Buy-Sell Agreement

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Drafted as a cross-purchase with a company backstop — the structure the Supreme Court's Connelly v. United States (2024) decision favors. It works for corporations and LLCs alike; for an LLC, read "shares" as "membership interests." Replace the bracketed items and have every owner (and the company) sign. This is the same operative text referenced in the article.

BUY-SELL AGREEMENT

This Agreement is made on [DATE] among [COMPANY NAME] (the "Company") and its owners [NAME, ___%] and [NAME, ___%] (each an "Owner").

1. RESTRICTION ON TRANSFER

No Owner may sell, gift, pledge, or otherwise transfer any interest in the Company except as this Agreement allows. Any attempted transfer in violation is void, and certificates and Company records shall bear a legend noting this restriction.

2. RIGHT OF FIRST REFUSAL (VOLUNTARY TRANSFERS)

An Owner wishing to sell must first deliver the third-party offer's full terms to the Company and the other Owners, who may purchase the interest on those terms (or the Section 5 price, if lower) within [30] days — first the other Owners pro rata, then the Company. If neither exercises, the Owner may complete the identified sale within [60] days on the disclosed terms only.

3. MANDATORY PURCHASE ON DEATH

On an Owner's death, the estate shall sell and the surviving Owners shall purchase the deceased Owner's entire interest, pro rata (the Company shall purchase any portion the survivors do not), at the Section 5 price, closing within [90] days. Insurance proceeds under Section 7 are applied first.

4. OPTIONS ON OTHER TRIGGERS

The Company and the other Owners have the option (in that order) to purchase an Owner's interest at the Section 5 price upon:

- (a) Disability: inability to perform the Owner's duties for [6] consecutive months, supported by medical certification;
- (b) Divorce: any interest awarded to an Owner's former spouse;
- (c) Bankruptcy or attachment of the interest by creditors;
- (d) Termination for cause [at [85]% of the Section 5 price].

Options are exercisable within [60] days of written notice of the trigger.

5. PURCHASE PRICE

The price is the Agreed Value most recently certified by all Owners on Schedule A, if certified within the past [18] months; otherwise [FORMULA: e.g., ___ times the average of the last three years' net earnings, plus cash, minus debt]. Either party to a purchase may instead demand a valuation by a qualified independent appraiser, whose determination binds both; appraisal costs are split equally. The Owners will re-certify Schedule A each [January].

6. PAYMENT TERMS
The price is paid: first, from any insurance proceeds received for that purpose; any balance [in cash at closing / by promissory note over [5] years at [the applicable federal rate / ___%], with [annual] installments and full prepayment allowed]. Transferred interests are delivered free of liens.

7. INSURANCE FUNDING
[Each Owner shall maintain life insurance on each other Owner / The Owners shall maintain the policies listed on Schedule B] in amounts approximating each Owner's share of the Agreed Value, and shall not change beneficiaries or cancel coverage while this Agreement is in force. Proceeds shall be applied to Section 3 purchases before other funds.

8. S-CORP PROTECTION
[If applicable:] No transfer may be made to any person whose ownership would terminate the Company's S-corporation election, and any such transfer is void.

9. GENERAL
This Agreement binds the Owners, their estates, heirs, and successors; it amends only by a writing signed by all parties; it is governed by [STATE] law; and it terminates on the written agreement of all Owners, dissolution of the Company, or when one Owner holds all interests. Sections survive as needed to complete pending purchases.

SIGNATURES
Company (by authorized officer): ____

Owner: ____

Owner: ____

Date: ____

SCHEDULE A — AGREED VALUE

Item	Value / Detail
Total agreed company value	[$ ___]
Per-owner allocation	[$ ___ per owner / by ownership %]
Date certified by all Owners	[___]
Next re-certification due	[___]

SCHEDULE B — POLICIES

Insurer	Policy Number	Insured	Owner / Beneficiary	Face Amount
[insurer]	[number]	[insured owner]	[owner]	[$ ___]
[insurer]	[number]	[insured owner]	[owner]	[$ ___]
[insurer]	[number]	[insured owner]	[owner]	[$ ___]

INSTRUCTIONS FOR USE

Complete the bracketed [FIELDS], delete any optional language that does not apply (bracketed alternatives separated by "/"), have every Owner and the Company sign, and store with your corporate or LLC records. This is a cross-purchase structure with a company backstop; if you have estate-tax exposure near the federal exemption ($15 million per person for 2026 deaths) or in a state that taxes estates at a lower threshold, have counsel review the funding structure in light of Connelly v. United States (2024). This template is provided for informational purposes only and does not constitute legal advice. Laws vary by state and change over time. Have an attorney review your completed document before relying on it. ClearLegalTips.com is not a law firm.