**{{ filing\_entity }}**

**CORPORATION BYLAWS AND SHAREHOLDER’S AGREEMENT**

**Recitals:**

1. The Shareholders own all of the issued and outstanding common stock of the Corporation as follows:

|  |  |
| --- | --- |
| {%tr for shareholder in shareholder %} |  |
| {{ shareholder.name }} | {{ shareholder.shares }} |
| {%tr endfor %} |  |

2. The Shareholders are each members of the Board of Directors of the Corporation are actively involved in the business affairs of the Corporation.

3. In order to promote their mutual interests, and the interests of the Corporation, to insure continuity and stability in the management and policies of the Corporation, and to provide and incentive for each of the Shareholders to use his or her best efforts in performing duties on behalf of the Corporation, the Shareholders desire to impose certain restrictions and obligations on themselves and the Corporation in accordance with the terms of this Agreement.

**Article 1 Offices.**

**1.1 Registered Office.** The registered office and registered agent of {{ filing\_entity }} (the “Corporation”) will be as from time to time set forth in the Corporation’s Certificate of Formation. The Corporation may change its registered office, registered agent, or both by filing with the Secretary of State of the State of Texas, a Statement of Change of Registered Office or Registered Agent.

**1.2 Other Offices.** The Corporation may also have offices at such other places, both within and without the State of Texas, as the Board of Directors may from time to time determine or the business of the Corporation may require.

**Article 2 Shareholders.**

**2.1 Place of Meetings.** All meetings of the shareholders for the election of Directors will be held at such place, within or without the State of Texas, as may be fixed from time to time by the Board of Directors. Meetings of shareholders for any other purpose may be held at such time and place, within or without the State of Texas, as may be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may determine that any meeting may be held solely by means of remote communication in accordance with Texas law.

**2.2 Annual Meeting.** No annual meeting of the shareholders will be required under these Bylaws and Shareholders Agreement. Shareholders and Directors may call special meetings at any such time as necessary in accordance with these Bylaws and Shareholders Agreement, at which meeting the shareholders may elect a Board of Directors and transact such other business as may properly be brought before the meeting.

**2.3. List of Shareholders**. Not later than the 3rd day before the date of each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of voting shares registered in the name of each, will be prepared by the officer or agent having charge of the stock transfer books. The list of the shareholders may be kept on a reasonably accessible electronic network, if the information required to gain access to the list is provided with the notice of the meeting. This Section does not require the Corporation to include any electronic contact information of any shareholder on the list. If the Corporation elects to make the list available on an electronic network, the Corporation shall take reasonable steps to ensure that the information is available only to shareholders of the Corporation. Such list will be produced and kept open at the time and place of the meeting during the whole time thereof, and will be subject to the inspection of any shareholder who may be present. If the meeting is held by means of remote communication, the list must be open to the examination of any shareholder for the duration of the meeting on a reasonably accessible electronic network, and the information required to access the list must be provided to shareholders with the notice of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer book or to vote at any such meeting of shareholders.

**2.4. Special Meetings.** Special meetings of the shareholders or Directors, for any purpose or purposes, unless otherwise prescribed by law, the Certificate of Formation or these Bylaws, may be called by the President or the Board of Directors or at the request in writing of any shareholders of not less than ten percent (10%) of all the shares issued, outstanding and entitled to vote. Such request will state the purpose or purposes of the proposed meeting. Business transacted at all special meetings will be confined to the purposes stated in the notice of the meeting unless all shareholders entitled to vote are present and consent.

**2.5. Notice.** Written or printed notice stating the place, day and hour of any meeting of the shareholders, the means of any remote communications by which shareholders may be considered present and may vote at the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not less than twenty-fours hours nor more than fifteen days before the date of the meeting, either personally, by electronic transmission or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at the meeting. If mailed, such notice will be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

**2.6. Quorum.** With respect to any matter, the presence in person or by proxy of the holders of a majority of the shares entitled to vote on that matter will be necessary and sufficient to constitute a quorum for the transaction of business except as otherwise provided by law, the Certificate of Formation or these Bylaws. If, however, such quorum is not present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each shareholder of record entitled to vote at the meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally notified.

