

Non-Compete, Covenant

_____, referred to as SELLER and _____, referred to as BUYER, agree: BUYER and SELLER have entered into an agreement dated _____, 199__ for _____.

In consideration of the mutual covenants and payments to be made pursuant to the agreement, and in further consideration of the sum of \$ _____ (_____ & ___/100 dollars) paid to by BUYER to SELLER, receipt of which is acknowledged by the SELLER, SELLER agrees not to compete with BUYER under the terms and conditions set forth herein.

During a period of _____ from the date of this agreement SELLER will not compete at any time, directly or indirectly with BUYER in the fields of:

in the following geographic territory:

For the purposes of this agreement "competition" shall be defined to include, but not be limited to, the following:

- (a) Participating as a director, stockholder, or partner of, or having any direct or indirect financial interest (including a financial interest as a creditor) in any enterprise engaged in the fields stated above;
- (b) Participating as an officer, employee, agent, representative, or consultant in, or rendering any services to, any such enterprise within the fields stated above;

SELLER further agrees that for a period extending _____ after the substantial consummation of the sale, SELLER shall not solicit for employment or employ any of the employees as of the date of substantial consummation of the same. However, in the event that BUYER terminates any employee, SELLER may employ that individual, provided that such employment is not limited by any valid non-competition agreement either assigned by SELLER to BUYER or entered into to between BUYER and the employee.

SELLER acknowledges that the restrictions contained herein are reasonable and necessary to protect the business and interest, which BUYER is acquiring pursuant to the above-referenced purchase and sale agreement. It is further agreed that BUYER would suffer irreparable injury if the restriction is not obeyed, and that injunctive relief is appropriate for any violation of the same.

Dated: _____

_____, SELLER

_____, BUYER

Non-Compete, Covenant Review List

This review list is provided to inform you about this document in question and assist you in its preparation. This Non-Compete Covenant can be used with other documents to prevent competition. To preserve its legality and enforceability, it must be limited in terms of scope, geography, and time. In simple terms, you should draft it as narrowly as possible to improve the odds of its enforceability—and usefulness in settlement negotiations should such an occasion arise. Elsewhere in this disc more complex non-competes exist. This “covenant” is intended to be an “addition” to other agreements though it can easily stand on its own. Sometimes people desire to have this separate “covenant” so it can be prosecuted separately, if need be.

1. Make multiple copies. Keep one in the transaction file and another in the corporate file.