PARTNERSHIP AGREEMENT

Agreement Date: ____
Partnership Name: ____
State of Formation: ___________________________
Federal EIN: ________________

ARTICLE I - FORMATION AND IDENTIFICATION

1.1 Partnership Establishment

This Partnership Agreement establishes a business partnership between the undersigned parties, effective as of ________________ ("Commencement Date"). The partnership shall operate under the name ________________ and maintain its principal office at ________________, with additional locations as may be established from time to time.

1.2 Partnership Structure and Legal Status

Partnership Classification: (Select one)

☐ **General Partnership** - All partners have unlimited personal liability for partnership debts and obligations, with equal rights to manage the business unless otherwise specified

☐ **Limited Partnership** - Consists of one or more general partners with unlimited liability and one or more limited partners with liability limited to their investment

☐ **Limited Liability Partnership (LLP)** - Provides protection from personal liability for the negligent acts of other partners while maintaining personal liability for one's own actions

☐ **Limited Liability Limited Partnership (LLLP)** - Combines features of LP and LLP, providing limited liability protection to both general and limited partners

Registration Requirements:

- Partnership registered with: ________________
- Business license number: ________________
- Professional licenses required: ________________
- Annual filing requirements: ________________

1.3 Business Purpose and Scope

Primary Business Activities: The partnership is formed to engage in the following business activities:

1. ____
2. ____
3. ____
4. ____

Geographic Market: [ ] Local [ ] Regional [ ] National [ ] International **Specific Market Areas:** ________________

Permitted Activities:

☐ Retail sales and services

☐ Professional consulting services

☐ Manufacturing and distribution

☐ Real estate investment and management

☐ Technology development and licensing

☐ Import/export operations

☐ Other lawful business activities as determined by partners

Prohibited Activities: The partnership is expressly prohibited from engaging in:

☐ Activities requiring licenses not held by partnership

☐ High-risk investments without unanimous consent

☐ Gambling or speculative trading

☐ Activities conflicting with partner professional obligations

☐ Other restricted activities: ________________

1.4 Partnership Term and Continuation

Duration:

☐ Perpetual until dissolved according to this agreement

☐ Fixed term ending: ________________

☐Automatic renewal periods of _____ years unless terminated

Continuation Provisions: Upon death, withdrawal, or incapacity of a partner, the partnership shall:

☐ Continue with remaining partners

☐ Dissolve immediately

☐ Continue for _____ months to wind up affairs

☐ Be subject to buy-sell agreement provisions

ARTICLE II - PARTNER INFORMATION AND CAPITAL STRUCTURE

2.1 Partner Identification and Details

Partner A (Managing Partner/General Partner):

- **Full Legal Name:** ________________
- **Business Address:** ________________

- **Home Address:** ________________
- **Phone:** ________________ **Email:** ________________
- **Social Security Number/EIN:** ________________
- **Professional Licenses:** ________________
- **Initial Capital Contribution:** $________________
- **Type of Contribution:** [ ] Cash [ ] Property [ ] Services [ ] Other: ________________
- **Ownership Percentage:** _____%
- **Management Authority:** [ ] Full [ ] Limited [ ] None
- **Voting Rights:** _____%
- **Profit/Loss Allocation:** _____%

Partner B:

- **Full Legal Name:** ________________
- **Business Address:** ________________
- **Home Address:** ________________
- **Phone:** ________________ **Email:** ________________
- **Social Security Number/EIN:** ________________
- **Professional Licenses:** ________________
- **Initial Capital Contribution:** $________________
- **Type of Contribution:** [ ] Cash [ ] Property [ ] Services [ ] Other: ________________
- **Ownership Percentage:** _____%
- **Management Authority:** [ ] Full [ ] Limited [ ] None
- **Voting Rights:** _____%
- **Profit/Loss Allocation:** _____%

Partner C:

- **Full Legal Name:** ________________
- **Business Address:** ________________
- **Home Address:** ________________
- **Phone:** ________________ **Email:** ________________
- **Social Security Number/EIN:** ________________
- **Professional Licenses:** ________________
- **Initial Capital Contribution:** $________________

- **Type of Contribution:** [ ] Cash [ ] Property [ ] Services [ ] Other: ________________
- **Ownership Percentage:** _____%
- **Management Authority:** [ ] Full [ ] Limited [ ] None
- **Voting Rights:** _____%
- **Profit/Loss Allocation:** _____%

2.2 Capital Contributions and Accounts

Initial Capital Requirements:

- **Total Initial Capital:** $________________
- **Minimum Individual Contribution:** $________________
- **Contribution Deadline:** ________________
- **Form of Acceptable Contributions:**
    - ☐ Cash
    - ☐ Marketable securities (at fair market value)
    - ☐ Real estate (professionally appraised)
    - ☐ Equipment and machinery (at depreciated value)
    - ☐ Intellectual property (at agreed valuation)
    - ☐ Services (at agreed hourly rate of $_____ for _____ hours)
    - ☐ Existing business assets
    - ☐ Other: ________________

Capital Account Maintenance: Each partner's capital account shall be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv) and shall be:

- Increased by: cash contributions, fair market value of property contributions, allocations of partnership income and gain
- Decreased by: cash distributions, fair market value of property distributions, allocations of partnership loss and deduction

Future Capital Calls:

- Partners may be required to make additional capital contributions upon:
    - ☐ Unanimous consent of all partners
    - ☐ Majority vote of ____% of partners
    - ☐ Decision of managing partner(s)
    - ☐ Achievement of certain business milestones

- **Notice Period:** _____ days written notice required
- **Payment Terms:** Contributions due within _____ days of notice
- **Failure to Contribute:** Partners failing to make required contributions may:
    - ☐ Have their ownership percentage diluted
    - ☐ Be charged interest at ____% per annum
    - ☐ Be subject to involuntary withdrawal provisions
    - ☐ Other consequences: _______________

2.3 Ownership Interests and Transferability

Ownership Structure:

- Total ownership percentages must equal 100%
- Ownership determines voting rights unless otherwise specified
- Ownership may be adjusted upon: admission of new partners, additional capital contributions, partner withdrawal

Transfer Restrictions: Partners may not transfer, sell, assign, or encumber their partnership interest without:

☐ Written consent of all other partners

☐ Approval of ____% of other partners

☐ Compliance with right of first refusal provisions

☐ Meeting qualified transferee requirements

Right of First Refusal: Before any partner may sell their interest to a third party:

1. **Notice Requirement:** _____ days written notice to all partners
2. **Purchase Option:** Partnership and/or remaining partners have _____ days to exercise purchase rights
3. **Valuation Method:** [ ] Independent appraisal [ ] Book value [ ] Fair market value [ ] Formula: _______________
4. **Payment Terms:** _______________

ARTICLE III - MANAGEMENT AND GOVERNANCE

3.1 Management Structure and Authority

Management Model: (Select one)

☐ **Democratic Management** - All partners participate equally in management decisions

☐ **Managing Partner System** - Designated managing partner(s): _______________

☐ **Management Committee** - Committee of _____ partners: _______________

☐ **Functional Management** - Partners manage designated areas:

- Operations Manager: ________________
- Financial Manager: ________________
- Marketing Manager: ________________
- Other roles: ________________

Managing Partner Powers and Duties: If applicable, the managing partner(s) shall have authority to:

☐ Hire and terminate employees

☐ Negotiate and execute contracts under $________________

☐ Make operational decisions in ordinary course of business

☐ Represent partnership in dealings with third parties

☐ Maintain books and records

☐ Prepare and file tax returns

☐ Open and maintain bank accounts

☐ Other specific powers: ________________

Limitations on Managing Partner Authority: The managing partner may NOT, without partner approval:

☐ Borrow money exceeding $________________

☐ Sell, mortgage, or lease partnership property

☐ Admit new partners or expel existing partners

☐ Amend partnership agreement

☐ Make distributions outside normal course

☐ Enter into contracts exceeding $________________

☐ Other limitations: ________________

3.2 Decision-Making and Voting Procedures

Voting Structure:

☐ Each partner has one vote regardless of ownership percentage

☐ Voting power proportional to ownership percentage

☐ Voting power proportional to capital contributions

☐ Custom voting arrangement: ________________

Decision Categories and Required Approval:

Routine Operational Decisions (day-to-day business operations):

- **Authority:** [ ] Any partner [ ] Managing partner only [ ] Majority vote
- **Examples:** Customer service decisions, routine purchases under $_____, employee scheduling, inventory management

Significant Business Decisions:

- **Required Approval:** [ ] Simple majority (>50%) [ ] Supermajority (____%) [ ] Unanimous consent
- **Examples:** Major purchases ($_____ to $***), new product lines, marketing campaigns over $***, employee compensation changes
- **Notice Requirement:** _____ days advance notice with written proposal

Major Strategic Decisions:

- **Required Approval:** [ ] Supermajority (____%) [ ] Unanimous consent
- **Examples:** Capital expenditures over $_____, debt financing, major contracts, expansion into new markets, acquisition opportunities
- **Process:** Written proposal, _____ days notice, formal vote with documentation

Fundamental Changes:

- **Required Approval:** Unanimous consent of all partners
- **Examples:** Amendment of partnership agreement, admission of new partners, dissolution, sale of partnership, change of business purpose, merger or consolidation
- **Process:** _____ days notice, written consent required

Deadlock Resolution: In case of voting deadlocks:

☐ Mediation required within _____ days

☐ Final decision authority to: _______________

☐ Buy-sell provisions triggered

☐ Dissolution procedures initiated

☐ Other resolution method: _______________

3.3 Meetings and Communication

Regular Meetings:

- **Frequency:** [ ] Weekly [ ] Bi-weekly [ ] Monthly [ ] Quarterly [ ] Semi-annually [ ] Annually
- **Format:** [ ] In-person required [ ] Virtual acceptable [ ] Hybrid option
- **Location:** _______________

- **Notice Requirements:** _____ days advance notice
- **Agenda Distribution:** _____ days prior to meeting

Special Meetings:

- **Call Authority:** [ ] Any partner [ ] Managing partner [ ] ____% of partners
- **Notice Requirements:** _____ days written notice stating purpose
- **Emergency Meetings:** _____ hours notice for urgent matters

Meeting Procedures:

- **Quorum:** Presence of ____% of partners required for valid meeting
- **Record Keeping:** [ ] Formal minutes required [ ] Summary notes sufficient [ ] No documentation required
- **Minutes Distribution:** Within _____ days of meeting
- **Secretary Designation:** _______________

Communication Standards:

- **Primary Communication Method:** [ ] Email [ ] Text messaging [ ] Phone [ ] Video conferencing [ ] In-person
- **Response Time Requirements:** _____ business days for non-urgent matters, _____ hours for urgent matters
- **Regular Updates:** Partners shall provide business updates [ ] Weekly [ ] Monthly [ ] Quarterly
- **Reporting Requirements:** Financial reports due [ ] Monthly [ ] Quarterly [ ] Annually

ARTICLE IV - FINANCIAL MANAGEMENT AND ACCOUNTING

4.1 Banking and Financial Controls

Bank Account Management:

- **Primary Bank:** _______________
- **Account Types:** [ ] Operating account [ ] Payroll account [ ] Reserve account [ ] Investment account
- **Authorized Signatories:** _______________
- **Signature Requirements:**
  - Single signature limit: $_______________
  - Two signatures required for: $_____ to $_____
  - All partners must sign for: Over $_____
- **Online Banking Access:** Partners authorized: _______________
- **Account Reconciliation:** Monthly by: _______________

Expenditure Authorization:

- **Individual Partner Limit:** $________________
- **Managing Partner Limit:** $________________
- **Major Purchase Threshold:** $________________
- **Emergency Expenditure Authority:** $_____ for urgent business needs