**2.7. Voting.** When a quorum is present at any meeting of the Corporation’s shareholders, the vote of the holders of a majority of the shares entitled to vote that are actually voted on any question brought before the meeting will be sufficient to decide such question; provided that if the question is one upon which, by express provision of law, the Certificate of Formation or these Bylaws, a different vote is required, such express provision shall govern and control the decision of such question.

**2.8. Method of Voting.** Each outstanding share of the Corporation’s capital stock will be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. At any meeting of the shareholders, every shareholder having the right to vote will be entitled to vote in person or by proxy executed in writing by such shareholder and bearing a date not more than 11 months prior to such meeting, unless such instrument provides for a longer period. A telegram, telex, cablegram or similar transmission by the shareholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the shareholder, shall be treated as an execution in writing for purposes of the preceding sentence. Any electronic transmission must contain or be accompanied by information from which it can be determined that the transmission was authorized by the shareholder. Each proxy will be revocable unless expressly provided therein to be irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. Such proxy will be filed with the Secretary of the Corporation prior to or at the time of the meeting. Voting for directors will be in accordance with Article III of these Bylaws. Voting on any question or in any election may be by voice vote or show of hands unless the presiding officer orders or any shareholder demands that voting be by written ballot.

**2.9. Record Date; Closing Transfer Books.** The Board of Directors may fix in advance a record date for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such record date to be not less than ten nor more than sixty days prior to such meeting, or the Board of Directors may close the stock transfer books for such purpose for a period of not less than ten nor more than sixty days prior to such meeting. In the absence of any action by the Board of Directors, the date upon which the notice of the meeting is mailed will be the record date.

**2.10. Action Without Meeting.**

(a) Any action required by law to be taken at a meeting of the shareholders, and/or any action that may be taken at a meeting of the shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all shares entitled to vote on the action were present and voted.

(b) Every written consent of the shareholders shall bear the date of signature of each shareholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dates consent delivered to the Corporation as provided below, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of the shareholders are recorded. Such delivery shall be made by hand or email or by certified or registered mail, return receipt requested, and in the case of delivery to the Corporation’s principal place of business, shall be addressed to the president of the Corporation.

(c) A telegram, telex, cablegram or similar transmission by a shareholder, or a photographic, photostatic, facsimile or other similar electronic reproduction of a writing signed by a shareholder, shall be regarded as signed by the shareholder for the purposes of this Section. A telegram, telex, cablegram, or other electronic transmission by a shareholder consenting to an action to be taken is considered to be written, signed, and dated for the purposes of this Section if the transmission sets forth or is delivered with information from which the Corporation can determine that the transmission was transmitted by the shareholder and the date on which the shareholder transmitted the transmission. Notwithstanding Subsection (b) of this Section, consent given by telegram, telex, cablegram, or other electronic transmission may be delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of shareholder meetings are recorded to the extent and in the manner provided by resolution of the Board of Directors of the Corporation. Any photographic, photostatic, facsimile, or similarly reliable reproduction of a consent in writing signed by a shareholder may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing.

(d) Prompt notice of the taking of any action by shareholders without a meeting by less than unanimous written consent shall be given to those shareholders who did not consent in writing to the action.

**2.11. Telephone or Remote Communication Meetings.** Shareholders may participate in and hold a meeting by means of conference telephone or similar other means of remote communication equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened if (i) the Corporation implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a shareholder and (ii) the Corporation maintains a record of any shareholder vote or other action taken at the meeting by means of remote communication.

