

STATE OF CALIFORNIA – DEPARTMENT OF INSURANCE  
**SAMPLE AGREEMENT RESTRICTING TRANSFER OF SHARES**

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This Agreement made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between ABC TITLE COMPANY, a California corporation (hereinafter called "Company") and \_\_\_\_\_ (hereinafter called "Shareholder"),

WITNESSETH:

WHEREAS, Company has obtained a permit from the Insurance Commissioner of the State of California (hereinafter called "Commissioner"), being No. \_\_\_\_\_, issued \_\_\_\_\_, authorizing the sale and issuance of Company's shares; and

WHEREAS, Condition \_\_\_\_\_ of said permit required that certain restrictions be placed upon the transfer of said shares; and

WHEREAS, Shareholder has purchased, or has agreed to purchase, from Company certain of its shares which will be subject to said restrictions, and the number of shares to be purchased and restricted is enumerated on an addendum attached hereto:

NOW, THEREFORE, the parties hereto agree as follows:

1. That Shareholder will not sell, transfer or encumber any of the restricted shares without prior written consent of the Commissioner.
2. Any or all of the restricted shares may be transferred at any time with the prior written consent of the Commissioner, and Company hereby consents to such transfers. It is understood that among the reasons which may, but not necessarily will, cause the Commissioner to give such consent are the following:
  - a. Significant change in the financial position or affairs of Shareholder, not within the control of Shareholder, that would otherwise result in hardship;
  - b. A transfer of any or all of the restricted shares by Shareholder to another shareholder, some or all of whose shares are subject to the restrictions of this Agreement, or similar restrictions.
  - c. The transfer of any or all of the restricted shares by Shareholder to a transferee having a sufficient financial sophistication and/or knowledge of the title insurance industry and such securities to satisfy the Commissioner that such transfer would be in the proper interests of Company and other shareholders. Any such transfer which would destroy or impair desirable leadership of the Company, or be conducive to internal dissension will be disfavored.
3. Any of the restricted shares which are transferred pursuant to the provision of Paragraph 2 above, shall continue to be subject to the provisions of this Agreement after such transfer, as if such transfer had not occurred.
4. Each certificate representing restricted shares shall bear the following legend:

"IT IS UNLAWFUL TO CONSUMMATE A SALE, TRANSFER OR ENCUMBRANCE OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

ABC TITLE COMPANY

By \_\_\_\_\_  
Officer

\_\_\_\_\_  
Shareholder