Financial Controls:

- **Expense Reporting:** All business expenses must be documented within _____ days
- **Receipt Requirements:** Original receipts required for expenses over $_____
- **Petty Cash Fund:** Maximum balance of $_____ managed by: ________________
- **Credit Cards:** [ ] Partnership credit cards authorized [ ] Personal cards reimbursed only
- **Investment Authority:** Investment decisions over $_____ require ____% partner approval

4.2 Accounting Methods and Record Keeping

Accounting Standards:

- **Method:** [ ] Cash basis [ ] Accrual basis [ ] Modified cash basis
- **Fiscal Year:** January 1 to December 31 [ ] Other: ________________ to ________________
- **Accounting Software:** ________________
- **Professional Accountant:** ________________

Books and Records: The partnership shall maintain the following records:

☐ General ledger and journal entries

☐ Cash receipts and disbursement records

☐ Bank statements and reconciliations

☐ Accounts receivable and payable ledgers

☐ Fixed asset records and depreciation schedules

☐ Payroll records and tax withholdings

☐ Tax returns and supporting documentation

☐ Partnership agreement and amendments

☐ Meeting minutes and resolutions

☐ Insurance policies and claims records

☐ Legal documents and contracts

☐ Other: ________________

Record Access:

- **Partner Inspection Rights:** Any partner may inspect partnership books and records during business hours with _____ hours notice
- **Copying Rights:** Partners entitled to copies of records at partnership expense for [ ] Reasonable requests [ ] All requests [ ] Up to $_____ per year
- **Third Party Access:** Records may be disclosed to: accountants, attorneys, potential investors/buyers with ____% partner approval

Financial Reporting:

- **Monthly Reports:** Due by _____ day of following month, including: profit/loss statement, balance sheet, cash flow summary
- **Quarterly Reports:** Detailed financial statements due within _____ days of quarter end
- **Annual Reports:** Audited/reviewed financial statements due by ________________
- **Tax Reporting:** Partnership tax returns filed by ________________ annually

4.3 Profit Distribution and Loss Allocation

Profit Distribution Method:

☐ **Equal Distribution** - Profits distributed equally among all partners

☐ **Proportional to Ownership** - Distribution based on ownership percentages

☐ **Proportional to Capital Contributions** - Based on capital account balances

☐ **Performance-Based** - Distribution varies based on: ________________

☐ **Hybrid Method** - Combination: ________________

☐ **Custom Formula:** ________________

Distribution Schedule:

☐ Monthly distributions of ____% of available cash

☐ Quarterly distributions

☐ Annual distributions

☐ Irregular distributions as decided by partners

☐ Minimum distribution guarantee: $_____ per partner per year

Priority Allocations: Before general profit distribution:

1. **Operating Reserves:** $_____ maintained for working capital
2. **Tax Reserve:** ____% of profits reserved for tax obligations
3. **Capital Reserve:** $_____ for equipment replacement and expansion

4. **Emergency Fund:** $_____ for unforeseen expenses
5. **Debt Service:** Required loan payments and obligations

Loss Allocation: Partnership losses shall be allocated:

☐ In same proportion as profit sharing

☐ Equally among all partners

☐ Based on capital contributions

☐ Other method: _______________

Loss Limitations:

- No partner's capital account may be reduced below $_____ without their consent
- Partners with negative capital accounts must restore them within _____ months of partnership termination

Tax Considerations:

- **K-1 Preparation:** Partnership shall provide Schedule K-1 to each partner by March 15th annually
- **Tax Distribution Policy:** Partnership [ ] will [ ] will not make distributions to cover partners' tax obligations on partnership income
- **Estimated Tax Payments:** Partners responsible for their own quarterly estimated tax payments

ARTICLE V - PARTNER ROLES, RESPONSIBILITIES, AND RESTRICTIONS

5.1 Time Commitment and Work Requirements

Work Commitment Levels: Each partner's time commitment to partnership business:

Partner A: _______________

- **Time Requirement:** [ ] Full-time (40+ hours/week) [ ] Part-time (_____ hours/week) [ ] As needed basis
- **Primary Responsibilities:** _______________
- **Performance Metrics:** _______________
- **Compensation:** [ ] Salary: $_____ [ ] Draw: $_____ [ ] Profit sharing only [ ] Other: _____

Partner B: _______________

- **Time Requirement:** [ ] Full-time (40+ hours/week) [ ] Part-time (_____ hours/week) [ ] As needed basis
- **Primary Responsibilities:** _______________
- **Performance Metrics:** _______________

- **Compensation:** [ ] Salary: $_____ [ ] Draw: $_____ [ ] Profit sharing only [ ] Other: _____

Partner C: _______________

- **Time Requirement:** [ ] Full-time (40+ hours/week) [ ] Part-time (_____ hours/week) [ ] As needed basis
- **Primary Responsibilities:** _______________
- **Performance Metrics:** _______________
- **Compensation:** [ ] Salary: $_____ [ ] Draw: $_____ [ ] Profit sharing only [ ] Other: _____

Vacation and Leave Policies:

- **Vacation Entitlement:** _____ weeks per year for full-time partners, _____ weeks for part-time partners
- **Sick Leave:** _____ days per year
- **Personal Leave:** Up to _____ days per year with _____ days notice
- **Extended Leave:** Leave exceeding _____ consecutive days requires partner approval
- **Sabbatical Policy:** [ ] Available after _____ years [ ] Not applicable

Performance Standards:

- **Minimum Performance Criteria:** _______________
- **Performance Review Schedule:** [ ] Annual [ ] Semi-annual [ ] Quarterly
- **Underperformance Consequences:** [ ] Performance improvement plan [ ] Reduced compensation [ ] Involuntary withdrawal [ ] Other: _____

5.2 Fiduciary Duties and Obligations

Duty of Loyalty: Each partner owes a duty of loyalty to the partnership and other partners, including:

- Acting in good faith and fair dealing
- Not competing with partnership business during partnership term
- Disclosing any conflicts of interest
- Not usurping partnership opportunities for personal gain
- Maintaining confidentiality of partnership information

Duty of Care: Each partner shall:

- Exercise reasonable care in partnership matters
- Not engage in grossly negligent or reckless conduct
- Stay reasonably informed about partnership business

- Participate in partnership decisions as required

Disclosure Obligations: Partners must promptly disclose:

- Any potential conflicts of interest
- Opportunities that might benefit the partnership
- Legal proceedings involving the partner that could affect the partnership
- Changes in personal financial condition affecting partnership obligations
- Any breach of this agreement by themselves or others

5.3 Non-Competition and Non-Solicitation

Non-Competition Provisions: During the partnership term and for _____ years thereafter, partners agree not to:

☐ **Compete Directly:** Engage in any business that directly competes with the partnership within _____ miles of partnership locations

☐ **Compete Indirectly:** Have any financial interest in competing businesses exceeding ____% ownership

☐ **Solicit Customers:** Actively solicit partnership customers for competing services

☐ **Interfere with Vendors:** Interfere with partnership vendor relationships

Geographic Limitations: Non-compete restrictions apply to:

☐ Current partnership service area

☐ Within _____ miles of partnership locations

☐ Specific geographic areas: ________________

☐ Worldwide for online/digital services

☐ No geographic restrictions

Permitted Activities: Partners may engage in the following activities without violation:

☐ Passive investments (under ____% ownership) in competing businesses

☐ Employment in non-competing businesses

☐ Professional activities unrelated to partnership business

☐ Charitable and community activities

☐ Other approved activities: ________________

Non-Solicitation of Personnel: During partnership and for _____ years after departure, partners may not:

- Solicit partnership employees for other employment
- Hire former partnership employees without _____ months waiting period

- Interfere with partnership employment relationships
- Disclose personnel information to competitors

Remedies for Breach: Violation of non-compete provisions shall result in:

☐ Monetary damages calculated as: ________________

☐ Injunctive relief preventing continued violation

☐ Forfeiture of departure payments or benefits

☐ Extension of non-compete period by _____ months

☐ Other remedies: ________________

5.4 Confidentiality and Intellectual Property

Confidential Information Definition: Confidential information includes:

☐ Customer lists, contacts, and relationship information

☐ Financial data, pricing, and cost information

☐ Business plans, strategies, and marketing plans

☐ Proprietary processes, methods, and techniques

☐ Employee information and compensation data

☐ Vendor and supplier relationships and terms

☐ Technology, software, and technical specifications

☐ Legal matters and attorney-client privileged information

☐ Any non-public information about partnership business

Confidentiality Obligations: Partners agree to:

- Maintain strict confidentiality of all partnership information
- Not disclose confidential information to unauthorized parties
- Use confidential information solely for partnership business
- Take reasonable measures to protect information security
- Return all confidential materials upon partnership termination

Confidentiality Period: During partnership term and for _____ years after termination

Intellectual Property Ownership:

- **Work Product:** All work product created by partners in scope of partnership business belongs to partnership
- **Pre-Existing IP:** Partners retain ownership of intellectual property brought to partnership, but grant partnership [ ] Exclusive [ ] Non-exclusive license to use

- **Inventions:** New inventions, discoveries, or innovations related to partnership business belong to [ ] Partnership [ ] Creating partner [ ] Shared ownership
- **Trademarks/Trade Names:** Partnership owns all trademarks, service marks, and trade names developed for business
- **Patents and Copyrights:** Partnership owns all patents and copyrights for business-related creations

IP Development Costs:

- Partnership will bear costs of: [ ] Patent applications [ ] Trademark registrations [ ] Copyright registrations [ ] IP litigation
- Individual partners responsible for: [ ] Personal patent applications [ ] Non-business IP protection

ARTICLE VI - PARTNERSHIP CHANGES AND TRANSITIONS

6.1 Admission of New Partners

New Partner Approval Process: Admission of new partners requires:

☐ Unanimous consent of existing partners

☐ Approval by ____% majority of partners

☐ Approval by managing partner with consent of ____% of other partners

☐ Meeting specific criteria: ________________

New Partner Requirements: Prospective partners must:

☐ Make minimum capital contribution of $_____

☐ Possess required professional qualifications: ________________

☐ Pass background check and references

☐ Agree to all terms of this partnership agreement

☐ Meet experience requirements: ________________

☐ Demonstrate financial capacity: ________________

☐ Other requirements: ________________

Integration Process: Upon admission, new partners must:

1. Execute partnership agreement and related documents
2. Make required capital contributions within _____ days
3. Provide required insurance coverage and bonds
4. Complete orientation and training program
5. Meet all licensing and regulatory requirements

Adjustment of Interests: When new partners are admitted:

☐ Existing partner interests diluted proportionally

☐ New partner receives agreed percentage: _____%

☐ Interests reallocated based on: _______________

☐ Purchase of interest from existing partners

6.2 Voluntary Withdrawal and Retirement

Withdrawal Notice Requirements: Partners desiring to withdraw must provide:

- **Notice Period:** _____ days written notice
- **Notice Contents:** Intended withdrawal date, reason for withdrawal, proposed transition plan
- **Effective Date:** No earlier than _____ days from notice

Retirement Eligibility: Partners may retire under the following conditions:

☐ Minimum age of _____ years

☐ Minimum _____ years of partnership service

☐ Completion of current major projects or commitments

☐ Compliance with non-compete obligations

☐ Other requirements: _______________

Transition Responsibilities: Withdrawing partners must:

- Complete all pending matters or arrange proper transition
- Transfer client relationships and project responsibilities
- Provide training to remaining partners or replacements
- Return all partnership property and confidential materials
- Assist with partnership valuations and audits as needed

Withdrawal Compensation: Withdrawing partners entitled to:

☐ **Book Value Payout:** Based on most recent financial statements

☐ **Appraised Value:** Independent professional appraisal

☐ **Formula Method:** Calculation based on: _______________

☐ **Negotiated Amount:** Agreed upon by partners

☐ **Goodwill Allocation:** ____% of calculated goodwill value

Payment Terms:

- **Payment Schedule:** [ ] Lump sum [ ] Installments over _____ years [ ] Other: _____
- **Interest Rate:** ____% per annum on unpaid balance
- **Security:** [ ] Partnership assets [ ] Personal guarantees [ ] Insurance policies [ ] Other: _____
- **Acceleration Events:** Full payment due upon: partnership sale, dissolution, default

6.3 Involuntary Termination and Expulsion

Grounds for Involuntary Termination: A partner may be involuntarily terminated for:

☐ **Material Breach:** Violation of partnership agreement not cured within _____ days of notice

☐ **Criminal Conduct:** Conviction of felony or crime involving moral turpitude

☐ **Professional Misconduct:** Loss of professional license or disciplinary action

☐ **Incapacity:** Physical or mental incapacity lasting more than _____ months

☐ **Bankruptcy:** Filing for personal bankruptcy or insolvency

☐ **Deadlock:** Irreconcilable differences preventing effective partnership operation

☐ **Failure to Contribute:** Failure to make required capital contributions

☐ **Competing Activities:** Violation of non-compete provisions

☐ **Abandonment:** Absence from business for _____ consecutive days without approval

Termination Process:

1. **Notice of Charges:** Written notice specifying grounds and proposed termination date
2. **Opportunity to Cure:** _____ days to remedy curable violations
3. **Partner Meeting:** Meeting scheduled within _____ days for partner response
4. **Vote:** Termination requires ____% vote of non-accused partners
5. **Effective Date:** Termination effective _____ days after vote unless appealed

Appeals Process:

- **Appeal Period:** _____ days to request appeal
- **Appeal Method:** [ ] Arbitration [ ] Mediation [ ] Independent review panel
- **Interim Status:** Partner [ ] Suspended [ ] Continues pending appeal

Involuntary Termination Consequences:

- **Compensation:** [ ] Same as voluntary withdrawal [ ] Reduced by ____% [ ] Forfeiture of benefits
- **Payment Terms:** [ ] Extended payment period [ ] Immediate payment [ ] Reduced payments
- **Non-Compete:** [ ] Standard terms apply [ ] Extended to _____ years [ ] Waived

6.4 Death and Disability Provisions

Death of Partner: Upon death of a partner:

☐ Partnership continues with surviving partners

☐ Partnership has _____ months to purchase deceased partner's interest

☐ Deceased partner's estate becomes limited partner

☐ Partnership dissolves unless ____% of surviving partners vote to continue

Valuation Upon Death:

- **Method:** [ ] Book value [ ] Appraised value [ ] Insurance proceeds [ ] Formula: _____
- **Timing:** Valuation date is [ ] Date of death [ ] End of month of death [ ] End of fiscal year
- **Professional Appraiser:** ________________

Disability Provisions: Partner deemed disabled if:

☐ Unable to perform essential partnership duties for _____ consecutive months

☐ Determined disabled by Social Security Administration

☐ Certified disabled by two qualified physicians

☐ Unable to work _____ hours per week for _____ months

Disability Benefits: Disabled partners entitled to:

☐ Continued salary for _____ months

☐ Disability insurance benefits

☐ Proportional profit sharing during disability

☐ Option to return within _____ months if recovered

Insurance Requirements: Partnership shall maintain:

☐ **Key Person Life Insurance:** $_____ on each partner

☐ **Buy-Sell Life Insurance:** Sufficient to fund buyout obligations

☐ **Disability Insurance:** Covering ____% of partner income

☐ **Business Overhead Insurance:** Covering fixed expenses during disability

ARTICLE VII - DISSOLUTION AND LIQUIDATION

7.1 Events Triggering Dissolution

Automatic Dissolution Events: The partnership shall dissolve automatically upon:

☐ Expiration of partnership term

☐ Achievement of specific business objectives: _______________

☐ Unanimous written consent of all partners

☐ Reduction to fewer than _____ partners

☐ Bankruptcy of the partnership

☐ Occurrence of events making partnership business illegal

☐ Loss of required business licenses or permits

Voluntary Dissolution: Partners may vote to dissolve by:

☐ Unanimous consent

☐ ____% majority vote

☐ Decision of managing partner with ____% approval

Involuntary Dissolution: Partnership may be dissolved by:

☐ Court order upon partner petition

☐ Regulatory action

☐ Creditor action

☐ Other involuntary events: _______________

7.2 Liquidation Process and Procedures

Liquidation Authority: Upon dissolution, liquidation shall be conducted by:

☐ All partners acting unanimously

☐ Designated liquidating partner: _______________

☐ Professional liquidator: _______________

☐ Court-appointed receiver

Liquidation Steps:

1. **Wind-Up Period:** _____ months to complete existing business and collect receivables
2. **Asset Inventory:** Complete inventory and appraisal of all partnership assets
3. **Debt Payment:** Pay all partnership debts and obligations
4. **Asset Sale:** Sell partnership assets not distributed to partners
5. **Final Distribution:** Distribute remaining proceeds to partners
6. **Tax Matters:** File final tax returns and handle tax obligations
7. **Legal Closure:** File dissolution documents with appropriate authorities

Asset Disposition: Partnership assets shall be disposed of as follows:

☐ **Public Sale:** Assets sold at public auction to highest bidders

☐ **Private Sale:** Assets sold through negotiated transactions

☐ **Partner Purchase:** Partners have right to purchase at appraised value

☐ **Distribution in Kind:** Assets distributed to partners rather than sold

Priority of Payments: Liquidation proceeds distributed in following order:

1. Costs of liquidation and professional fees
2. Debts and obligations to third-party creditors
3. Loans and advances from partners to partnership
4. Return of partner capital contributions
5. Remaining proceeds distributed according to profit-sharing ratios