**2.12 Additional Capital Contributions.** If the Board shall determine that it is necessary or advisable for Corporation to procure additional capital, then, in the first instance, Corporation will try to procure the necessary funds from a commercial bank, on its own collateral. If this is not possible, the Board may call on Corporation’s shareholders to provide the financing, either by providing collateral for bank financing, or by loaning or investing funds directly in Corporation. In the event of such a call, each shareholder will contribute its pro rata share of the funds required. The shareholding of any shareholder which does not contribute its pro rata share, shall be diluted proportionally, in favor of any shareholder which does contribute its pro rata share, in light of the funds raised and the value of Corporation at that time (as determined by such person as the Board shall decide).

{%p if scorp %}

**Article 3 S-Corp Designation**

**3.1. S-Corp Designation.** The Board of Directors shall take all necessary steps to elect S-Corp status with the IRS as soon as reasonably possible after formation of the Corporation.

**3.2. Actions Causing Loss of S-Corp Status.** Any actions taken by the Board of Directors or any officers or agents of the Corporation that may result in the termination of the Corporation’s S-Corp tax status shall be void and unenforceable unless and until the S-Corp status of the Corporation has been dropped and/or these Bylaws have been revised.

{%p else %}

**Article 3 [rESERVED]**

{%p endif %}

**Article 4 Board of Directors**

**4.1. Management.** The business and affairs of the Corporation will be managed by or under the direction of the Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Formation or these Bylaws directed or required to be exercised or done by the shareholders.

**4.2. Qualification; Election; Term.** All of the Directors need to be a shareholder of the Corporation but not a resident of the State of Texas. The Directors will be elected by plurality vote at the initial meeting of the shareholders, except as hereinafter provided, and each Director elected will hold office until whichever of the following occurs first: his successor is elected and qualified, his resignation, his removal from office by the shareholders or his death.

**4.3. Number.** The number of Directors of the Corporation will be at least one (1) and not more than five (5). The number of Directors authorized will be fixed as the Board of Directors may from time to time designate, or if no such designation has been made, the number of Directors will be the same as the number of members of the initial Board of Directors as set forth in the Certificate of Formation. No decrease in the number of Directors will have the effect of shortening the term of any incumbent Director.

**4.4 Removal.** Any Director may be removed either for or without cause at any special meeting of shareholders by the affirmative vote of at least a majority in number of shares of the shareholders present in person or represented by proxy at such meeting and entitled to vote for the election of such Director; provided, that notice of intention to act upon such matter has been given in the notice calling such meeting.

**4.5. Vacancies.** Any vacancy occurring in the Board of Directors by death, resignation, removal or otherwise may be filled by an affirmative vote of at least a majority of the remaining Directors though less than a quorum of the Board of Directors.

**4.6. Place of Meetings.** Meetings of the Board of Directors, regular or special, may be held at such place within or without the State of Texas as may be fixed from time to time by the Board of Directors.

**4.7. Annual Meeting.** The initial meeting of each newly elected Board of Directors will be held without further notice immediately following the any annual meeting of shareholders and at the same place, unless by unanimous consent, the Directors then elected and serving shall change such time or place.

**4.8. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and place as is from time to time determined by resolution of the Board of Directors, but no regular meetings of the Board are required to be held under these Bylaws and Shareholders Agreement.

**4.9. Special Meetings.** Special meetings of the Board of Directors may be called by the President on oral or written notice to each Director, given either personally, by telephone, by telegram, by mail, or by other electronic transmission; special meetings will be called by the President or the Secretary in like manner and on like notice on the written request of at least two Directors. Except as may be otherwise expressly provided by law, the Certificate of Formation, or these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

**4.10. Quorum.** At all meetings of the Board of Directors the presence of a majority of the number of Directors then in office will be necessary and sufficient to constitute a quorum for the transaction of business, and the affirmative vote of at least a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Certificate of Formation or these Bylaws. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

**4.11. Interested Directors.** No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation’s Directors or officers are Directors or officers or have a financial interest, will be void or voidable solely for this reason, solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum, (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

**4.12 Action by Consent.** Any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Board of Directors may be taken without such a meeting if a consent or consents in writing, setting forth the action so taken, is signed by all the members of the Board of Directors, as the case may be. A telegram, telex, cablegram, or other electronic transmission by a director consenting to an action to be taken and transmitted by a director is considered written, signed, and dated for the purposes of this article if the transmission sets forth or is delivered with information from which the Corporation can determine that the transmission was transmitted by the director and the date on which the director transmitted the transmission. Such consent shall have the same force and effect as a unanimous vote at a meeting of the Board of Directors or the committee, as the case may be, duly called and held.

