

PARTNERSHIP AGREEMENT

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This Partnership Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and among:

[PARTNER 1 NAME], residing at or with a principal address at [PARTNER 1 ADDRESS]; [PARTNER 2 NAME], residing at or with a principal address at [PARTNER 2 ADDRESS]; [and PARTNER 3 NAME, etc.] (each a "**Partner**" and together the "**Partners**").

Recitals. The Partners wish to form and operate a general partnership to carry on the business described below, and to set out their respective rights, contributions, responsibilities, and economic interests in writing. The Partners intend this Agreement to govern their partnership as permitted by the partnership law of the State of [STATE] (which supplies default rules to the extent this Agreement is silent). In consideration of the mutual promises in this Agreement, the Partners agree as follows.

1. Formation, Name, and Purpose

1.1 Formation. The Partners hereby form a general partnership (the "**Partnership**") under the laws of the State of [STATE], effective as of the Effective Date.

1.2 Name and principal place of business. The Partnership will operate under the name [PARTNERSHIP NAME], with its principal place of business at [BUSINESS ADDRESS] or such other place as the Partners agree.

1.3 Purpose. The purpose of the Partnership is to [DESCRIBE THE BUSINESS, e.g. operate a [TYPE] business and engage in any lawful activity related to it]. The Partnership will not engage in any other business without the consent of the Partners under Section 5.

1.4 Term. The Partnership begins on the Effective Date and continues until dissolved under Section 9. The Partnership is [AT WILL / FOR A TERM ENDING ON [DATE] / FOR A PARTICULAR UNDERTAKING].

2. Capital Contributions

2.1 Initial contributions. Each Partner will contribute to the capital of the Partnership the cash, property, or services described for that Partner in **Exhibit A** (each a "**Capital Contribution**"), on the schedule stated there.

2.2 Capital accounts. The Partnership will maintain a capital account for each Partner, credited with that Partner's Capital Contributions and allocated profits and debited with allocated losses and distributions.

2.3 Additional contributions. No Partner is required to make additional Capital Contributions unless all Partners agree in writing. If additional capital is approved and a Partner does not contribute its share, the other Partners may contribute the shortfall and the ownership percentages may be adjusted as the Partners agree in writing.

2.4 No interest; return of capital. No Partner is entitled to interest on its Capital Contributions or to a return of capital except on dissolution and distribution under Section 9, or as the Partners otherwise agree.

3. Ownership, Profits, and Losses

3.1 Ownership percentages. Each Partner's ownership interest in the Partnership (its "**Percentage Interest**") is set out in **Exhibit A**. Unless Exhibit A states otherwise, the Percentage Interests total 100%.

3.2 Allocation of profits and losses. The net profits and net losses of the Partnership are allocated among the Partners in proportion to their Percentage Interests, except as otherwise stated in **Exhibit A**.

3.3 Distributions. The Partners will determine the timing and amount of distributions of available cash, after retaining reasonable reserves for the Partnership's obligations. Distributions are made in proportion to the Percentage Interests unless the Partners agree otherwise.

3.4 Tax allocations and reporting. Items of income, gain, loss, deduction, and credit are allocated for tax purposes consistent with the economic allocations above. The Partnership will file the partnership tax returns required by applicable law and furnish each Partner the information needed for that Partner's own returns.

[OPTIONAL: Designate a Partnership Representative for tax matters.]

4. Management and Authority

4.1 Management by Partners. The Partners manage the Partnership. Except for Major Decisions under Section 5, decisions in the ordinary course of business are made by **[A MAJORITY OF PERCENTAGE INTERESTS / A MAJORITY OF PARTNERS / UNANIMOUS CONSENT]**.

4.2 Authority to bind. Each Partner is an agent of the Partnership for the purpose of its business. In dealings with the Partnership, no Partner may bind the Partnership outside the ordinary course of business, or take any Major Decision, without the consent required by Section 5.

4.3 Duties of partners. Each Partner owes the Partnership and the other Partners the duties of loyalty and care recognized under applicable partnership law, and will act in good faith and deal fairly with the Partnership and the other Partners.

4.4 Time and effort. Each Partner will devote the time and effort to the Partnership described in **Exhibit A**.

[OPTIONAL: Describe any salary, draw, or guaranteed payment for services.]

4.5 Banking and records. The Partnership will maintain its funds in Partnership accounts and keep complete and accurate books and records, accessible to each Partner on reasonable notice at the principal place of business.

5. Major Decisions

5.1 Decisions requiring unanimous consent. The following actions require the unanimous written consent of all Partners: (a) admitting a new Partner; (b) selling, leasing, or pledging all or substantially all of the Partnership's assets; (c) incurring debt or guarantees above **[AMOUNT]**; (d) amending this Agreement; (e) changing the nature of the business; (f) merging or dissolving the Partnership; (g) making distributions other than in proportion to Percentage Interests; and (h) admitting a Partner's transferee as a substitute Partner.