7.3 Tax Consequences and Obligations

Final Tax Returns:

- Partnership shall file final federal and state tax returns
- Final K-1s distributed to partners within _____ days of tax filing
- Partners responsible for reporting final year income/loss

Tax Distributions:

- Partnership may make distributions to cover partners' tax liabilities on final year income
- Tax estimates and payments handled by liquidating partner
- Partners liable for their proportionate share of partnership tax obligations

Ongoing Tax Matters:

- Partnership entity continues for tax purposes until final return filed
- Partners may be liable for partnership tax matters for statute of limitations period
- Liquidating partner handles tax audits and inquiries for _____ years

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ARTICLE VIII - INSURANCE AND RISK MANAGEMENT

8.1 Required Insurance Coverage

Commercial Insurance: Partnership shall maintain the following insurance coverage:

☐ **General Liability:** Minimum $_____ per occurrence, $_____ annual aggregate

☐ **Professional Liability:** Minimum $_____ per claim, $_____ annual aggregate

☐ **Product Liability:** Minimum $_____ per occurrence (if applicable)

☐ **Property Insurance:** Full replacement value of partnership property

☐ **Business Interruption:** Coverage for lost income up to $_____ annually

☐ **Cyber Liability:** Minimum $_____ for data breaches and cyber attacks

☐ **Directors & Officers Liability:** Minimum $_____ (if applicable)

☐ **Employment Practices Liability:** Minimum $_____ per claim

☐ **Commercial Auto:** $_____ liability if partnership owns vehicles

☐ **Workers' Compensation:** As required by state law

☐ **Umbrella/Excess Liability:** $_____ over primary coverages

Personal Insurance Requirements: Each partner shall maintain:

☐ **Life Insurance:** Minimum $_____ with partnership as beneficiary for buy-sell funding

☐ **Disability Insurance:** Minimum ____% of annual partnership income

☐ **Professional Liability:** Individual coverage of $_____ (if required by profession)

☐ **Personal Property:** Coverage for personal property used in business

Insurance Administration:

- **Insurance Broker:** ________________
- **Policy Review:** Annual review of coverage adequacy and costs
- **Claims Handling:** ________________responsible for reporting and managing claims
- **Premium Payment:** [ ] Partnership pays all premiums [ ] Partners pay individual premiums [ ] Split arrangement
- **Certificates:** Partnership shall provide certificates of insurance to partners and key vendors/clients

8.2 Risk Management and Indemnification

Risk Assessment: Partnership shall conduct annual risk assessments addressing:

☐ Business operation risks and mitigation strategies

☐ Financial risks including credit, market, and liquidity risks

☐ Legal and regulatory compliance risks

☐ Technology and cybersecurity risks

☐ Key person and succession planning risks

☐ Environmental and safety risks

Risk Management Procedures:

- **Safety Protocols:** Written safety procedures for [ ] Workplace safety [ ] Product safety [ ] Data security
- **Emergency Procedures:** Business continuity plan for natural disasters, cyberattacks, key person loss
- **Compliance Monitoring:** Regular review of legal and regulatory requirements
- **Contract Review:** All contracts over $_____ reviewed by legal counsel

Indemnification by Partnership: Partnership shall indemnify partners for:

☐ Actions taken in good faith on behalf of partnership

☐ Legal costs defending partnership-related claims

☐ Settlements and judgments arising from authorized partnership activities

☐ Professional liability claims within scope of partnership business

Indemnification Limitations: Partnership shall NOT indemnify partners for:

☐ Actions outside scope of partnership authority

☐ Criminal acts or intentional misconduct

☐ Personal activities unrelated to partnership business

☐ Breach of fiduciary duties to partnership

☐ Violation of partnership agreement terms

Partner Indemnification of Partnership: Partners shall indemnify partnership for:

☐ Actions taken outside scope of authority

☐ Personal obligations and debts

☐ Breach of partnership agreement

☐ Violation of non-compete or confidentiality obligations

☐ Criminal acts or intentional misconduct

ARTICLE IX - DISPUTE RESOLUTION AND LEGAL MATTERS

9.1 Internal Dispute Resolution

Informal Resolution Process: Partners agree to attempt resolution of disputes through:

1. **Direct Discussion:** Good faith negotiations between involved partners within _____ days
2. **Partnership Meeting:** If direct discussion fails, matter presented to all partners within _____ days
3. **Cooling Off Period:** _____ day waiting period before formal proceedings

Mediation Requirements: If informal resolution fails:

- **Mediation Required:** All disputes must proceed to mediation before litigation or arbitration
- **Mediator Selection:** [ ] Mutually agreed mediator [ ] American Arbitration Association [ ] JAMS [ ] Other: _____
- **Mediation Timeline:** Process must commence within _____ days of mediation demand
- **Location:** Mediation held at _______________
- **Cost Allocation:** [ ] Split equally among disputing partners [ ] Each party pays own costs [ ] Losing party pays all costs
- **Confidentiality:** All mediation proceedings strictly confidential

9.2 Arbitration and Litigation

Arbitration Agreement: For disputes not resolved through mediation:

☐ **Binding Arbitration Required:** All disputes subject to final and binding arbitration

☐ **Court Litigation Permitted:** Partners may proceed to court if mediation fails

☐ **Hybrid Approach:** Arbitration for business disputes, litigation for partnership dissolution

Arbitration Procedures: If arbitration required:

- **Arbitration Rules:** [ ] American Arbitration Association Commercial Rules [ ] JAMS Rules [ ] Other: _____
- **Number of Arbitrators:** [ ] Single arbitrator [ ] Three arbitrators [ ] Panel determined by dispute size
- **Arbitrator Selection:** [ ] Mutual agreement [ ] AAA appointment process [ ] Each party selects one, arbitrators select third
- **Location:** Arbitration held at _______________
- **Discovery:** [ ] Limited discovery [ ] Full discovery [ ] No discovery
- **Timeline:** Arbitration completed within _____ months of filing