**4.13. Resignations.** A Director may resign at any time by giving written notice in writing or by electronic transmission to the Board of Directors or the chairman of the board or by verbally resigning at a meeting of the Board of Directors if such resignation is accepted by formal resolution of remaining Directors. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Article 5 Notice**

**5.1. Form of Notice.** Whenever by law, the Certificate of Formation or these Bylaws, notice is to be given to any director, committee member or shareholder, and no provision is made as to how such notice is to be given, such notice may be given: (i) in writing, by mail, postage prepaid, addressed to such director, committee member or shareholder at such address as appears on the books of the Corporation or (ii) in any other method permitted by law. Any notice required or permitted to be given by mail will be deemed to be given at the time the same is deposited in the United States mail. Notice to directors, committee members or shareholders may also be given by nationally recognized overnight delivery or courier service, and shall be deemed given when such notice shall be received by the proper recipient or, if earlier, (i) in the case of an overnight delivery or courier service, one (1) day after such notice is sent by such overnight delivery or courier service. On consent of a shareholder, director or committee member, notice from the Corporation may be given to the shareholder, director or committee member by electronic transmission. The shareholder, director or committee member may specify the form of electronic transmission to be used to communicate notice. The shareholder, director or committee member may revoke this consent by written notice to the Corporation. The consent is deemed to be revoked if the Corporation is unable to deliver by electronic transmission two consecutive notices, and the person responsible for delivering notice on behalf of the Corporation knows that delivery of these two electronic transmissions was unsuccessful. The inadvertent failure to treat the unsuccessful transmissions as a revocation of consent does not invalidate a meeting or other action. Notice by electronic transmission is deemed given when the notice is (i) transmitted to a facsimile number provided by the shareholder, director or committee member for the purpose of receiving notice; (ii) transmitted to an electronic mail address provided by the shareholder, director or committee member for the purpose of receiving notice; (iii) posted on an electronic network and a message is sent to the shareholder, director or committee member at the address provided by the shareholder, director or committee member for the purpose of alerting the shareholder, director or committee member of a posting; or (iv) communicated to the shareholder, director or committee member by any other form of electronic transmission consented to by the shareholder, director or committee member.

**5.2. Waiver**. Whenever any notice is required to be given to any shareholder or Director of the Corporation as required by law, the Certificate of Formation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated in such notice, will be equivalent to the giving of such notice. Attendance of a shareholder or Director at a meeting will constitute a waiver of notice of such meeting, except where such shareholder or Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened. The business to be transacted at a regular or special meeting of the shareholders, directors, or members of a committee of directors or the purpose of a meeting is not required to be specified in a written waiver of notice or a waiver by electronic transmission unless required by the Certificate of Formation.

**Article 6 Shareholder Distributions**

**6.1 Shareholder Distributions.** The Shareholders are entitled to the distribution of the profits of the Corporation for each Shareholder in proportion to the number of Shares that it holds according to the direction of the Board of Directors as they may see fit from time to time.

**6.2 Distribution Allocation.** Distributions shall be distributed to Shareholders according to a pro rata percentage of the Shares held by Shareholder.

**Article 7 Shares**

**7.1. Form of Certificates**. Shares shall be uncertificated.

**7.2 Transfer of Shares.** Shares of stock will be transferable only on the books of the Corporation by the holder thereof in person or by such holder’s duly authorized attorney. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it will be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

**7.3 Authorized Shares.** The total number of shares which this corporation is authorized to issue is {{ number\_of\_shares }} shares of Common Stock with {% if shares == ‘no\_par\_value’ %}no{% else %}{{ share\_par\_value }}{% endif %} par value. The authority of the Corporation to authorize and issue additional shares shall be at the discretion of the Board or Directors. Additional shares may be issued in one or more series by resolution of the Board of Directors. The rights of additional authorized shares shall be described in such resolution by the Board of Directors.

