

## SOLE PROPRIETORSHIP BUY-SELL AGREEMENT

THIS AGREEMENT made effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**BETWEEN:**

**PROPRIETOR**  
(the "Proprietor")

**- and**  
**EMPLOYEE**  
(the "Employee")

**WHEREAS:**

- A. The Proprietor wishes to provide for the continuation of the business owned by the Proprietor and operated under the trade name " \_\_\_\_\_ " (the "Business") upon his death;
- B. The Employee wishes to take over the operation of the Business upon the Proprietor's death;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises, covenants and agreements set forth herein, the parties hereto agree as follows:

1. On the death of the Proprietor, his executor or administrator (the "Personal Representative") shall sell and the Employee shall buy the Business, on the terms, conditions and for the consideration hereinafter set forth.
2. The Business shall include all real property, accounts receivable and bank accounts, together with all other assets real and personal, movable and immovable, tangible and intangible, of every nature and description whatsoever owned in connection with the Business by the Proprietor at the time of his death.
3. To provide funds for the purchase of the Proprietor's Business, the Employee shall purchase a life insurance policy on the Proprietor's life in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). The Employee shall pay all premiums on and be the sole beneficiary of the policy, but during the currency of this Agreement, agrees not to assign, surrender or borrow against any policy subject to this Agreement, without first obtaining the Proprietor's written consent.
4. Upon the execution of this Agreement, and not later than \_\_\_\_\_ days after the end of each fiscal year of the Business, the Proprietor and the Employee shall jointly determine the value of the Business for the purpose of the sale contemplated under this Agreement. The purchase price shall be this determined value adjusted to reflect the net change, if any, in the book value of the Business between the date of the last stipulated value and the day preceding the Proprietor's death.
5. If the purchase price exceeds the proceeds of insurance on the life of the Proprietor, the Employee may forthwith pay the balance in cash, or at his option shall within \_\_\_\_\_ days after the death of the Proprietor, execute and deliver a promissory note ("Promissory Note") to secure payment of the balance and deliver the same to the Personal Representative, which Promissory Note shall be payable within \_\_\_\_\_ years of the date thereof, with interest at the rate of \_\_\_\_\_% per year with the right to prepay part or all of the balance owing at any time. The Employee shall also deliver to the Personal Representative, an agreement to indemnify the Proprietor's estate against any and all of the Business debts and liabilities.

**THIS IS A 2-PAGE FORM.**