5.2 Deadlock. If the Partners are deadlocked on a Major Decision, they will first attempt resolution under Section 10.3. **[OPTIONAL: If unresolved, the deadlock may be addressed through [MEDIATION / BUYOUT / DISSOLUTION] — discuss with counsel.]**

6. New Partners and Transfers of Interest

6.1 Admission of new partners. A new Partner may be admitted only with the unanimous written consent of the existing Partners and on signing a joinder to this Agreement.

6.2 Restrictions on transfer. No Partner may sell, assign, pledge, or otherwise transfer all or part of its Partnership interest without the prior written consent of the other Partners, except as permitted by Section 6.3.

6.3 Right of first refusal. Before transferring its interest to any third party, a Partner ("**Selling Partner**") must first offer it to the Partnership and then to the other Partners on the same terms, by written notice. The Partnership and the other Partners have **[NUMBER, e.g. 30]** days to accept. A permitted third-party transferee receives only economic rights and does not become a Partner without admission under Section 6.1.

7. Withdrawal, Death, and Disability

7.1 Voluntary withdrawal. A Partner may withdraw on **[NUMBER, e.g. 90]** days' prior written notice to the other Partners. Withdrawal does not by itself dissolve the Partnership if the remaining Partners elect to continue the business.

7.2 Death, disability, or insolvency. On the death, permanent disability, bankruptcy, or dissolution of a Partner (each a "**Triggering Event**"), that Partner (or its estate) ceases to be a Partner, and the remaining Partners may elect to continue the business and purchase that Partner's interest under Section 8.

7.3 Continuation. If the remaining Partners elect to continue, the Partnership continues without interruption, and the departing Partner or its estate retains only the right to payment for its interest under Section 8.

8. Buyout of a Departing Partner

8.1 Buyout right. On a withdrawal under Section 7.1 or a Triggering Event under Section 7.2, the Partnership (or the remaining Partners pro rata) may purchase the departing Partner's interest.

8.2 Purchase price. The purchase price is the fair value of the departing Partner's interest, determined by **[AGREED METHOD, e.g. the most recent agreed valuation, an independent appraisal, or a formula in Exhibit A]**. If the Partners cannot agree, the value will be set by an independent appraiser selected under **[PROCESS]**.

8.3 Payment terms. The purchase price is payable **[IN A LUMP SUM / IN [NUMBER] EQUAL INSTALLMENTS OVER [PERIOD] WITH INTEREST AT [RATE]]**, beginning within **[NUMBER]** days of the determination of value, subject to applicable law.

8.4 Release. On full payment, the departing Partner (or its estate) releases all claims to the Partnership's assets and profits, except for amounts then owed under this Section.

9. Dissolution and Winding Up

9.1 Events of dissolution. The Partnership dissolves on (a) the unanimous written agreement of the Partners; (b) the sale of all or substantially all of its assets; (c) a Triggering Event where the remaining Partners do not elect to continue; or (d) any event that makes it unlawful to continue the business.

9.2 Winding up. On dissolution, the Partners (or a liquidating Partner they appoint) will wind up the Partnership's affairs, liquidate its assets, and distribute the proceeds.

9.3 Order of distribution. Proceeds are applied in the following order, to the extent permitted by applicable law: (a) to creditors, including Partners who are creditors; (b) to establish reserves the Partners reasonably determine; and (c) to the Partners in proportion to their positive capital account balances, then in proportion to Percentage Interests.

10. General Provisions

10.1 **Governing law.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules, including its partnership statute, which supplies default rules where this Agreement is silent.

10.2 **Venue.** The Partners submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

10.3 **Dispute resolution.** Before filing suit, the Partners will attempt in good faith to resolve any dispute through discussion, and then through [MEDIATION / ARBITRATION] as the Partners agree. [Discuss the dispute clause with counsel.]

10.4 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

10.5 **Indemnification.** The Partnership will indemnify each Partner against liabilities incurred in good faith in the ordinary course of the Partnership's business, to the extent permitted by applicable law and the Partnership's assets.

10.6 **Entire agreement; amendment.** This Agreement, together with its Exhibits, is the entire agreement among the Partners on its subject and supersedes prior discussions. It may be amended only by a writing signed by all Partners.

10.7 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Partner's failure to enforce a provision is not a waiver.

10.8 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the Effective Date.

PARTNER 1

Signature: _____

Printed name: [NAME]

Title: [N/A]

Date: _____

PARTNER 2

Signature: _____

Printed name: [NAME]

Title: [N/A]

Date: _____

PARTNER 3 (if any)

Signature: _____

Printed name: [NAME]

Title: [N/A]

PARTNER 4 (if any)

Signature: _____

Printed name: [NAME]

Title: [N/A]

Date: _____

Date: _____

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