1. **PARTNERSHIP AGREEMENT**

**[14 AM. JUR. Legal Forms 2d Partnership § 194:18 (May 2011)]**

**Commercial partnership agreement—Partners may continue partnership by purchasing interest of withdrawing or deceased partner**

**PARTNERSHIP AGREEMENT**

Partnership agreement made *[date of agreement]*, between *[name of partner 1]* of *[address of partner 1]*, *[name of partner 2]* of *[address of partner 2]*, and *[name of partner 3]*, of *[address of partner 3]* (the “partners”).

In consideration of the mutual covenants contained in this agreement, the partners form a partnership in accordance with the Uniform Partnership Act of *[name of state]*, on the terms and conditions set forth below:

**SECTION ONE. NAME, PURPOSE AND PLACE OF BUSINESS**

The name of the partnership shall be *[name of partnership]*. The business to be carried on by the partnership is that of *[description of business]*. The principal place of business of the partnership shall be located at *[street address of partnership]*, *[name of city]*, *[name of county]*, *[name of state]*, and at such other places as may be mutually agreed on by the parties.

**SECTION TWO. DURATION**

The partnership shall begin on *[begin date of partnership]*, and shall continue until dissolved by mutual agreement of the parties.

**SECTION THREE. CAPITAL CONTRIBUTIONS**

The capital of the partnership is to be $*[dollar amount of capital]*. Each partner shall contribute the following amounts:

|  |  |
| --- | --- |
| **Name** | **Amount** |
| *[name of partner 1]* | $*[dollar amount of partner 1 contribution]* |
| *[name of partner 2]* | $*[dollar amount of partner 2 contribution]* |
| *[name of partner 3]* | $*[dollar amount of partner 3 contribution]* |

The contributions of all partners must be made to the partnership on or before *[due date of contributions]*, or this agreement shall be void and of no effect.

**SECTION FOUR. SHARING PROFITS AND LOSSES**

Each of the partners shall share in the profits and losses of the business on the following basis: *[description of allocation of profits and losses]*.

**SECTION FIVE. SERVICES OF PARTNERS**

Each of the partners shall give his or her undivided time and attention to the business and shall use the utmost endeavors to promote the interests of the partnership.

**SECTION SIX. BOOKS OF ACCOUNT**

Books of account of the transactions of the partnership shall be kept at the principal place of business, and shall be available at all times for inspection by any partner. Each partner shall cause to be entered on the books an accurate account of all the partner’s dealings, receipts, and expenditures for or on account of the partnership.

**SECTION SEVEN. ANNUAL ACCOUNTING AND INVENTORY**

In the month of *[name of month]* of each year, a full and complete inventory of stock shall be taken, and a complete statement of the condition of the partnership shall be made, and an accounting between the partners shall be had. The profits or losses of the preceding year shall then be divided and paid or distributed. The fiscal year of the partnership shall begin on the *[ordinal number of day]* day of *[name of month]* of each year.

**SECTION EIGHT. WITHDRAWALS FOR LIVING EXPENSES**

Each of the partners shall be permitted to draw from the funds of the partnership $*[dollar amount of monthly draw]* per month for the partner’s living expenses. The sums so drawn shall be charged to the partner and at the annual accounting, shall be charged against that partner’s share of the profits. If the partner’s share of the profits does not equal the sum so drawn, the partner shall at once become obligated to pay the deficiency to the partnership. The deficiency shall draw interest at the rate of *[percentage rate of interest]*% per year until paid.

**SECTION NINE. MANAGEMENT AND AUTHORITY**

Partners shall have equal rights in the management and conduct of the partnership. Decisions shall be by majority vote.

**SECTION TEN. RESTRICTIONS ON POWERS OF PARTNERS**

None of the partners shall become obligated as surety for any other person, or lend, spend or give any part of the partnership property, or draw or accept any bill, note, or other security in the name of the partnership, except in the due course of partnership business, without the consent of all the partners.

**SECTION ELEVEN. RETIREMENT**

Any of the partners may retire from the partnership at the expiration of any fiscal year on giving the other partners *[number of days]* days’ written notice of the partner’s intention to do so.

**SECTION TWELVE. CONTINUATION OR TERMINATION**

A. Election by Partners. On the dissolution of the partnership by reason of death, withdrawal, or other act of any partner before the termination of the term specified below, the remaining partners may continue the business. If the remaining partners so elect to continue, they shall have the right to purchase the interest of the other partner by paying to that partner or the legal representative of the partner the value of the interest, in the manner set forth below:

1. Appointment of Appraisers. The partners electing to continue the business collectively shall appoint one individual as an appraiser and the withdrawing partner or the legal representative of the deceased or incapacitated partner shall appoint one individual as an appraiser. The appraisers so appointed shall determine the value of the assets of the partnership, and the partners electing to continue the business shall pay to the withdrawing partner or legal representative of the partner *[fraction of value of partnership to be paid to outgoing partner]* of the amount so determined. The withdrawing partner or the legal representative shall execute such documents as may be necessary to convey the partner’s interest in the partnership to the other partners.

2. Additional Appraiser in Event of Disagreement. If the appraisers are unable to agree on the value of the assets of the partnership within *[number of days]* days after their appointment, they shall select and designate one additional appraiser for this purpose whose appraisement shall be binding on all parties. If any appraiser should become unable or unwilling to serve, a substitute shall be appointed by the person originally selecting the appraiser. If the two appraisers first appointed shall be unable to agree on a third appraiser, the third appraiser shall be appointed by *[name of person to appoint additional appraiser]*.

B. Rights and Obligations of Continuing Partners. The partners continuing the business shall assume all of the legal obligations of the partnership and shall indemnify the withdrawing partner or the legal representative of a partner against all liability on those obligations. *[OPTIONAL: The partners continuing the business may continue to use the partnership name.]*

**SECTION THIRTEEN. DISSOLUTION**

If all the partners agree to dissolve the partnership, the business shall be wound up, the debts paid, and the surplus divided among the partners according to their respective interests.

**SECTION FOURTEEN. AMENDMENTS**

This agreement, except with respect to vested rights of partners, may be amended at any time by a majority vote as measured by the interest in the sharing of profits and losses.

The parties have executed this agreement at *[place of execution]* on the day and year first above written.

\_\_\_\_\_\_\_\_\_\_\_\_\_ *[Name of partner 1]*

\_\_\_\_\_\_\_\_\_\_\_\_\_ *[Name of partner 2]*

\_\_\_\_\_\_\_\_\_\_\_\_\_ *[Name of partner 3]*