

PARTNERSHIP AGREEMENT

This PARTNERSHIP AGREEMENT, hereafter referred to as the "Agreement", is made on _____ between _____ hereafter referred to as "P1" and _____ hereafter referred to as "P2".

1. NAME AND BUSINESS: The parties hereby form a partnership under the name of _____ to conduct a _____ business. The principal office of the business shall be in the State of _____.

The business and purposes of the Partnership is to _____ and such other businesses and purposes as the Partners may from time to time determine.

2. TERM: The partnership shall begin on the date of execution of this Agreement and shall continue until terminated.

2a. **TERMINATION:** The partnership may be dissolved at any time by agreement of the partners. In the event of termination the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name shall be sold with the other assets of the business. The assets of the partnership business shall be used first to pay all partnership liabilities and liquidating expenses and obligations. Once liabilities have been paid in full, any remaining monies from the liquidation shall be used to equalize income accounts and capital accounts of the partners.

2b. **DEATH OF PARTNER:** Upon the death of either partner, the surviving partner shall have the right either to purchase the interest of the decedent in the partnership or to terminate and liquidate the partnership business.

If the surviving partner elects to purchase the decedent's interest, he shall serve notice in writing of such election, within three months after the death of the decedent, upon the executor or administrator of the decedent, or, if at the time of such election no legal representative has been appointed, then upon any one of the known legal heirs of the decedent at the last-known address of such heir.

Each partner agrees to insert in his or her Will or to execute a Codicil directing and authorizing his personal representatives to fulfill and comply with the provisions set forth in this Agreement.

3. CAPITALIZATION: For each \$ _____ each partner shall receive _____ shares with contribution being made as follows: P1 contributes _____ and shall receive _____ shares, the same being _____% of the total shares available. P2 contributes \$ _____ and shall receive _____ shares, the same being _____% of the total shares available.

An individual capital account shall be maintained for each Partner. The capital account of each Partner shall consist of his or her original capital contribution, increased by additional capital

contributions made by him or her, his or her share of Partnership profits, and decreased by distributions of such profits and capital to him or her and/or his or her share of Partnership losses.

Except as specifically provided in this Agreement, or as otherwise provided by and in accordance with prevailing law, to the extent such law is not inconsistent with this Agreement, no Partner shall have the right to withdraw or reduce his or her contributions to the capital of the Partnership.

4. PROFIT AND LOSS: The net profits and net losses of the partnership shall be divided pursuant to the capitalization of shares as set forth in this Agreement. A separate income account shall be maintained for each partner. Partnership profits and losses shall be charged or credited to the separate income account of each partner. If a partner has no credit balance in his income account, losses shall be charged to his capital account.

5. SALARIES AND DRAWINGS: Neither partner shall receive any salary for services rendered to the partnership. Each partner may, from time to time, withdraw the credit balance in his income account.

6. INTEREST: No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.

7. MANAGEMENT DUTIES AND RESTRICTIONS: The partners shall have rights in the management of the partnership business pursuant to their shares in the partnership as set forth in this Agreement. Each partner shall devote his entire time to the conduct of the business. Without the consent of the other partner neither partner shall, on behalf of the partnership, borrow or lend money, or make, deliver, or accept any commercial paper, or execute any mortgage, security agreement, bond, or lease, or purchase or contract to purchase, or sell, or contract to sell, any property for or of the partnership, other than the type of property bought and sold in the regular course of its business.

8. BANKING: All revenue of the Partnership shall be deposited regularly in the Partnership savings and checking accounts at _____ bank at which such accounts are maintained.

9. BOOKS: The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access to them. The books shall be kept on a fiscal year basis, commencing on _____ and ending on _____. They shall be closed and balanced at the end of each fiscal year. An audit shall be made as of the closing date.

10. ARBITRATION: Any controversy or claim arising out of or relating to this Agreement, or a breach of this Agreement, shall be settled by arbitration in accordance with the rules, then obtaining, of the American Arbitration Association. Judgment upon the award rendered may be entered in any court having jurisdiction over such matter.

11. SEVERABILITY: If any term, provision, covenant or condition of this Agreement, or the application to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

12. GOVERNING LAW AND CONSENT TO JURISDICTION

This agreement will be interpreted and enforced under the laws of the State of [State] without regard to conflict of law provisions. Both parties voluntarily consent to the jurisdiction of all state and federal courts in the State of _____.

13. ENTIRE AGREEMENT: This Agreement contains the entire agreement and understanding between the parties and supersedes any prior or contemporaneous written or oral agreements, representations and warranties between them respecting the subject matter of this Agreement. Only a writing signed by all partners may amend this Agreement.

PARTNERS' AUTHORIZED SIGNATURES:

