Equity Agreement

This agreement is between ______________________________ a corporation incorporated under the laws of ________________________ whose registered office is situated at ________________

____ (the Owner); and

_____________________________ of __________________________ _______________________

___________________________________ _______________________________ (the Contractor);

and executed on _______________ which is intended to transfer equity in _______________ (the Project) to the Contractor at the Agreed Rate over the Agreed Period and subject to the Risk and other conditions listed in the following points:

1. Project Commencement date is ____________
2. Agreed Rate is ___% of equity in the Project per year in lieu of a full-time salary-equivalent of $________ per year for 1900 hours of work.
3. The same Agreed Rate applies pro rata if acquiring equity on a part-time basis at an hourly rate.
4. The Agreed Rate will be adjusted up or down on each anniversary of Project Commencement to be equal to the actual equity value established by the most recent external investment in the Project.
5. Agreed Period is ___ years from Project Commencement
6. Risk: It is possible that the Project will fail at any time for any reason and be worth nothing. If the Project fails, all participants including Contractor may elect to open-source the developed work rather than sell it in an attempt to recover costs.
7. Contractor will execute a binding non-disclosure agreement which protects the Project.
8. Owner will maintain a Project business plan which will remain available to Contractor.
9. With approval of existing equity holders external capital will be sought from time to time .
10. Contractor cannot become an employee while receiving equity in lieu of salary-equivalent.
11. If Project earnings permit, Contractor may become an employee with salary in lieu of further equity. Equity earned so far may be kept or traded in-house.
12. Owner will post an in-house monthly Project report which nominates a notional or planned equity value. On the next business day only, all stakeholders except Owner may optionally trade their equity in-house at or above the nominated price.
13. Contractor may purchase additional equity at the Agreed Rate or the most recently traded in-house equity value whichever is higher.
14. If Contractor leaves the Project, all acquired equity must be offered for purchase by remaining stakeholders at the Agreed Rate or at the most recent price at which equity was actually traded whichever is higher. If this occurs prior to external investment, Contractor may have to wait until such investment before receiving proceeds of this equity buy-back. However, if Contractor leaves the Project and wishes to retain acquired equity, Contractor must obtain a favourable two-thirds majority vote in a secret ballot among remaining equity holders including Owner.

15. Intellectual property developed by Contractor is owned 100% by the Project.
16. Copyright in code developed by Contractor is owned 100% by the Project.
17. At the end of the Agreed Period this agreement automatically terminates but Project ownership of intellectual property and copyright persists indefinitely.
18. Disagreement must be settled in-house by the people involved or if that isn't possible, disagreement must be settled via arbitration by a mutually agreed independent person.
19. Ambiguities in this agreement must be interpreted in favour of Project success.

Executed by the parties on the first date mentioned above:

For Owner

____________________) ____________________

Name) Signature

Witness:

____________________) ____________________

Name) Signature

For Contractor

____________________) ____________________

Name) Signature

Witness:

____________________) ____________________

Name) Signature