

Agreement Adding Silent Partner to Existing Partnership

This contract made _____, 20____, by and between A and B, partners under the partnership name of _____, and C, of _____.

1. A and B have carried on the business of _____ as partners under and by virtue of articles of partnership, dated _____, 20__.
2. A and B are desirous of increasing the capital of their business, for the purpose of more effectually carrying it on, and have agreed to admit C into partnership with them, upon the terms and conditions contained here upon his [her] advancing _____ dollars, to be added to the partnership capital and effects.
3. In pursuance of the recited agreement, and in consideration of _____ dollars, to be advanced and brought in by C to the account of the partnership, at or before its execution, each of them, A, B and C, the partners, covenant and agree that they will be partners in the business of _____ for the term of _____ years, commencing from the _____ day of _____, subject to the agreements below.
4. The capital of the partnership shall be _____ dollars, to be brought in by the partners in the following proportions, namely: A and B shall bring in _____ dollars, the original capital of the partnership, under the recited indenture of the _____ day of _____, and being one-third of the partnership capital, and C shall bring in _____ dollars so agreed to be advanced, being two-thirds of the partnership capital, which last mentioned _____ dollars shall be paid by C into the _____ bank to the credit of the partnership, on or before the _____ day of _____. The partners shall be considered as creditors with respect to the capital, and shall be allowed interest at the rate of _____ percent per year.
5. That the business of the partnership shall be carried on at the present store, warehouse, and premises, or at such other place or places as the partners shall from time to time agree upon, under the same style and firm, and in the same manner in all respects as the partnership business has been carried on by A and B.
6. That the partnership business shall be managed and carried on, and all purchases, sales, bills of parcels, orders, notes, letters, bills, receipts, payments, contracts, securities, dealings, and transactions, which shall be made, given, or taken for any matter or thing concerning the same, shall from time to time be so made, given, taken, and entered into in the name of A and B.
7. That all goods, wares, and merchandise bought and sold, received in or delivered out, and the prices for which they were bought and sold, and all moneys, payments, securities, and dealings in general relating to the partnership business, shall be charged daily and entered by A and B in proper books for that purpose, and, in particular, that a book shall be kept for

the entry of the account of cash received and paid on the partnership account.

8. That A and B shall, during the continuance of the partnership, be the keepers of the cash, bonds, bills, notes, and other securities belonging to the partnership, and shall balance the partnership accounts once in every month in such manner as to exhibit the true state and condition of the affairs of the concern.
9. That if at any time during the continuance of the partnership any cash, or bills, or other securities are received by C on the partnership account, he [she] will immediately pay it to A and B. In case of making default in payment for the space of _____ days, then a sum equal to _____ percent on the sum detained or withheld shall be charged against C by way of liquidated damages and not by way of penalty, and shall be retained out of his [her] share of the profits of the business, and added to the capital of the partnership for the general benefit of the whole concern.
10. That A and B will, at all times during the continuance of the partnership, devote the whole of their time and skill, and to the best of their abilities carry on all the affairs of the partnership, and shall not nor will, at any time during the continuance of such partnership, either directly or indirectly, be concerned in any other trade, business or profession.
11. That C shall not be required to bestow any attention, or to act in any way in the business any further than he [she] shall think fit nor shall he [she] during the continuance of the partnership, or at any other time, be prevented from carrying on any other business or trade, excepting that of _____, or any other profession or employment whatsoever, either on his [her] own account or in partnership with any other person or persons.
12. That the profits of the joint partnership concern, after deducting all the above expenses shall be divided into _____ equal portions, and that A and B shall each receive _____ parts of the profits. C shall receive _____ parts of the profits. Losses will be borne in the same proportions, unless they are caused by the willful neglect or default of either of the partners, in which case the loss so incurred shall be made good by the partner through whose default it shall arise;

[Insert any appropriate general clauses, such as requirement to pay private debts, prohibiting becoming surety, etc.]

13. That all money advanced by either of the partners on the joint partnership account, with the approbation of the others of them, and all sums of money which either of them shall permit to remain in the business, which, by the rules may be drawn out as part of ascertained profits shall be passed to his [her] credit in the partnership account, and be entered in the books of the partnership, and bear interest at the rate of _____ percent per annum for so long a time as it shall be permitted to remain and shall be considered as a distinct loan, as if it had been borrowed from any other person, and be accounted for and paid to him [her] before any division shall be made of the profits of the partnership.

14. C shall, from time to time, be allowed to draw out of the partnership business weekly and for his [her] private expenses, any sum or sums not exceeding _____ dollars. A and B shall also be allowed from time to time to draw out of the partnership business weekly, for their own private expenses, any sum or sums not exceeding _____ dollars each. All such sums of money, from the time of drawing out will be entered in the cashbook belonging to the partnership, and be duly accounted for by the parties respectively on every settlement of accounts and division of the profits of the partnership.

[Insert general clauses for stating annual account, and for general account or dissolution.]

15. If either of the partners is desirous of terminating the partnership at any time before the expiration of the term of _____ years, he [she] shall be at liberty so to do, on giving _____ calendar months' previous notice in writing of that desire to the others, or either of them, or leaving it at the counting house of the partnership. The continuing partners shall have the privilege of taking all of the partnership business, at the rate at which it shall be appraised and valued, on paying his, her or their shares of the valuation to the retiring partner.

16. That in case of the death of either of the partners before the expiration of the term of partnership, the surviving partners will settle and adjust all accounts, matters and things relating to the partnership, with the executors or administrators of the deceased partner; but the surviving partners shall have the option of taking all of the partnership property at a valuation, the amount of which shall be determined by the award of two arbitrators, or their umpire, in the usual manner, and the costs of making the valuation shall be paid by the surviving partners and executors or administrators of the deceased partner, according to their respective proportions in the partnership business.

In witness of which, the parties have executed this Agreement on the date set forth above.

_____ Signature A

Date _____

_____ Signature B

Date _____