholder who is a natural person, all Shares owned just prior to such event by such Shareholder (including all Shares held by Shareholders Permitted Transferee(s), estate or legal representative, any trust for his or his spouses benefit, or by the Shareholders spouse with respect to a Marital Interest) (the Event Shares), shall be purchased by the Company as herein provided.

4.2 Withdrawal. A withdrawing shareholder, as used herein, shall include a shareholder who has voluntarily announced his or her intention to withdraw from ownership of the company; one who has been determined to have become permanently disabled; or one who has committed acts detrimental to the Company, such as fraud, criminal activity, or trade defamation of the company. Disability as used herein shall mean any physical or mental condition of a Shareholder resulting from a bodily injury diseases or mental disorder which prevents the Shareholder from performing his/her normal employment activities and/or duties as an officer and director of the Company for a period of ninety (90) days as reasonably determined by a physician or other outside professional entity of the

Company choosing (Physician). The Shareholder shall, if requested by the board of directors, submit to a mental or physical examination to assist the Physician to make its determination. Failure to comply with this request shall stop the Shareholder from challenging the Physician's determination. Within ten (10) days of the Physicians determination of Disability, the board shall deliver to the Secretary of the Company written notification that a Shareholder is disabled, the receipt of which shall constitute the date of the commencement of the Shareholders disability (Disability Date).

4.3 Purchase by Company. The Company shall purchase all of the Event Shares at a purchase price per Share equal to the value determined under Article 5, provided however, that the obligation of the Company to repurchase all or any portion of the Event Shares shall be subject to the ability of the Company to comply with the general laws of the California Corporations Code covering the repurchase of such Shares.

4.4 Closing of Purchase. Subject to any delay resulting from legal requirements or causes beyond the reasonable control of the Company, the closing of such purchase and sale shall take place at the offices of the Company at a date designated by the Company, which shall not be more than one hundred eighty (180) days following the date of receipt by the Secretary of notice, as the case may be, of (i) the Shareholder's death from the personal representative of decedent Shareholder, or (ii) a determination by the board of directors of the Company that Shareholder is disabled or has withdrawn.

4.5 Shareholder Option. If the Company fails to purchase timely all of the Event Shares, the remaining Shareholders shall have the option to purchase all of the Event Shares not purchased by the Company on the terms set forth in this Article 4. The obligations of the remaining Shareholders herein shall be pro rata to their respective shareholdings in the Company.

ARTICLE 5

PURCHASE PRICE

5.1 Agreed Upon Value. Within the first ninety (90) days after the end of each fiscal year of the Company, the Shareholders holding a majority of the Shares (the Majority Shareholders) shall determine the fair value of the Shares by the following applying the following formula:

Three (3) times the annual earnings, plus current assets, minus current liabilities multiplied by the percentage interest represented by the shares to be acquired less any unpaid cash call balances owed by the withdrawing shareholder.

In no event shall the consideration be less than the balance of the withdrawing shareholders capital account, i.e., the original subscription price paid by each shareholder, plus paid in capital, less any unpaid cash call balances.

The fair value so determined shall be the purchase price of the Shares. Except as provided elsewhere in this Agreement, such purchase price shall remain in effect until the next determination under this Section. The Majority Shareholders may redetermine the purchase price of the Shares more frequently than annually in the discretion of the Majority Shareholders, except in circumstances where an event giving rise to a right to purchase or sell Shares pursuant to this Agreement had occurred and such determination would be used to determine the purchase price of such Shares.

5.2 Terms of Sale. Company or remaining shareholders shall purchase the shares of a withdrawing shareholder, at its or their option, by giving a note, payable over the term of five (5) years, with interest at a rate of the then prevailing prime lending rate, plus 2 percentage points per annum.

ARTICLE 6 MISCELLANEOUS

6.1 Conformance with California Law. When the Company is required or permitted to purchase Shares under this Agreement, if the Company desires or is required to purchase such Shares, but it is not lawful under California law to purchase all or any of such Shares, then the Company shall purchase that number of Shares which the Company can lawfully purchase within the applicable time period as set forth herein, and, notwithstanding any provision to the contrary in this Agreement, the Company shall be permitted to subsequently purchase the balance of such Shares at the time or times it is lawful under California law for the Company to purchase such Shares, upon the terms and conditions as provided herein.

6.2 Termination of Agreement. This Agreement shall terminate:

- (a) at any time upon the written agreement of the Company and all the Shareholders of the Company then signatory to this Agreement as amended or revised;
- (b) immediately upon the dissolution, bankruptcy or insolvency of the Company;
- (c) immediately at such time as a registration statement in Form S-1 (or equivalent form of registration statement filed for the public sale of Shares of the Company for cash) is declared effective by the Securities and Exchange Commission; or
- (d) upon the acquisition of the Company by merger, sale of assets, sale of stock or otherwise, in a tax-free or taxable transaction in which all holders of the Company's shares as such fail to obtain or hold fifty-one percent (51%) of the voting power of the surviving entity.

6.4 Further Assurances. Each party hereto shall, from time to time at and after the date first set forth above, execute and deliver such instruments, documents and assurances and take such further actions as any other party may reasonably request to carry out the provisions of this Agreement.

6.5 Successors and Assigns. This Agreement shall bind and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties. Notwithstanding the foregoing, no Shareholder may assign his right to purchase Shares hereunder without the unanimous written consent of all other then Shareholders.

6.6 Parties of Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective successors and assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third party to this Agreement. No provision of this Agreement shall give any third persons any right of subrogation or action over or against any party to this Agreement.

6.7 Amendment; Waiver. This Agreement shall not be changed or modified, in whole or in part, except by supplemental agreement signed by all the parties. Any party may waive compliance by any other with any of the covenants or conditions herein, but no waiver shall be binding unless executed in writing by the party making the waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

6.8 Governing Law. This Agreement shall be construed, performed and enforced in accordance with the laws of the State of California.

6.9 Captions and Headings. The captions or headings of the Articles and Sections of this Agreement are for reference only and are not to be construed in any way as part of this Agreement.

6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. A party may deliver this Agreement by transmitting a facsimile copy of the signed signature page to the other party or parties.

IN WITNESS WHEREOF, the undersigned have executed or caused this Agreement to be executed as of the date first written above.

COMPANY: _____, Inc.

By _____
Name, President

SHAREHOLDERS:

_____, L.L.C.
(A Nevada L.L.C.)

BY: _____

Its: Managing Member

