

PARTNERSHIP AGREEMENT

This Partnership Agreement (this "Agreement") is made and entered into as of _____ (the "Effective Date"), by and between _____, with an address of _____ ("Partner 1"), and _____, with an address of _____ ("Partner 2"). Partner 1 and Partner 2 are each referred to herein as a "Partner" and collectively as the "Partners."

The Partners, intending to be legally bound, agree as follows:

1. Formation and Name

The Partners hereby form a general partnership (the "Partnership") under the laws of the State of _____. The Partnership shall conduct business under the name _____, and the Partners shall execute and file any assumed-name or other certificates required by law.

2. Purpose

The purpose of the Partnership is _____, and to engage in any lawful activity reasonably related to that purpose as the Partners may agree.

3. Principal Place of Business

The principal place of business of the Partnership shall be _____, or such other location as the Partners may agree in writing.

4. Term

The Partnership shall commence on _____.

Term (check one):

- ☐ The Partnership shall continue until dissolved in accordance with this Agreement.
- ☐ The Partnership shall continue until _____, unless earlier dissolved in accordance with this Agreement or extended by written agreement of the Partners.

5. Capital Contributions

Each Partner shall contribute the following initial capital to the Partnership on or before the Effective Date:

Partner 1: \$ _____

Partner 2: \$ _____

A separate capital account shall be maintained for each Partner. No Partner shall be required to make any additional capital contribution without the written consent of all Partners, no Partner shall earn interest on a capital contribution, and no Partner may withdraw any part of a capital contribution except as provided in this Agreement. All capital contributed shall be the property of the Partnership.

6. Allocation of Profits and Losses

The net profits and net losses of the Partnership shall be determined annually and allocated among the Partners as follows:

- ☐ equally between the Partners (fifty percent (50%) to each Partner).
- ☐ in proportion to each Partner's capital contribution relative to the total capital contributions of all Partners.
- ☐ Partner 1: _____ percent; Partner 2: _____ percent (which percentages shall total one hundred percent (100%)).

The percentages so determined are each Partner's "Profit Share."

7. Distributions

Distributions of available cash shall be made to the Partners in proportion to their Profit Shares, at such times and in such amounts as the Partners jointly determine, after payment of Partnership expenses and the establishment of reasonable reserves.

8. Management and Voting

Each Partner shall have an equal right to participate in the management and conduct of the Partnership business. Decisions in the ordinary course of business may be made by either Partner. The following actions require the prior written consent of both Partners: (a) borrowing money or granting a security interest in Partnership property; (b) purchasing, selling, or leasing real property or any asset outside the ordinary course of business; (c) any single expenditure or commitment exceeding an amount the Partners set in writing; (d) admitting a new partner; (e) changing the nature of the Partnership business; and (f) confessing a judgment or settling a claim against the Partnership.

If the Partners are unable to agree on a matter requiring their joint consent, they shall first attempt in good faith to resolve the deadlock through negotiation and, if unsuccessful within thirty (30) days, the matter shall be resolved in accordance with Section 17.

9. Duties of the Partners

Each Partner shall devote such time and attention to the Partnership business as is reasonably necessary, shall act in good faith and with the duties of loyalty and care owed to the Partnership and the other Partner under applicable law, and shall account to the Partnership for any benefit derived from Partnership business or property. No Partner shall use Partnership property or credit for personal purposes.

10. Books, Records, and Accounting

The Partnership shall maintain complete and accurate books and records at its principal place of business, which each Partner may inspect and copy at any reasonable time. The Partnership's fiscal year shall be the calendar year, and annual financial statements shall be provided to each Partner within ninety (90) days after the end of each fiscal year.

11. Banking

All Partnership funds shall be deposited in one or more accounts in the Partnership's name and shall not be commingled with the funds of any Partner. The Partners shall designate in writing who is authorized to sign checks and make withdrawals.

12. Admission of New Partners; Transfers

No new partner may be admitted without the written consent of both Partners. No Partner may sell, assign, pledge, or otherwise transfer all or any part of their interest in the Partnership without the prior written consent of the other Partner, and any purported transfer in violation of this Section shall be void.

13. Withdrawal of a Partner

A Partner may withdraw from the Partnership by giving the other Partner at least _____ days' prior written notice. The remaining Partner may elect, by written notice given within thirty (30) days after the withdrawal date, to continue the Partnership business and purchase the withdrawing Partner's interest for an amount equal to the balance of the withdrawing Partner's capital account as of the withdrawal date, adjusted for that Partner's share of undistributed profits or losses, payable on terms the Partners agree or, failing agreement, in equal quarterly installments over twelve (12) months. If the remaining Partner does not so elect, the Partnership shall be dissolved and wound up under Section 15. The withdrawing Partner shall not share in profits or losses arising after the withdrawal date.

14. Death, Incapacity, or Bankruptcy

Upon the death, adjudicated incapacity, or bankruptcy of a Partner, the other Partner may elect, within sixty (60) days, to continue the Partnership business and purchase the affected Partner's interest from that Partner or their estate or legal representative on the terms set out in Section 13. If no such election is made, the Partnership shall be dissolved and wound up under Section 15.

15. Dissolution and Winding Up

The Partnership shall be dissolved upon: (a) the written agreement of the Partners; (b) the expiration of the term of the Partnership, if any; (c) an event described in Section 13 or 14 where the remaining Partner does not elect to continue the business; or (d) any event that makes it unlawful to continue the Partnership business. Upon dissolution, the Partners shall wind up the Partnership's affairs, liquidate its assets, and apply the proceeds in the following order: (i) to creditors of the Partnership, including Partners who are creditors, other than for distributions; (ii) to the establishment of reasonable reserves for contingent liabilities; (iii) to the Partners in repayment of the positive balances of their capital accounts; and (iv) the remainder, if any, to the Partners in accordance with their Profit Shares.

16. Confidentiality and Non-Competition

16.1 Confidentiality. Each Partner shall hold in confidence all non-public information relating to the Partnership, its business, clients, and finances, and shall not disclose or use such information except for the benefit of the Partnership or as required by law. This obligation survives the dissolution of the Partnership and a Partner's withdrawal.

16.2 Non-Competition. Include this clause (check one): ☐ Yes ☐ No

During the term of the Partnership and for a period of _____ ☐ days ☐ weeks ☐ months ☐ years after a Partner ceases to be a Partner or after dissolution, whichever occurs first, neither Partner shall, without the prior written consent of the other Partner, directly or indirectly engage in any business that competes with the Partnership business within the area in which the Partnership conducts business. The Partners agree that this restriction is reasonable in scope and duration; if a court finds it overly broad, the court may modify it to the minimum extent necessary to make it enforceable.

17. Dispute Resolution

The Partners shall first attempt in good faith to resolve any dispute arising out of or relating to this Agreement through direct negotiation. If the dispute is not resolved within thirty (30) days, it shall be resolved as follows:

Method (check one):

- ☐ by binding arbitration administered by _____ under its applicable rules, held in _____. The arbitrator's award shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.
- ☐ exclusively in the state or federal courts located in _____, and each Partner irrevocably submits to the jurisdiction of those courts.

The prevailing Partner in any such proceeding shall be entitled to recover reasonable attorneys' fees and costs.

18. Governing Law

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

19. Entire Agreement; Amendment

This Agreement constitutes the entire agreement between the Partners regarding its subject matter and supersedes all prior negotiations, understandings, and agreements. It may be amended only by a written instrument signed by both Partners.

20. Severability

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

21. Notices

Notices under this Agreement shall be in writing and delivered personally, by certified mail (return receipt requested), or by nationally recognized overnight courier to a Partner at the address stated above or another address the Partner designates by notice.

22. Counterparts

This Agreement may be executed in counterparts, each of which is an original and all of which together constitute one instrument. Electronic signatures shall be deemed originals.

Execution

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

PARTNER 1

Signature: _____ Date: _____

Printed name: _____

Title (if signing for an entity): _____

PARTNER 2

Signature: _____ Date: _____

Printed name: _____

Title (if signing for an entity): _____