Litigation Provisions: For matters proceeding to court:

- **Jurisdiction:** Exclusive jurisdiction in courts of _______________
- **Venue:** Proper venue is _______________County, _______________
- **Jury Trial:** [ ] Jury trial rights preserved [ ] Jury trial waived
- **Attorneys' Fees:** [ ] Each party bears own fees [ ] Prevailing party recovers fees [ ] Court discretion

9.3 Specific Dispute Categories

Buy-Sell Disputes: Disputes over partner withdrawal or expulsion valuations:

- **Appraisal Process:** Each party selects one appraiser, appraisers select third if needed
- **Valuation Standards:** [ ] Fair market value [ ] Book value [ ] Formula approach
- **Costs:** [ ] Partnership pays appraisal costs [ ] Disputing parties split costs

Deadlock Resolution: For management deadlocks preventing partnership operations:

☐ **Buy-Sell Trigger:** Deadlock triggers buy-sell provisions

☐ **Dissolution Option:** Any partner may petition for dissolution

☐ **Arbitrator Decision:** Business arbitrator makes disputed decision

☐ **Shotgun Clause:** One partner may offer to buy out others at specified price

Breach of Agreement: For alleged partnership agreement violations:

- **Notice Requirements:** _____ days written notice specifying breach
- **Cure Period:** _____ days to cure breach if curable
- **Remedies:** [ ] Monetary damages [ ] Specific performance [ ] Expulsion [ ] Dissolution

Fiduciary Duty Claims: For claims of breach of fiduciary duties:

- **Standard of Proof:** Clear and convincing evidence required
- **Remedies:** [ ] Monetary damages [ ] Disgorgement of profits [ ] Removal from management
- **Statute of Limitations:** Claims must be brought within _____ years of discovery

ARTICLE X - MISCELLANEOUS PROVISIONS

10.1 Amendment and Modification

Amendment Requirements: This agreement may be amended only by:

☐ **Written Amendment:** Signed by all partners

☐ **Majority Consent:** Approval of ____% of partners in writing

☐ **Unanimous Consent:** Required for fundamental changes

Amendment Process:

1. **Proposed Amendment:** Written proposal distributed to all partners
2. **Notice Period:** _____ days for partner review and comment
3. **Partner Meeting:** Discussion of proposed changes at partnership meeting
4. **Voting:** Formal vote with required approval percentage
5. **Documentation:** Executed amendment attached to original agreement
6. **Distribution:** Copies provided to all partners and key advisors

Automatic Updates: Certain provisions automatically update for:

☐ Changes in applicable law

☐ Tax law modifications affecting partnerships

☐ Required regulatory compliance changes

10.2 Notices and Communications

Notice Requirements: All formal notices under this agreement must be:

- **In Writing:** [ ] Hard copy required [ ] Electronic acceptable [ ] Either format
- **Delivery Methods:** [ ] Personal delivery [ ] Certified mail [ ] Email with receipt [ ] Commercial courier
- **Address:** Delivered to partner addresses specified in Article II
- **Effective Date:** [ ] Upon delivery [ ] Three days after mailing [ ] Upon email receipt confirmation

Address Changes: Partners must provide _____ days written notice of address changes.

Emergency Communications: For urgent matters requiring immediate attention:

- **Acceptable Methods:** [ ] Phone calls [ ] Text messages [ ] Email [ ] Personal contact
- **Response Requirements:** Partners must respond within _____ hours
- **Follow-up:** Oral communications confirmed in writing within _____ hours

10.3 Governing Law and Compliance

Governing Law: This agreement governed by laws of _______________without regard to conflict of law principles.

Regulatory Compliance: Partnership shall maintain compliance with:

☐ Federal tax regulations and partnership tax rules

☐ State partnership laws and regulations

☐ Professional licensing requirements

☐ Industry-specific regulations: _______________

☐ Local business licensing and zoning requirements

☐ Employment laws and regulations

☐ Environmental regulations (if applicable)

☐ Securities laws (if applicable)

Professional Standards: Partners engaged in licensed professions must:

- Maintain current professional licenses and certifications
- Comply with professional ethics rules and standards

- Report disciplinary actions to other partners within _____ days
- Maintain required continuing education credits

10.4 Successors and Assigns

Binding Effect: This agreement binds:

☐ All current and future partners

☐ Heirs and personal representatives

☐ Successors and assigns (where permitted)

☐ Legal guardians and trustees

Assignment Restrictions: Partners may not assign rights or obligations without:

☐ Written consent of all other partners

☐ Compliance with transfer restrictions in Article II

☐ Meeting qualified assignee requirements

10.5 Severability and Construction

Severability: If any provision held invalid or unenforceable:

- Invalid provision severed from agreement
- Remaining provisions remain in full force
- Partners may negotiate replacement provision
- Agreement continues unless fundamental purpose frustrated

Construction Principles:

- Agreement interpreted to effectuate partners' intent
- Ambiguities resolved in favor of partnership continuation
- Headings for convenience only, not substantive
- References to laws include amendments and successor statutes

Integration Clause: This agreement constitutes entire understanding between partners and supersedes:

- All prior negotiations and discussions
- Previous partnership agreements
- Oral agreements and understandings
- Written proposals and drafts

10.6 Counterparts and Electronic Signatures

Execution: This agreement may be executed in counterparts, each constituting an original.

