PARTNERSHIP AGREEMENT

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INSTRUCTIONS FOR USE
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PARTNERSHIP AGREEMENT

Effective Date: [DATE]

This Partnership Agreement ("Agreement") is entered into by the undersigned Partners to establish the terms and conditions of their business partnership.

1. PARTNERSHIP INFORMATION

Partnership Name: [BUSINESS NAME] Type: [ ] General Partnership / [ ] Limited Partnership Principal Office: [ADDRESS, CITY, STATE, ZIP] State of Formation: [STATE] Business Purpose: [DESCRIBE — e.g., "operating a restaurant," "providing IT consulting services," "real estate investment and management"] Term: [ ] Perpetual / [ ] Until [DATE] / [ ] Until purpose is completed

2. PARTNERS

General Partners:

Name	Address	Ownership %	Capital Contribution	Role
[NAME]	[ADDRESS]	[__]%	$[AMOUNT]	[Managing Partner / Partner]
[NAME]	[ADDRESS]	[__]%	$[AMOUNT]	[Partner]

Limited Partners (if Limited Partnership):

Name	Address	Ownership %	Capital Contribution
[NAME]	[ADDRESS]	[__]%	$[AMOUNT]

(Total ownership must equal 100%.)

3. CAPITAL CONTRIBUTIONS

3.1 Initial Contributions. Each Partner shall contribute the capital listed in Section 2 by [DATE / upon execution of this Agreement].

3.2 Form of Contribution: Contributions may be in cash, property, or services as agreed:

Partner	Cash	Property (FMV)	Services
[NAME]	$[AMOUNT]	$[AMOUNT] - [DESCRIBE]	[DESCRIBE]
[NAME]	$[AMOUNT]	$[AMOUNT] - [DESCRIBE]	[DESCRIBE]

3.3 Additional Contributions. No Partner shall be required to make additional contributions without [unanimous / majority] consent. Additional contributions shall be offered proportionally to all Partners.

3.4 Interest on Capital. Capital contributions [shall / shall not] earn interest at [__]% per annum.

3.5 Return of Capital. No Partner may withdraw capital without [unanimous / majority] consent of the other Partners.

4. PROFITS, LOSSES & DISTRIBUTIONS

4.1 Allocation. Profits and losses shall be allocated:

[ ] In proportion to ownership percentages

[ ] As follows: [DESCRIBE SPECIAL ALLOCATION — e.g., "first $50,000 profit to Partner A for management services, remainder split per ownership %"]

4.2 Distributions. Cash distributions shall be made [monthly / quarterly / annually / as determined by Partners] in accordance with profit allocation.

4.3 Guaranteed Payments. The following Partners shall receive guaranteed payments (regardless of profit):

Partner	Amount	Frequency	For
[NAME]	$[AMOUNT]	[Monthly]	[Management services]

4.4 Tax Elections. The Partnership shall be taxed as a [partnership (Form 1065) / S-Corporation (with election)]. The Tax Matters Partner is: [NAME].

5. MANAGEMENT & AUTHORITY

5.1 Managing Partner(s): [NAME(S)] shall serve as Managing Partner(s) responsible for day-to-day operations.

5.2 Authority of Managing Partner:

- Enter contracts up to $[AMOUNT]
- Hire/fire employees within approved budget
- Manage business bank accounts
- Make routine business decisions

5.3 Decisions Requiring [Majority / Unanimous] Vote:

- Contracts exceeding $[AMOUNT]
- Borrowing or pledging partnership assets
- Admitting new Partners
- Selling partnership assets outside ordinary course
- Changing the business purpose
- Amending this Agreement
- Dissolving the Partnership

5.4 Voting. Each Partner shall have voting power proportional to their ownership percentage [or: each Partner gets one equal vote regardless of ownership].

5.5 Meetings. Partners shall meet [monthly / quarterly] to review business performance. [NUMBER] days' notice required for special meetings.

6. DUTIES & RESTRICTIONS

6.1 Duty of Loyalty. Each Partner owes the Partnership fiduciary duties of loyalty and care.

6.2 Devotion of Time.

- [NAME]: [Full-time / Part-time — __ hours/week]
- [NAME]: [Full-time / Part-time — __ hours/week]

6.3 Non-Compete. During the term and for [12 / 24] months after withdrawal, no Partner shall engage in a competing business within [GEOGRAPHIC AREA] without written consent of [all / majority of] remaining Partners.

6.4 Outside Activities. Partners [may / may not] engage in outside business activities provided they do not compete with or materially interfere with Partnership business.

7. TRANSFER OF PARTNERSHIP INTERESTS

7.1 Restriction. No Partner may sell, assign, or transfer their partnership interest without [unanimous / majority] written consent of the other Partners.

7.2 Right of First Refusal. Before any transfer, the selling Partner must offer the interest to remaining Partners at the same price and terms. Partners have [30 / 60] days to exercise this right.

7.3 Valuation. Partnership interest value shall be determined by:

- [ ] Book value as of the most recent fiscal year-end
- [ ] Fair market value determined by independent appraisal
- [ ] Agreed formula: [DESCRIBE — e.g., "3x average annual net income"]
- [ ] Mutual agreement of the Partners

8. WITHDRAWAL & EXPULSION

8.1 Voluntary Withdrawal. A Partner may withdraw by providing [90 / 180] days' written notice.

8.2 Buyout Upon Withdrawal. The withdrawing Partner's interest shall be purchased by the Partnership or remaining Partners at [book value / appraised value / formula value] payable over [12 / 24 / 36] months.

8.3 Expulsion. A Partner may be expelled by [unanimous vote of remaining Partners / 2/3 majority] for: (a) Material breach of this Agreement; (b) Fraud, embezzlement, or criminal conviction; (c) Permanent disability preventing participation; (d) Bankruptcy or insolvency; (e) [OTHER GROUNDS].

9. DEATH OR DISABILITY

9.1 Death. Upon the death of a Partner:

[ ] Surviving Partners shall purchase the deceased Partner's interest from the estate at [VALUATION METHOD] within [90 / 180] days

[ ] The Partnership shall continue with the deceased Partner's heir/designee as a [full / limited] partner

[ ] The Partnership shall dissolve

9.2 Life Insurance (Recommended for Buy-Sell). Partners shall maintain cross-purchase life insurance in the amount of $[AMOUNT] per Partner to fund the buyout obligation.

9.3 Disability. If a Partner becomes permanently disabled (unable to perform duties for [6] consecutive months), remaining Partners may elect to purchase the disabled Partner's interest at [VALUATION METHOD].

10. DISSOLUTION

10.1 Events of Dissolution: (a) Unanimous consent of all Partners; (b) Expiration of the Partnership term; (c) Judicial decree; (d) Any event making continuation unlawful; (e) Reduction to fewer than [2] Partners (if not remedied within [90] days).

10.2 Winding Up. Upon dissolution: 1. Pay all debts and liabilities to third-party creditors 2. Repay partner loans 3. Return capital contributions 4. Distribute remaining assets per profit-sharing ratios

11. BOOKS, RECORDS & BANKING

11.1 Partnership shall maintain complete financial records at the principal office. Each Partner may inspect records during business hours.

11.2 Fiscal Year: Calendar year (January 1 – December 31).

11.3 Bank Accounts: [BANK NAME]. Authorized signatories: [NAMES]. Checks over $[AMOUNT] require [two] signatures.

11.4 Accounting Method: [Cash / Accrual] basis.

12. INDEMNIFICATION

The Partnership shall indemnify each Partner against claims arising from authorized Partnership activities, except for acts of gross negligence, fraud, or willful misconduct.

13. DISPUTE RESOLUTION

Partners agree to resolve disputes through: 1. Good-faith negotiation (14 days) 2. Mediation with a neutral mediator 3. Binding arbitration in [CITY, STATE] (if mediation fails)

14. GOVERNING LAW

This Agreement is governed by the laws of the State of [STATE].

15. MISCELLANEOUS

(a) Entire Agreement. Complete agreement; supersedes all prior discussions. (b) Amendments. Require [unanimous] written consent. (c) Severability. Invalid provisions don't void the Agreement. (d) Notices. Written notices to addresses in Section 2. (e) Counterparts. May be executed in counterparts.

SIGNATURES

Partner 1:

Signature: ____

Partner 2:

Signature: ____

Partner 3 (if applicable):

Signature: ____

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