

Partnership Agreement

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PARTNERSHIP AGREEMENT

This Partnership Agreement ("Agreement") is made and entered into as of [DATE], by and among the parties listed on Exhibit A attached hereto (each a "Partner" and collectively the "Partners").

RECITALS

WHEREAS, the Partners wish to form and operate a partnership under the laws of [STATE] on the terms and conditions set forth in this Agreement; and

WHEREAS, the Partners desire to set forth their respective rights and obligations with respect to the Partnership.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Partners agree as follows:

1. DEFINITIONS

1.1 "Accounting Standards" means generally accepted accounting principles in the United States (GAAP) or other standards agreed by the Partners.

1.2 "Capital Account" means the account maintained for each Partner in accordance with Section 4 and applicable Treasury Regulations.

1.3 "Contribution" means cash, property, services or other consideration contributed by a Partner as set forth in Exhibit A or as later agreed in writing.

1.4 Other capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in the Internal Revenue Code and Treasury Regulations where applicable.

2. FORMATION

2.1 Formation. The Partners hereby form a partnership (the "Partnership") pursuant to the laws of the State of [STATE].

2.2 Name. The Partnership shall conduct business under the name [PARTNERSHIP NAME] or such other name as the Partners shall determine.

2.3 Principal Place of Business. The principal place of business of the Partnership shall be [ADDRESS], or such other place as the Partners may determine.

2.4 Term. The Partnership shall commence on [DATE] and shall continue until terminated as provided in this Agreement.

2.5 Purpose. The purpose of the Partnership is to conduct the business of [DESCRIBE BUSINESS ACTIVITIES] and any other lawful business approved by the Partners.

3. PARTNERS; CAPITAL CONTRIBUTIONS

3.1 Initial Partners. The names, addresses, initial Contributions, and initial Capital Account balances of the Partners are set forth on Exhibit A.

3.2 Additional Contributions. No Partner shall be required to make additional Contributions except as agreed by the Partners in writing.

3.3 Capital Accounts. A separate Capital Account shall be maintained for each Partner in accordance with Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

3.4 Loans by Partners. Any loans to the Partnership from a Partner shall be evidenced by a promissory note specifying terms and interest (if any). Loans are not Contributions and shall be treated as liabilities

of the Partnership.

4. ALLOCATIONS OF PROFITS AND LOSSES; DISTRIBUTIONS

4.1 Allocations. Profits and losses of the Partnership for each fiscal year shall be allocated among the Partners in proportion to their respective Percentage Interests as set forth in Exhibit A, except as otherwise required by applicable tax law.

4.2 Distributions. Distributions of cash or property shall be made at such times and in such amounts as determined by the Partners, in proportion to the Partners' Percentage Interests, subject to applicable law and reasonable reserves for Partnership obligations.

4.3 Tax Distributions. To the extent the Partnership is required to make distributions to cover Partners' tax liabilities arising from Partnership income, the Partnership shall make such distributions at times and in amounts reasonably determined by the Partners.

5. MANAGEMENT

5.1 Management by Partners. The Partnership shall be managed by the Partners. Unless otherwise agreed, each Partner shall have authority to act for and bind the Partnership in the ordinary course of business subject to the limitations in this Agreement.

5.2 Voting; Major Decisions. Except for matters reserved to unanimous consent below, decisions shall be made by a Majority in Interest (or as otherwise set forth on Exhibit A). Major decisions requiring unanimous or supermajority consent include, without limitation: (a) amendment of this Agreement; (b) admission of a new Partner; (c) sale, lease or mortgage of substantially all Partnership assets; (d) filing for bankruptcy or insolvency; and (e) merger or consolidation of the Partnership.

5.3 Election of Officers. The Partners may appoint officers or managers and delegate day-to-day operations to them, subject to Partner oversight and this Agreement.

5.4 Limitation on Authority. No Partner shall, without the prior written consent of the Partners as required under Section 5.2, (a) admit a new Partner, (b) incur indebtedness in excess of [AMOUNT], (c) enter into transactions outside the ordinary course of business, or (d) make distributions in violation of this Agreement or applicable law.

6. DUTIES AND STANDARDS OF CONDUCT

6.1 Fiduciary Duties. Each Partner shall owe the Partnership and the other Partners fiduciary duties of loyalty and care as limited or modified by this Agreement to the maximum extent permitted by law.