Electronic Signatures: [ ] Electronic signatures acceptable under ESIGN Act and state electronic signature laws [ ] Original signatures required for validity [ ] Combination of electronic and original signatures permitted

Document Retention: Original executed agreement maintained by:

☐ Partnership at principal office

☐ Designated partner: ________________

☐ Partnership attorney: ________________

☐ All partners maintain original copies

ARTICLE XI - SPECIAL PROVISIONS

11.1 Buy-Sell Agreement Provisions

Triggering Events: Buy-sell provisions activated by:

☐ Voluntary withdrawal of partner

☐ Involuntary termination of partner

☐ Death or disability of partner

☐ Bankruptcy of partner

☐ Divorce of partner affecting partnership interest

☐ Deadlock among partners

☐ Third-party offer to purchase partner interest

Valuation Methods: Partnership interest valued using:

☐ **Book Value Method:** Based on partnership financial statements

☐ **Capitalized Earnings:** Multiple of _____ times average annual earnings

☐ **Appraisal Method:** Independent professional business appraisal

☐ **Formula Method:** ________________

☐ **Hybrid Approach:** Different methods for different triggering events

Payment Terms:

- **Cash Payment:** ____% due at closing
- **Installment Payments:** Balance over _____ years at ____% interest
- **Security:** [ ] Partnership assets [ ] Personal guarantees [ ] Life insurance [ ] Other: _____
- **Acceleration:** Payment accelerated upon: default, partnership sale, dissolution

11.2 Key Person and Succession Planning

Key Person Identification: Key persons critical to partnership success:

- **Key Person 1:** ________________
  - Role: ________________
  - Succession Plan: ________________
  - Insurance: $________________
- **Key Person 2:** ________________
  - Role: ________________
  - Succession Plan: ________________
  - Insurance: $________________

Succession Planning:

- **Leadership Development:** Program for developing internal successors
- **External Recruitment:** Process for recruiting external candidates
- **Transition Timeline:** _____ months for planned succession
- **Emergency Succession:** Immediate interim leadership plan

Knowledge Transfer:

- **Documentation Requirements:** Critical processes and relationships documented
- **Training Programs:** Cross-training among partners and key employees
- **Client Relationships:** Transition plans for key client relationships

11.3 Technology and Intellectual Property

Technology Infrastructure:

- **IT Systems:** Partnership owns/leases: ________________
- **Software Licenses:** Licenses held in partnership name
- **Data Ownership:** Customer and business data owned by partnership
- **Security Protocols:** ________________

Intellectual Property Strategy:

- **Patent Policy:** Partnership files patents for business-related inventions
- **Trademark Protection:** Partnership trademarks protected and maintained
- **Copyright Ownership:** Work-for-hire doctrine applies to partner creations
- **Trade Secrets:** Protocols for protecting confidential business information

Digital Assets:

- **Website Ownership:** Partnership owns all websites and domain names
- **Social Media:** Business social media accounts owned by partnership

- **Online Presence:** SEO, online reviews, and digital marketing assets owned by partnership

ARTICLE XII - EXECUTION AND ACKNOWLEDGMENT

12.1 Partner Signatures and Acknowledgment

By executing this agreement, each partner acknowledges:

- They have read and understood all provisions
- They have consulted with legal counsel or waived right to do so
- They enter into this agreement voluntarily
- All information provided is true and accurate
- They have authority to bind themselves to these terms

PARTNER SIGNATURES:

PARTNER A: Signature: ___________________________________ Date: ____________ Print Name: ___________________________________ Title/Role: ___________________________________ Social Security Number: ___________________________________

PARTNER B: Signature: ___________________________________ Date: ____________ Print Name: ___________________________________ Title/Role: ___________________________________ Social Security Number: ___________________________________

PARTNER C: Signature: ___________________________________ Date: ____________ Print Name: ___________________________________ Title/Role: ___________________________________ Social Security Number: ___________________________________

12.2 Witness and Notarization

WITNESS SIGNATURES:

Witness 1: Signature: ___________________________________ Date: ____________ Print Name: ___________________________________ Address: ___________________________________

Witness 2: Signature: ___________________________________ Date: ____________ Print Name: ___________________________________ Address: ___________________________________

12.3 Notarial Acknowledgment

STATE OF __________________ COUNTY OF ________________

On this _____ day of ____***, 20__***, before me personally appeared __________________, __________________, and __________________, who 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, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _______ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

My commission expires: _______________

SCHEDULE A - DEFINITIONS

Agreement: This Partnership Agreement as may be amended from time to time.

Capital Account: The account maintained for each partner reflecting their capital contributions, share of profits and losses, and distributions.

Capital Contribution: Money, property, or services contributed by a partner to the partnership.

Confidential Information: Any proprietary or sensitive information related to the partnership business.

Dissolution: The legal termination of the partnership entity.

Effective Date: The date this agreement becomes effective as stated in Article I.

Fiscal Year: The partnership's accounting year as specified in Article IV.

Good Faith: Honesty in fact and adherence to reasonable commercial standards of fair dealing.

Liquidation: The process of winding up partnership affairs and distributing assets.

Managing Partner: The partner(s) designated with day-to-day management authority.

Partnership Interest: A partner's share of partnership profits, losses, and distributions.

Person: An individual, corporation, partnership, trust, estate, or other entity.

Transfer: Any voluntary or involuntary sale, assignment, gift, or other disposition of a partnership interest.

SCHEDULE B - INITIAL CAPITAL CONTRIBUTIONS

Partner Name	Cash Contribution	Property Contribution	Service Contribution	Total Value
Partner A	$________	$________	$________	$________
Partner B	$________	$________	$________	$________
Partner C	$________	$________	$________	$________
TOTAL	**$________**	**$________**	**$________**	**$________**

Property Contributions Detail:

- Partner __: *Description:* ***, Fair Market Value: $, Basis: $***
- Partner __: *Description:* ***, Fair Market Value: $, Basis: $***

Service Contributions Detail:

- Partner ___: Services: ________, ***Hours: , Rate: $, Total Value: $***

SCHEDULE C - INITIAL BUSINESS PLAN

Business Overview: _______________

Target Market: _______________

Products/Services: _______________

Marketing Strategy: _______________

Financial Projections:

- Year 1 Revenue Projection: $_______
- Year 1 Expense Projection: $_______
- Year 1 Profit Projection: $_______
- Break-even Timeline: _______

Staffing Plan: _______________

Major Equipment/Assets: _______________

Regulatory Requirements: _______________