

PARTNERSHIP AGREEMENT

This Partnership Agreement (the "Agreement") is made as of this ____ day of _____, 20____, (the "Effective Date") by and between _____, located at _____ ("Partner 1") and _____, located at _____ ("Partner 2"), (each, a "Partner" and collectively, the "Partners").

1. Partnership Name and Purpose. The Partners agree to form a partnership under the name of _____ (the "Partnership"). The Partnership will be governed in accordance with the laws of the State of _____. The Partnership has been formed on the terms and conditions set forth below to engage in the business of _____ and to engage in any and all other activities as may be necessary, related or incidental to carry on the business of the Partnership as provided herein.

2. Place of Business. The principal office of the Partnership will be located at _____ or at such places as the Partners shall determine from time to time.

3. Partnership Term. The Partnership shall commence on the Effective Date and will continue until it terminates in accordance with the terms of this Agreement, unless terminated earlier in accordance with the terms of this Agreement.

4. Partners' Capital Contributions. The Partners will contribute capital to the Partnership on or before _____.

- The cash contribution will be: _____.
- The non-cash contribution will be: _____.

5. Partners' Capital Accounts. The Partnership will establish and maintain for each Partner a separate capital account consisting of the Partner's capital contributions. A Partner may not withdraw any portion of capital from his or her capital account without the written consent of all Partners. No interest will be paid on the capital account of any Partner.

6. Profits and Losses. The net profits and losses of the Partnership will be divided equally between the Partners.

7. Partner's Income Accounts. The Partnership will establish and maintain a separate income account for each Partner. Each Partner's share of the Partnership profits and losses will be credited to or charged against his or her income account. If there is no positive balance in a Partner's income account, losses will be charged against his or her capital account. No interest will be paid on the income account of any Partner.

8. Partners' Salary and Drawings. There will be no salary or compensation given to any Partner for services to the Partnership.

9. Partnership Bank Accounts. The Partnership funds will be kept in an account in its name at _____ or at other financial institutions as agreed upon by all Partners. All withdrawals from these accounts will be made by checks signed by all Partners.

10. Partnership Books and Records. At all times during the term of the Partnership, the books and records of the Partnership will be kept and maintained at the Partnership's principal office. Such books and records will be available for inspection by any Partner during business hours upon reasonable notice. The Partnership shall maintain its books and records in accordance with generally accepted accounting principles (GAAP). The Partnership's fiscal year will begin on _____ and close on _____. An income statement and balance sheet will be prepared at the end of each fiscal year within _____ months after the end of the fiscal year.

11. Management. Each Partner has equal rights in the management of the Partnership. The Partners will devote as much of his or her time and efforts to the affairs of the Partnership as may be necessary to accomplish the objectives of the Partnership.

All Partners must agree to take the following Partnership actions:

- a. enter into, make and perform any contract or agreement including lease, security agreement or mortgage;
- b. borrow or lend money; or
- c. sell all or substantially all of the assets of the Partnership other than that sold in the regular course of the Partnership's business

12. Voluntary Dissolution of Partnership. The Partnership may be dissolved at any time upon the consent of all Partners. The Partners shall, as soon as reasonably practicable, liquidate and wind up the affairs of the Partnership. The proceeds received in connection with the liquidation and any other remaining assets of the Partnership will be applied in the following order of priority:

- a. payment of all debts, liabilities and obligations of the Partnership including all expenses of liquidation;
- b. distribution to or for the benefit of the Partners in accordance with the positive balance in each Partner's income accounts;
- c. distribution to or for the benefit of the Partners in accordance with the positive balance in each Partner's capital accounts.

13. Partner's Withdrawal.

A Partner's withdrawal from the Partnership will terminate the Partnership. The Partnership will be dissolved and the assets liquidated in accordance with paragraph no. 12.

A Partner may be removed from the Partnership if such Partner _____. The remaining Partners may decide either to dissolve and liquidate the Partnership with the removed Partner (in accordance with paragraph no. 12) or continue the Partnership by purchasing the removed Partner's interest (in accordance with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the removed Partner's interest, the remaining Partners shall provide written notice of such intention to purchase within _____ days after knowledge of the event leading to the Partner's removal.

14. Partner's Retirement. A Partner may retire from the Partnership at anytime by providing at least _____ days written notice of such intention to retire to the other Partners. The remaining Partners may decide either to dissolve and liquidate the Partnership with the retiring Partner (in accordance with paragraph no. 12) or continue the Partnership by purchasing the retiring Partner's interest (in accordance

with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the retiring Partner's interest, the remaining Partners shall provide written notice of such intention to purchase within _____ days after receipt of the retiring Partner's notice to retire.

15. Partner's Death. If a Partner dies, the remaining Partners may decide either to dissolve and liquidate the Partnership (in accordance with paragraph no. 12) or continue the Partnership by purchasing the deceased Partner's interest (in accordance with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the deceased Partner's interest, the remaining Partners shall provide written notice of such intention to purchase within _____ days after the Partner's death to the administrator or executor of the deceased Partner's estate.

16. Buyout. If the remaining Partners choose to purchase the withdrawing, retiring or deceased Partner's interest under the preceding paragraphs, that interest will be purchased in equal amounts by all remaining Partners. The purchase price will not include any separate amounts for goodwill, tradename, patents, or other intangible assets. The remaining Partners may continue to use the Partnership tradename. The purchase price will be paid without interest.

17. Restriction on Transfer. No Partner shall transfer, assign, sell, give, pledge, hypothecate or otherwise encumber, or dispose of in any manner any or all of his or her interest in the Partnership without the written consent of all Partners.

18. New Partners. The Partnership, upon the unanimous consent of all Partners, may admit new Partners to the Partnership on the terms and conditions as determined by the Partners at such time.

19. Arbitration. Any dispute arising out of or related to this Agreement that the Partners are unable to resolve by themselves shall be settled by arbitration in _____ in accordance with the rules of the American Arbitration Association. The written decision of the arbitrator(s), as applicable, shall be final and binding on the Partners. Judgment on a monetary award or enforcement of injunctive or specific performance relief granted by the arbitrator(s) may be entered in any court having jurisdiction over the matter.

20. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Partners and their respective legal representatives, heirs, administrators, executors, successors and permitted assigns.

21. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid, legal and enforceable as though the invalid, illegal or unenforceable parts had not been included in this Agreement.

22. Governing Law. The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of _____, not including its conflicts of law provisions.

23. Further Assurances. At the written request of one Partner, the other Partners shall execute and deliver such other documents and take such other actions as may be reasonably necessary to effect the terms of this Agreement.

24. Headings. The section headings herein are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Agreement.

25. Entire Agreement. This Agreement contains the entire understanding between the Partners and supersedes and cancels all prior agreements of the Partners, whether oral or written, with respect to such subject matter.

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

27. Amendment. This Agreement may be amended or modified only by a written agreement signed by all of the Partners.

28. Notices. Any notice or other communication given or made to any Partner under this Agreement shall be in writing and delivered by hand, sent by overnight courier service or sent by certified or registered mail, return receipt requested, to the address stated above or to another address as that Partner may subsequently designate by notice and shall be deemed given on the date of delivery.

29. Waiver. No Partner shall be deemed to have waived any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly and in writing. Waiver by any Partner of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first written above.

Name of Partner

Name of Partner

By

By

Print Name

Print Name

Title