6.2 Duty of Care; Duty of Loyalty. Without limiting the foregoing, no Partner shall compete with the Partnership, usurp Partnership opportunities, or engage in self-dealing except with full disclosure and consent of the Partners as set forth herein.

6.3 Reliance and Indemnification. Partners may rely on the advice of counsel, accountants or other professionals engaged by the Partnership. The Partnership shall indemnify and hold harmless any Partner, officer or agent from liabilities incurred on behalf of the Partnership except for willful misconduct, gross negligence, fraud or material breach of this Agreement.

7. BANKING; BOOKS AND RECORDS

7.1 Bank Accounts. Partnership funds shall be deposited in accounts in the Partnership's name, and withdrawals shall be made upon the signature(s) of authorized Partner(s) or officers.

7.2 Books and Records. The Partnership shall keep complete and accurate books and records, including financial statements, tax returns, minutes of meetings and capital contributions. Each Partner shall have reasonable access to such books and records during normal business hours.

7.3 Fiscal Year. The fiscal year of the Partnership shall be the calendar year unless otherwise determined by the Partners.

8. TAX MATTERS

8.1 Tax Classification. The Partnership shall be treated for federal and state tax purposes as a [SELECT: general partnership/limited partnership/other], and the Partners shall cause the Partnership to file all required tax returns.

8.2 Partnership Representative. The Partnership shall designate [PARTNER NAME OR ENTITY] as the Partnership Representative or Tax Matters Partner with authority to act on behalf of the Partnership in tax audits and proceedings.

8.3 Tax Elections. All elections under the Code and Regulations shall be made by the Partners or the Partnership Representative as required by law and as agreed by the Partners.

9. TRANSFERS OF PARTNERSHIP INTERESTS

9.1 General Restriction. No Partner may Transfer all or any portion of its Partnership interest except as provided in this Section and subject to the consent of the Partners as set forth in Section 5.2.

9.2 Permitted Transfers. A Partner may Transfer its interest to an Affiliate or as permitted by unanimous consent of the Partners. Any permitted transferee shall become a substituted Partner only upon the written consent of the Partners and execution of this Agreement.

9.3 Right of First Refusal. Before making an outside Transfer, a Partner shall offer such interest to the other Partners on the same terms. The offer shall be exercisable within [NUMBER] days.

9.4 Admission of New Partners. Admission of a new Partner shall be effective only upon unanimous written consent of the Partners and execution of this Agreement by the new Partner.

10. WITHDRAWAL; DEATH; INCAPACITY

10.1 Voluntary Withdrawal. A Partner may withdraw from the Partnership upon [NUMBER] days' prior written notice and subject to any buyout provisions in Section 11.

10.2 Death or Incapacity. Upon the death, bankruptcy or incapacity of a Partner, the Partnership shall continue unless otherwise agreed. The Partnership shall either (a) purchase the departing Partner's interest in accordance with Section 11, or (b) admit the legal representative or transferee as a substituted Partner with the unanimous consent of the Partners.

11. BUY-SELL; VALUATION

11.1 Triggering Events. The Partnership or the remaining Partners shall have the option or obligation (as set forth on Exhibit B) to purchase the interest of a Partner upon certain Triggering Events including death, disability, bankruptcy, or breach of this Agreement.

11.2 Valuation. The purchase price shall be determined by mutual agreement, appraisal by an independent appraiser, or by formula set forth on Exhibit B. Payment terms shall be as agreed or, absent agreement, payable in [NUMBER] installments over [PERIOD] with interest at [RATE] per annum.

12. DISSOLUTION AND WINDING UP

12.1 Events of Dissolution. The Partnership shall be dissolved upon the occurrence of any event requiring dissolution under applicable law, unanimous consent of the Partners, or as otherwise agreed in writing.

12.2 Winding Up. Upon dissolution, the Partnership shall wind up its affairs, liquidate assets, discharge liabilities, and distribute remaining assets to the Partners in accordance with their positive Capital Account balances after giving effect to all allocations and adjustments required by Section 4 and the Treasury Regulations.

13. CONFIDENTIALITY

13.1 Confidential Information. Each Partner shall maintain the confidentiality of Partnership information and shall not disclose such information except as required by law or with the prior written consent of the Partners.

13.2 Return of Materials. Upon withdrawal or termination, a departing Partner shall return all Partnership property and confidential materials.

14. NONCOMPETITION AND NONSOLICITATION

14.1 Noncompetition. During the term of the Partnership and for [NUMBER] years after termination, no Partner shall engage in a business substantially similar to the Partnership within [GEOGRAPHIC AREA], except with the unanimous written consent of the Partners.