**7.4 Classes of Shares.** The Corporation shall only issue one class of shares per the Certificate of Formation and these Bylaws.

**Article 8 Transfers**

**8.1 Void Transfers.** Any transfer of shares of the Corporation by any Shareholder shall be void unless the following conditions are met:

(a) The transfer is a permitted transfer as provided under the terms of this agreement.

**8.2 Ineffectiveness of Void Transfer.** Any Shareholder attempting to make a transfer of any shares that is void shall retain all rights and obligations with respect to the shares, including without limitation the right to vote the shares, the right to receive dividends and liquidation proceeds with respect to the shares, the right to any gains on the shares, and the risk of any losses on the shares.

**8.3 Definition of Transfer.** "Transfer" means any sale, gift, exchange, pledge, sale by legal process under execution, or change in ownership, legal or beneficial, voluntary or involuntary, because of any act or occurrence. If any shares are pledged with the consent of the other Shareholders or after a failure of the Corporation and the other Shareholders to accept the tender and purchase the shares involved, a subsequent sale or retention of the shares by the secured party under the terms of the pledge after default shall be a separate transfer to which this agreement shall apply. "Shareholder-transferor" means the Shareholder whose shares have been or are about to be transferred.

**8.4 Consent for Permitted Transfers.** Any transfer of shares of the Corporation shall be a permitted transfer if the other Shareholders consent in writing to the specific transfer.

**8.5 Assignment.** If at any time a Shareholder proposes to sell, assign or otherwise Transfer all or any part of it’s shares in the Company, Shareholder shall comply with the following procedures:

(a) First make a written offer to sell such shares to the other Shareholders at a price determined in writing. At this point Exiting Shareholder may not make this intention publicly known. If such other Shareholders decline or fail to elect such shares within sixty (60) days, the Exiting Shareholder may advertise it’s interest for sale as it sees fit.

(b) If a Shareholder has a buyer of Shareholder’s shares, the other Current Shareholders have first right of refusal to purchase the Exiting Shareholder’s shares for the agreed purchase price. If there are more than one Current Remaining Shareholders, remaining Shareholders may combine funds to purchase the Exiting Shareholder’s shares. Exiting Shareholder must show that potential purchaser has full certified funds, or the ability to get full certified funds before the first right of refusal period starts. Current Shareholders have 60 days to buy Exiting Shareholder’s shares if they so desire.

(c) Pursuant to the applicable law, Current Shareholders may unanimously approve the sale of Exiting Shareholder’s shares to grant full Shareholder benefits and functionality to the new Shareholder. The Current Remaining Shareholders must unanimously approve the sale as provided for in Section 8.4.

**8.6 Death or incapacity of a Shareholder.** For any death or disability of a Shareholder, the personal representative of a deceased Shareholder's estate, or his or her beneficiary, may exercise all of the decedent's rights and powers as a Shareholder, and the decedent’s shares in the company will continue and pass to those entitled to it on the shareholder's death. The personal representative of an incapacitated Shareholder, acting under a durable power of attorney or letters of guardianship, may exercise all of a Shareholder's rights and powers and will be entitled to receive distributions of cash or other property from the company. Neither the company nor any officer or manager will have a duty to inquire as to the application or use of funds delivered to a personal representative. The personal representative or beneficiary is not entitled to be automatically substituted as an officer or Director of the Corporation, although Remaining Shareholders may vote to name the personal representative or beneficiary as an officer or Director.

**8.7 Valuation of a Shareholder’s Shares.** If a Shareholder wants to exit the Corporation, and does not have a buyer of it’s shares, Exiting Shareholder will assign its interest to current Shareholders according to the following set forth procedures:

(a) A value must be placed upon the shares before assigned.

