

MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS TO ADOPT
STOCK OWNERSHIP PLAN UNDER SECTION 1244 OF THE INTERNAL
REVENUE CODE

A special meeting of the Board of Directors of the _____
was held by virtue of notice on _____, 20__ at _____ am/pm, at
_____, _____, _____

A motion was made and seconded as follows:

The Board of Directors have determined that the Corporation shall be organized and managed so that it is a "Small Business Corporation" as defined in IRC Sec. 1244 (1), as amended, and so that the shares issued by the Corporation are "Section 1244 Stock" as defined in IRC Sec. 1244 ©(1), as amended. Compliance with this section will enable shareholders to treat the loss on the sale or exchange of their shares as an "ordinary loss" on their personal income tax returns.

RESOLVED, that the proper officers of the Corporation are authorized to sell and issue common shares in an aggregate amount of money and other property (as a contribution to capital and as paid in surplus), which together with the aggregate amount of common shares outstanding at the time of issuance, does not exceed \$1,000,000, and RESOLVED, that the sale and issuance of shares shall be conducted in compliance with IRC Sec. 1244, so that the Corporation and its shareholders may obtain the benefits of IRC Sec. 1244, and it is further RESOLVED, that the proper officers of the Corporation are directed to maintain such accounting records as are necessary so that any shareholder that experiences a loss on the transfer of common shares of the Corporation may determine whether they qualify for "ordinary loss" deduction treatment on their personal income tax returns.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously voted, the meeting was adjourned.

Date:

Secretary

Attest: Chairman of the board

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Review List

This review list is provided to inform you about this document in question and assist you in its preparation. This document allows the investors to write their stock off as an ordinary expense, and not under capital gains, should the deal go down and become worthless. It has no downside. Do it.

1. Make multiple copies. Keep them in the corporate records and make them available, as needed, to the shareholders.