14.2 Nonsolicitation. For [NUMBER] years after a Partner's withdrawal, the departing Partner shall not solicit Partnership customers or employees for a competing business.

15. INDEMNIFICATION

15.1 Scope. The Partnership shall indemnify and hold harmless each Partner, officer and employee against liabilities and expenses reasonably incurred in connection with Partnership business, except for liabilities resulting from willful misconduct, gross negligence, fraud or material breach of this Agreement.

15.2 Advancement. The Partnership may advance expenses in connection with a claim provided the recipient undertakes to repay amounts incorrectly advanced if final adjudication proves indemnification is not owed.

16. INSURANCE

The Partnership shall maintain such insurance coverage as the Partners deem appropriate, including liability, casualty, and directors' and officers' insurance, with the Partnership named as beneficiary where appropriate.

17. NOTICES

17.1 Method. All notices, consents, requests, or other communications under this Agreement shall be in writing and delivered by personal delivery, nationally recognized overnight courier, certified mail (return receipt requested) or by email with confirmation to the addresses set forth on Exhibit A or to such other address as a Partner designates by notice.

17.2 Effective Date. Notices shall be effective upon receipt (or when delivery is refused).

18. AMENDMENT

This Agreement may be amended only by a written instrument signed by Partners holding at least [AMENDMENT PERCENTAGE] of the Percentage Interests (or as otherwise required under Section 5.2 for Major Decisions).

19. DISPUTE RESOLUTION

19.1 Good Faith Negotiation. The Partners shall first attempt to resolve disputes by good faith negotiation.

19.2 Mediation. If negotiation fails, the parties shall submit the dispute to non-binding mediation in [CITY], [STATE], administered by a mutually agreed mediator.

19.3 Arbitration. If mediation does not resolve the dispute, the dispute shall be finally resolved by binding arbitration under the rules of the American Arbitration Association (or other agreed arbitration body) in [CITY], [STATE], by one or three arbitrators as agreed. Judgment on the award may be entered in any court of competent jurisdiction.

20. GOVERNING LAW

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

21. SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and the invalid or unenforceable provision shall be replaced by a valid

provision that most closely approximates the parties' intent.

22. ENTIRE AGREEMENT; NO THIRD-PARTY BENEFICIARIES

This Agreement (including Exhibits) constitutes the entire agreement among the Partners with respect to the subject matter hereof and supersedes all prior agreements. This Agreement is for the benefit of the Partners and their permitted successors and assigns; no other person shall have any rights hereunder.

23. WAIVER

No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party waiving compliance. No waiver shall constitute a continuing waiver except as expressly stated.

24. COUNTERPARTS; ELECTRONIC SIGNATURES

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

24.2 Electronic Signatures. Signatures transmitted by facsimile, PDF or other electronic means shall be effective as originals.

25. MISCELLANEOUS

25.1 Relationship of the Partners. The Partners are independent parties and nothing in this Agreement shall be construed to create an employer-employee relationship, agency (except as expressly provided), or joint venture beyond the Partnership relationship.

25.2 Further Assurances. Each Partner shall execute and deliver such further instruments and take such further actions as may be reasonably necessary to carry out the purposes of this Agreement.

EXHIBITS

Exhibit A: Partners, Addresses, Initial Contributions, Percentage Interests, Capital Accounts.

Exhibit B: Buy-Sell Provisions; Valuation Method; Payment Terms.

SIGNATURES

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the date first written above.

[PARTNER 1 NAME]

By: _____

Name: [PARTNER 1 NAME]

Title: [TITLE, IF ANY]

Address: [ADDRESS]

Date: [DATE]

[PARTNER 2 NAME]

By: _____

Name: [PARTNER 2 NAME]

Title: [TITLE, IF ANY]

Address: [ADDRESS]

Date: [DATE]

[ADDITIONAL PARTNERS AS REQUIRED]

Acknowledged and agreed:

[PARTNERSHIP ENTITY NAME], Partnership

By: _____

Name: [AUTHORIZED SIGNATORY]

Title: [TITLE]

Date: [DATE]

NOTARY (IF REQUIRED)

State of [STATE]

County of [COUNTY]

On this [DATE], before me, [NOTARY NAME], personally appeared [PARTNER NAMES], proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities.

(Signature and seal)

[END OF AGREEMENT]

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