

Partnership Agreement

This Partnership Agreement ("Agreement") is made on _____ ("Effective Date") by and between _____ and _____ (collectively referred to as the "Partners" agrees as follows:

1. **Name and Business.** The Partners voluntarily and willingly associate themselves together as general partners for the purpose of conducting the general business of _____, and any other type of business that could be agreed on by the Partners. The Partners hereby form a partnership under the name of _____. The principal place of business shall be located at _____ and any other place or places that may be mutually agreed upon by the Partners.

2. **Term.** The partnership shall commence on _____, and shall continue until terminated by either party with written notice.

3. **Capital.** The initial capital of this Partnership shall be the sum of \$_____, which each Partner shall contribute by depositing in a checking account in the name of the Partnership, the following amounts: \$_____ by _____ and \$_____ by _____. A separate capital account shall be maintained for each partner. Upon the demand of either partner, the capital accounts of the partners shall be maintained at all times in the proportions in which the partners share in the profits and losses of the partnership. Accordingly, neither partner shall withdraw any part of their capital account.

4. **Profits and Losses.** The net profits and losses of the partnership shall be divided equally between the partners. A separate income account shall be maintained for each partner. Partnership profits and losses shall be charged or credited to the separate income account of each partner. If a partner has no credit balance in their income account, losses shall be charged to their capital account.

5. **Interest.** No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.

6. **Salaries.** As compensation for his/her services to the Partnership, each Partner shall be entitled to a salary of \$_____ each month, which shall be deducted by the Partnership as an ordinary and necessary business expense before determination of net profits. The salary of any Partner may be increased or reduced at any time by mutual agreement of the Partners.

7. **Partnership Funds.** All funds of the partnership shall be deposited in its name in such checking account or accounts as shall be designated by the partners. All withdrawals therefrom are to be made upon checks signed by either partner.

8. **Partnership Books.** The Partners shall keep accurate books of account in which all matters relating to the Partnership, including all of its income, expenditures, assets, and liabilities, shall be entered. These books shall be open to examination by either Partner at any time.

9. **Management Duties.** The Partners shall have equal rights in the management of the partnership business including the authority to bind the Partnership in making contracts and incurring obligations in the name and on the credit of the firm. Without the consent of the other partner neither partner shall on behalf of the partnership borrow or lend money, or make, deliver, or accept any commercial paper, or execute any mortgage, security agreement, bond, or lease, or purchase or contract to purchase, or sell or contract to sell any property for or of the partnership other than the type of property bought and sold in the regular course of its business.

10. **Dissolution.** The partnership may be dissolved at any time by agreement of the Partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name shall be sold with the other assets of the business.

The assets of the partnership business shall be used and distributed in the following order:

- (a) to pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations;
- (b) to equalize the income accounts of the partners;
- (c) to discharge the balance of the income accounts of the partners;
- (d) to equalize the capital accounts of the partners; and
- (e) to discharge the balance of the capital accounts of the partners.

11. **Death of a Partner.** Upon the death of either partner, the surviving partner shall have the right either to purchase the interest of the decedent in the partnership or to terminate and liquidate the partnership business. If the surviving partner elects to purchase the decedent's interest, he shall serve notice in writing of such election, within _____ months after the death of the decedent, upon the executor or administrator of the decedent, or, if at the time of such election no legal representative has been appointed, upon any one of the known legal heirs of the decedent at the last-known address of such heir.

(a) If the surviving partner elects to purchase the interest of the decedent in the partnership, the purchase price shall be equal to the decedent's capital account as at the date of their death plus the decedent's income account as at the end of the prior fiscal year, increased by their share of partnership profits or decreased by their share of partnership losses for the period from the beginning of the fiscal year in which their death occurred until the end of the calendar month in which their death occurred, and decreased by withdrawals charged to their income account during such period. No allowance shall be made for goodwill, trade name, patents, or other intangible assets, except as those assets have been reflected on the partnership books immediately prior to the decedent's death; but the survivor shall nevertheless be entitled to use the trade name of the partnership.

12. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules, then obtaining, of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof. In witness whereof the parties have signed this Agreement.

13. **Notices.** All notices between the parties provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when personally delivered to a Partner or, instead of personal service, when deposited in the United States mail, as certified, with postage prepaid, and addressed to the partner at the address of the principal place of business of the Partnership or to another place that may from time to time be specified in a notice given pursuant to this paragraph as the address for service of notice on the Partner.

14. **Integration.** This Partnership Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations,

agreements and understandings with respect thereto. This Agreement may only be amended by a written document duly executed by the Partners.

Partner Name:
Date:

Partner Name:
Date: