

# Pre-Incorporation Funding and Equity Issuance Agreement

SHEP Legal

This Pre-Incorporation Funding and Equity Issuance Agreement (this "Agreement") is entered into as of \_\_\_\_ March 30 \_\_\_\_, 2026 (the "Effective Date"), by and between Sanoj Allen, an individual doing business as SHEP Legal ("Founder"), and William Groves ("Investor").

## RECITALS

- A. Founder is developing a business currently known as SHEP / SHEP Legal (the "Business").
- B. The parties desire that Investor provide development funding to Founder before the formation of a legal entity for the Business.
- C. The parties intend that, upon formation of a corporation to operate the Business, Investor will receive an equity interest on the terms set forth below.

Accordingly, the parties agree as follows:

## 1. Funding

**1.1 Total Funding Commitment.** Investor agrees to provide up to Five Thousand Dollars (\$5,000.00) to Founder, subject to the installment schedule below.

**1.2 Installment Schedule.** The funding shall be provided in the following installments:

Installment	Due Date	Amount
1	Upon execution	\$500.00
2	30 days after execution	\$500.00
3	60 days after execution	\$500.00
4	90 days after execution	\$500.00
5	120 days after execution	\$500.00
6	150 days after execution	\$500.00
7	180 days after execution	\$500.00

8	210 days after execution	\$500.00
9	240 days after execution	\$500.00
10	270 days after execution	\$500.00

**1.3 Amount Actually Funded Controls.** Investor's rights under this Agreement shall be based only on the amount actually funded by Investor. If Investor funds less than the full \$5,000.00, Investor's equity entitlement shall be reduced proportionally as set forth in Section 4.

**1.4 Failure to Fund.** If Investor fails to make any installment within fifteen (15) days after its due date, Founder may elect to treat Investor's total funded amount as final, and this Agreement shall continue in effect only as to the amount actually funded.

## 2. Use of Funds

Founder shall use the funds solely for the development, launch, operation, and related expenses of the Business.

## 3. Formation of Entity

**3.1 Formation Covenant.** Founder shall form a Delaware corporation to own and operate the Business (the "Company") on or before the earlier of:

- (a) three hundred (300) days after the Effective Date; or
- (b) the closing of any outside equity, convertible, or similar financing for the Business.

**3.2 Business Transfer.** At or promptly following formation of the Company, Founder shall transfer, assign, or contribute to the Company all right, title, and interest in and to the Business, including without limitation all associated goodwill, intellectual property, code, branding, domain names, data, customer relationships, and other assets primarily related to the Business, in each case to the extent owned or controlled by Founder.

**3.3 Formation Hygiene.** At formation, Founder shall (a) adopt market-standard founder vesting for Founder's shares, and (b) execute a proprietary information and inventions assignment agreement in favor of the Company. Investor's shares under Section 4 shall be issued only after approval by the Company's board of directors and execution of the Company's standard stock issuance documents.

## 4. Equity Issuance Upon Formation

**4.1 Full Funding Equity Percentage.** If Investor has funded the full \$5,000.00, Founder shall cause the Company, immediately upon formation, to issue to Investor such number of shares of the Company's common stock that Investor owns ten percent (10%) of the issued and outstanding common stock of the Company immediately after such issuance, measured immediately before:

- (a) the creation or expansion of any option pool;
- (b) the issuance of any SAFE, convertible note, warrant, preferred stock, or other convertible or equity security; and

(c) any other issuance to advisors, employees, or third parties other than Founder and Investor.

**4.2 Partial Funding Equity Percentage.** If Investor funds less than the full \$5,000.00, Investor's equity percentage shall be reduced on a straight-line pro rata basis, such that each \$500.00 funded entitles Investor to one percent (1%) of the issued and outstanding common stock of the Company on the same basis described in Section 4.1.

**Example:** \$500 funded = 1% · \$1,000 funded = 2% · \$1,500 funded = 3% · \$2,000 funded = 4% · \$2,500 funded = 5% · \$3,000 funded = 6% · \$3,500 funded = 7% · \$4,000 funded = 8% · \$4,500 funded = 9% · \$5,000 funded = 10%

**4.3 Share Calculation.** The number of shares to be issued to Investor shall be calculated so that, immediately after issuance, Investor holds the applicable percentage described in Sections 4.1 or 4.2.

**Example:** If Founder receives 9,000,000 shares of common stock at formation and Investor is entitled to 10%, Investor shall receive 1,000,000 shares, so that Founder and Investor together hold 10,000,000 shares immediately after issuance.

**4.4 Early Formation.** If the Company is formed before all installments have been funded, Investor's equity percentage shall be determined solely by the amount actually funded as of the formation date, and any unfunded future installment obligations shall automatically terminate unless otherwise agreed in writing after formation.

**4.5 Same Class as Founder.** The shares issued to Investor under this Agreement shall be common stock of the same class as Founder's common stock, subject to the Company's certificate of incorporation, bylaws, stockholders agreement, and other governing documents adopted in connection with formation.