(b) If Exiting Shareholder and Current Shareholders do not agree on the value of the shares, Exiting Shareholder must pay for a certified appraiser to appraise the Company value, and the Exiting Shareholder’s value will be assigned a value according to the Exiting Shareholders share percentage.

(c) The Current Shareholders must approve the certified appraiser used by Exiting Shareholder. Current Shareholders have 30 days to approve the Exiting Shareholders certified appraiser. If Current Shareholders disapprove the certified appraiser, they must show evidence to support their disapproval of the certified appraiser as a vendor qualified to make the business appraisal. Current Shareholders may not stall the process by disapproving all certified appraisers.

(d) Upon completion of a certified appraiser placing a value on the Company, a value will be placed on Exiting Shareholder’s shares according to Exiting Shareholder’s percentage of shares.

(e) If Current Shareholders disagree with the value placed on Exiting Shareholder’s shares, Current Shareholders must pay for a certified appraiser to value the Company and Exiting Shareholder’s shares according to the same terms.

(f) Current Shareholder’s appraisal must be completed within 60 days or right of Current Shareholder’s to dispute the value of Exiting Shareholder’s shares expires.

(g) Upon completion of Current Shareholder’s certified appraisal, the Exiting Shareholder must approve the value placed on Exiting Shareholder’s shares. Exiting Shareholder has 30 days to approve this value.

(h) If Exiting Shareholder does not approve Current Shareholder’s appraised value, the value of the Company will be determined by adding both parties’ values, then dividing that value in half, then creating the value of the Exiting Shareholder’s shares according to the Exiting Shareholder’s percentage of shares.

**8.8 Distribution of Exiting Shareholder’s Interest.** Upon determination of Exiting Shareholder’s shares value, the value will be a debt of the Company. The Exiting Shareholder will only be able to demand payment of this debt at the dissolution of the Company or the following method:

(a) Company will make timely payments.

(b) Company will only be required to make payments towards Exiting Shareholder’s debt if Company is profitable and passed income to Current Shareholders.

(c) Company must make a debt payment to Exiting Shareholder if Company passed income of 50% of the total determined value of the Exiting Shareholder’s shares value in one taxable year. (Example: If Exiting Shareholder’s shares value was $100,000 and Current Shareholder(s) received $50,000 taxable income in the taxable year, the Company would owe a debt payment to Exiting Shareholder. If Current Shareholder(s) only received $40,000 in passed income, there would be no payment due.)

(d) Debt payment must be at least 10% of the value of the passed income to Current Shareholders.

(e) Company must make payment to Exiting Shareholder within 60 days of the end of the taxable year for the Company.

(f) Payment schedule will continue until Exiting Shareholder debt is paid by Company.

(g) If Company dissolves, Exiting Shareholder will be a regular debtor and payment will follow normal corporation dissolution payment statutes.

(h) Exiting Shareholder’s value of shares it assigned Current Shareholders may NOT accrue interest.

(i) Company can pay off amount owed to Exiting Shareholder at any time if it so desires.

**8.9 Purchase of All Shares Required.** Notwithstanding any other provision of this agreement, the Terminated Shareholder shall not be required to sell any of his or her shares to the Corporation or the other Shareholders unless all of the shares owned by the Terminated Shareholder are purchased.

**8.10 Notice of Exercise**. The options shall be exercised by giving notice of exercise to the Terminated Shareholder. If the option is exercised by the Corporation, the notice of exercise shall be given concurrently to the other Shareholders. If the acceptance is by one or more of the Shareholders other than the Terminated Shareholder, the notice of exercise shall be given concurrently to the Corporation and to all other Shareholders.

**8.11 Nonexercise of Option.** If the Corporation and the other Shareholders fail to exercise their options to purchase the shares of a Terminated Shareholder, the shares shall remain subject to the terms and restrictions of this agreement.

