

APPENDIX 3

FOUNDERS' AGREEMENT

Business Name: _____

Founders: _____, _____, _____,

_____ , _____ , _____

The listed names (each a "Founder" and together the "Founders") are collaborating with the purpose of developing together a business with the following description: [briefly describe the purpose and nature of the business idea]

I. Ownership Rights of Created Material

If something is created or contributed for the business such as a material, product, idea, technology, resource, image, name, logo, etc., who owns it during the project and then after the project is completed?

II. Dispersion of Business Profits and Liquidation

Once the business is generating income and the costs to the founders are covered, how will the profits of the company be treated? Will they be reinvested into the business or divided amongst the founders?

At the conclusion of the business, how will you divide the equity of the business? Detail how the business will be broken down and who gets what.

V. Conflict Resolution, Separation, Cessation of Business

In the event of a dispute between the owners of the business, what will be the steps in resolving the conflict? This can include conflicts regarding decisions about the business or personal differences of opinion. What happens if a founder is not completing their agreed upon duties for the business?

In the event that a founding member no longer wishes to be a part of the business, how will their separation from the business be handled? Will it result in the termination of the business? Will they have to wait until the closing of the business by the other founding members, before being entitled to a share of the business equity? Do they forfeit their share of profits? Will the other members have to buy them out of their perceived portion of the business?

Is it possible for a founding member to be removed from the business by the other members? Can a unanimous or majority vote be used? Must certain criteria be met first? Is the person entitled to notice and a chance to change the behaviors that caused the conflict?

Date of Signed Agreement: _____

Signatures of agreement of the founders of _____.