## 5. Nature of Agreement

**5.1 Not Debt.** This Agreement is not a loan, not a promissory note, and not a SAFE. No interest shall accrue on any amounts funded under this Agreement.

**5.2 No Present Equity Before Formation.** Until the Company is formed and shares are actually issued, Investor shall have only the contractual rights expressly set forth in this Agreement and shall not be deemed an owner of the Business or of any entity.

## 6. No Special Investor Rights

Unless expressly agreed in a later written agreement signed by the parties and, after formation, by the Company, Investor shall have no:

- (a) board seat;
- (b) observer rights;
- (c) veto rights;
- (d) anti-dilution rights;
- (e) preemptive rights;
- (f) pro rata investment rights;
- (g) redemption rights; or
- (h) liquidation preference.

Investor shall participate only as a holder of common stock after issuance.

## 7. Company Documents After Formation

As a condition to receiving shares under this Agreement, Investor shall execute the Company's then-standard common holder documents, including any:

- (a) stock purchase or stock issuance documents;
- (b) stockholders agreement;
- (c) right of first refusal and co-sale agreement, if any;
- (d) drag-along agreement, if any;
- (e) joinder agreements; and
- (f) any customary securities law representations.

Such documents shall be reasonably consistent with market-standard common holder documents and shall not materially reduce the economic percentage expressly granted under Section 4, except for dilution resulting from future issuances.

## 8. Dilution

Investor acknowledges and agrees that any shares issued under this Agreement shall be subject to dilution from future issuances of equity or convertible securities, including without limitation option pools, employee grants, advisor grants, SAFEs, notes, preferred financings, and other issuances by the Company.

## 9. Information Rights Before Formation

Before formation of the Company, Founder shall provide Investor with brief quarterly updates regarding material developments of the Business. Such updates may be informal and may be provided by email.

After formation, Investor shall have only such information rights as are provided to common stockholders generally under applicable law and the Company's governing documents, unless otherwise agreed in writing.

## 10. Transfer Restrictions

**10.1 Pre-Formation.** Investor may not assign or transfer this Agreement without Founder's prior written consent, except to an affiliated entity, trust, or immediate family member for estate planning purposes.

**10.2 Post-Formation.** Any shares issued to Investor under this Agreement shall be subject to the transfer restrictions contained in the Company's governing documents and any stockholder agreements then in effect.

## 11. Failure to Form Company

**11.1 Investor Election.** If Founder does not form the Company within the time required by Section 3.1, Investor may elect, by written notice to Founder, to extend the formation deadline by up to one hundred eighty (180) additional days.

## **12. Founder Representations**

Founder represents and warrants to Investor that, as of the Effective Date:

- (a) Founder is the sole owner of the Business, except as disclosed in writing to Investor;
- (b) Founder has authority to enter into this Agreement;
- (c) to Founder's knowledge, no other person has any outstanding right to acquire any ownership interest in the Business; and
- (d) Founder has not granted any lien, security interest, or conflicting ownership right in the Business that would materially impair Investor's rights under this Agreement, except as disclosed in writing to Investor.

## **13. Investor Representations**

Investor represents and warrants to Founder that:

- (a) Investor is acquiring rights under this Agreement for Investor's own account and not with a view to distribution in violation of applicable securities laws;
- (b) Investor understands that the Business is an early-stage venture involving a high degree of risk;
- (c) Investor can bear the complete loss of the amount funded; and
- (d) Investor understands that any shares issued upon formation of the Company may be restricted securities under applicable federal and state securities laws.

## **14. Drag-Along**

If, after formation, the Company and the requisite holders under the Company's governing documents approve a sale of the Company or substantially all of its assets, Investor agrees to consent to and participate in such transaction on the same terms applicable to similarly situated holders of common stock, subject to customary limitations.

## **15. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflict of laws principles.

## **16. Dispute Resolution**

Any dispute arising out of or relating to this Agreement shall first be submitted to good-faith negotiation for a period of thirty (30) days after written notice of dispute. If the dispute is not resolved through negotiation, it shall be finally resolved by binding arbitration in Wilmington, Delaware, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment on the award may be entered in any court of competent jurisdiction.

## 17. Miscellaneous

**17.1 Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior or contemporaneous discussions, negotiations, and understandings regarding such subject matter.

**17.2 Amendments.** This Agreement may be amended only by a written instrument signed by both parties.

**17.3 Notices.** All notices under this Agreement shall be in writing and delivered by email to the addresses below, or to such other address as a party may designate by notice.

**17.4 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

**17.5 Severability.** If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**17.6 No Partnership.** Nothing in this Agreement shall be deemed to create a partnership, joint venture, fiduciary relationship, or agency relationship between the parties before formation of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**FOUNDER:**

Sanoj Allen

Email: sanoj@sheplegal.com

Date: \_\_\_\_\_

**INVESTOR:**

William Groves

Email: william.groves@gmail.com

Date: \_\_\_\_\_

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