**Article 9 Confidential Information**

**9.1 Confidential Information.** A Shareholder shall not, at any time either during the term of this agreement or thereafter, directly or indirectly furnish or divulge to any person, firm, or corporation whatsoever, except as may be necessary for the fulfillment of Shareholder's duties as an employee and officer of the Corporation, the names of any customer or customers of the Corporation or the methods of conducting the business of the Corporation. In addition, a Shareholder shall not disclose any confidential information to any person, firm, or corporation whatsoever, imparted to a Shareholder in connection with employment of the Shareholder by the Corporation.

**Article 10 [rESERVED]**

**Article 11 Termination of Shareholder’s Agreement**

**11.1 Termination of Shareholder’s Agreement.** This agreement shall terminate forthwith upon the occurrence of any one of the following events:

(a) Sale or Other Disposition. Upon the sale or other disposition by the Corporation of all or substantially all of the assets of Corporation; the sale, exchange, or other disposition in any one transaction of all of the issued and outstanding shares of the stock of the Corporation; or a merger or consolidation of the Corporation in which the persons who are then shareholders of the Corporation receive less than 50% of the outstanding voting shares of the new or continuing corporation;

(b) Insolvency or Dissolution. The voluntary or involuntary dissolution of the Corporation, the commencement by the Corporation of a voluntary case under the bankruptcy laws, the Corporation's permitting the entry of a decree or order of relief in a involuntary case involving the Corporation under the bankruptcy laws, or the making of an assignment for the benefit of creditors by the Corporation;

(c) Cessation of the Corporation's Business. The cessation of the operation of an active trade or business by the Corporation;

(d) Death of All Shareholders Within 90 Days. The death of all Shareholders within 90 days of one another; and

(e) Agreement of Shareholders. The written agreement of all persons who are then holders of the issued and outstanding common stock of the Corporation.

**Article 12 Dispute Resolution**

**12.1 Disputes Among Members**. The Members agree that in the event of any dispute or disagreement solely between or among any of them arising out of, relating to or in connection with this Agreement or the Company or its organization, formation, business or management (“Member Dispute"), the Members shall use their best efforts to resolve any dispute arising out of or in connection with this Agreement by good-faith negotiation and mutual agreement. The Members shall meet at a mutually convenient time and place to attempt to resolve any such dispute. In the event any party to such mediation or negotiation proceeding is not satisfied with the results thereof, then any unresolved disputes shall be finally settled in accordance with an arbitration proceeding. In no event shall the results of any mediation proceeding be admissible in any arbitration or judicial proceeding.

**12.2 Arbitration.** In the event of any controversy between the parties as to the enforcement or interpretation of the terms and provisions of this agreement or arising out of the relationship of the Shareholders, as shareholders, and the Corporation, such controversy shall be determined by arbitration. However, notwithstanding this provision, a party shall be permitted to seek specific performance of this agreement by judicial proceeding and shall not be required to arbitrate any matter involving specific performance of this agreement.

**12.3 Procedure.** Any party desiring to arbitrate a controversy shall give written notice to the other party to the controversy, which notice shall include a designation of the name and address of the person to serve as arbitrator for the party giving such notice. Within fifteen (15) days after receipt of such notice, the recipient of such notice shall give written notice to the other party designating the name and address of a person to serve as arbitrator for the recipient of such notice. The two persons so designated shall forthwith select a third person, and such three persons shall serve as arbitrators hereunder. If either party fails to designate a person to serve as arbitrator and give notice thereof to the other party, if the two persons so designated as arbitrators fail or refuse to select a third arbitrator, or if any arbitrator appointed fails or refuses to perform such arbitrator's duties, either party may petition a court of competent jurisdiction for the appointment of an arbitrator. The arbitrators shall execute oaths to faithfully perform their duties hereunder and in accordance with any applicable statutory authority. The arbitrators shall determine all issues of procedure and admissibility of evidence, and shall determine the obligations of the parties under the terms and conditions of this agreement or arising out of the relationship of the Shareholders, as shareholders, and the Corporation. The arbitrators may assess and award damages for any failure or delay in performance of the obligations of any party. The decision of any two of the three arbitrators shall determine the procedural issues and the issue or issues presented for arbitration.

**12.4 Costs and Expenses.** Each of the parties shall pay the fees and expenses of the person designated by such party to serve as arbitrator and one-half of the fees and expenses of the third arbitrator. However, the arbitrators shall have the power to award reimbursement to either party for such fees and expenses.

**Article 13 General Provisions**

**13.1 Reserves.** There may be created by resolution of the Board of Directors out of the surplus of the Corporation such reserve or reserves as the directors from time to time, in their discretion, deem proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors may deem beneficial to the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created. Surplus of the Corporation to the extent so reserved will not be available for the payment of dividends or other distributions by the Corporation.

**13.2 Telephone and Similar Meetings.** Shareholders, directors and committee members may participate in and hold meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting had not been lawfully called or convened.

**13.3 Books and Records.** The Corporation will keep correct and complete books and records of account and minutes of the proceedings of its shareholders and Board of Directors, and will keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

**13.4 Fiscal Year.** The fiscal year of the Corporation will be fixed by resolution of the Board of Directors.

**13.6 Binding Effect.** The provisions of this agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

**13.5 Litigation Expense.** In the event of a default under this agreement, the defaulting party shall reimburse the nondefaulting party or parties for all costs and expenses reasonably incurred by the nondefaulting party or parties in connection with the default, including without limitation attorney's fees. Additionally, in the event a suit or action is filed to enforce this agreement or with respect to this agreement, the prevailing party or parties shall be reimbursed by the other party for all costs and expenses incurred in connection with the suit or action, including without limitation reasonable attorney's fees at the trial level and on appeal.

**13.6 Waiver.** No waiver of any provision 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. No waiver shall be binding unless executed in writing by the party making the waiver.

**13.7 Applicable Law.** This agreement shall be governed by and shall be construed in accordance with the laws of the State of Texas.

**13.8 Seal.** The Corporation may have a seal, and such seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Any officer of the Corporation will have authority to affix the seal to any document requiring it.

**13.9 Indemnification.** The Corporation will indemnify its directors, officers and other persons referenced in the Certificate of Formation to the fullest extent permitted by the Business Organizations Code and may, if and to the extent authorized by the Board of Directors, so indemnify any other person whom it has the power to indemnify against liability, reasonable expense or other matter whatsoever.

**13.10 Insurance.** The Corporation may at the discretion of the Board of Directors purchase and maintain insurance on behalf of the Corporation and any person whom it has the power to indemnify pursuant to law, the Certificate of Formation, these Bylaws or otherwise.

**13.11 Resignation.** Any director, officer or agent may resign by giving written notice to the resident or the Secretary. Such resignation will take effect at the time specified therein or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

**13.12 Amendment of Bylaws.** These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the Directors present at such meeting.

**13.13 Invalid Provisions.** If any part of these Bylaws is held invalid or inoperative for any reason, the remaining parts, so far as possible and reasonable, will be valid and operative.

**13.14 Specific Performance.** The Shareholders declare that it is impossible to measure in money the damages which will accrue if any Shareholder or his or her successor or assigns should fail to perform any of the obligations contained in this agreement. Therefore, the terms and provisions of this agreement may be specifically enforced in equity, and all Shareholders waive any claim to the defense that the remedy at law is adequate for a breach of any of the terms and provisions of this agreement.

**13.15 Relation to Certificate of Formation.** These Bylaws are subject to, and governed by, the Certificate of Formation.

Adopted by the Board of Directors and Shareholders on {{ today(format='M/d/YYYY') }}.

|  |
| --- |
| {%tr for shareholder in shareholder %} |
| {{ showifdef(shareholder.attr\_name(‘signature’)) }} |
| {{ capitalize(shareholder.name) }}  Shareholder and Director |
| {%tr endfor %} |