**LIMITED PARTNERSHIP AGREEMENT**

**14A Am. Jur. Legal Forms 2d § 194:727 Limited Partnership Agreement – General Form (May 2011)**

**LIMITED PARTNERSHIP AGREEMENT**

Agreement of limited partnership made *[date of agreement]*, between *[name of general partner]*, of *[address of general partner]* (“general partner”), and *[name of limited partner 1]*, of *[address of limited partner 1]*, and *[name of limited partner 2]*, of *[address of limited partner 2]* (“limited partners”).

**RECITALS**

A. General partner and limited partners desire to enter into the business of *[description of business]*.

B. General partner desires to manage and operate the business.

C. Limited partners desire to invest in the business and limit their liabilities.

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this agreement, the parties agree as follows:

**SECTION ONE. GENERAL PROVISIONS**

The limited partnership is organized pursuant to the provisions of *[citation of statute]* of *[name of state]*, and the rights and liabilities of the general and limited partners shall be as provided in that statute, except as otherwise stated in this agreement.

**SECTION TWO. NAME OF PARTNERSHIP**

The name of the partnership shall be *[name of partnership]* (the “partnership”).

**SECTION THREE. BUSINESS OF PARTNERSHIP**

The purpose of the partnership is to engage in the business of *[description of business]*.

**SECTION FOUR. PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the partnership shall be at *[street address of partnership]*, *[name of city]*, *[name of county]*, *[name of state]*. The partnership shall also have other places of business as from time to time shall be determined by general partner.

**SECTION FIVE. CAPITAL CONTRIBUTION OF GENERAL PARTNER**

General partner shall contribute $*[dollar amount of capital contribution of general partner]* to the original capital of the partnership. The contribution of general partner shall be made on or before *[due date of capital contribution of general partner]*. If general partner does not make *[his/her]* entire contribution to the capital of the partnership on or before that date, this agreement shall be void. Any contributions to the capital of the partnership made at that time shall be returned to the partners who have made the contributions.

**SECTION SIX. CAPITAL CONTRIBUTIONS OF LIMITED PARTNERS**

The capital contributions of limited partners shall be as follows:

*[Name of limited partner 1]*: $*[dollar amount of capital contribution of limited partner 1]*

*[Name of limited partner 2]*: $*[dollar amount of capital contribution of limited partner 2]*

Receipt of the capital contribution from each limited partner as specified above is acknowledged by the partnership. No limited partner has agreed to contribute any additional cash or property as capital for use of the partnership.

**SECTION SEVEN. DUTIES AND RIGHTS OF PARTNERS**

General partner shall diligently and exclusively apply *[himself/herself]* in and about the business of the partnership to the utmost of *[his/her]* skill and on a full-time basis.

General partner shall not engage directly or indirectly in any business similar to the business of the partnership at any time during the term of this agreement without obtaining the written approval of all other partners.

General partner shall be entitled to *[number of days]* days’ vacation and *[number of days]* days’ sick leave in each calendar year, commencing with the calendar year *[identification of year]*. If general partner uses sick leave or vacation days in a calendar year in excess of the number specified above, the effect on *[his/her]* capital interest and share of the profits and losses of the partnership for that year shall be determined by a majority vote of limited partners.

No limited partner shall have any right to be active in the conduct of the partnership’s business, nor have power to bind the partnership in any contract, agreement, promise, or undertaking.

**SECTION EIGHT. SALARY OF GENERAL PARTNER**

General partner shall be entitled to a monthly salary of $*[dollar amount of monthly salary]* for the services rendered by general partner. The salary shall commence on *[date of commencement of monthly salary]*, and be payable on the *[ordinal number of day]* day of each subsequent month. The salary shall be treated as an expense of the operation of the partnership business and shall be payable whether or not the partnership shall operate at a profit.

**SECTION NINE. LIMITATIONS ON DISTRIBUTION OF PROFITS**

General partner shall have the right, except as provided below, to determine whether from time to time partnership profits shall be distributed in cash or shall be left in the business, in which event the capital account of all partners shall be increased.

In no event shall any profits be payable for a period of *[number of months]* months until *[percentage of profits]*% of those profits have been deducted to accumulate a reserve fund of $*[dollar amount of reserve fund]* over and above the normal monthly requirements of working capital. This accumulation is to enable the partnership to maintain a sound financial operation.

**SECTION TEN. PROFITS AND LOSSES FOR LIMITED PARTNERS**

Limited partners shall be entitled to receive a share of the annual net profits equivalent to their share in the capitalization of the partnership.

Limited partners shall each bear a share of the losses of the partnership equal to the share of profits to which each limited partner is entitled. The share of losses of each limited partner shall be charged against the limited partner’s capital contribution.

Limited partners shall at no time become liable for any obligations or losses of the partnership beyond the amounts of their respective capital contributions.

**SECTION ELEVEN. PROFITS AND LOSSES FOR GENERAL PARTNER**

After provisions have been made for the shares of profits of limited partners, all remaining profits of the partnership shall be paid to general partner. After giving effect to the share of losses chargeable against the capital contributions of limited partners, the remaining partnership losses shall be borne by general partner.

**SECTION TWELVE. BOOKS OF ACCOUNT**

There shall be maintained during the continuance of this partnership an accurate set of books of account of all transactions, assets, and liabilities of the partnership. The books shall be balanced and closed at the end of each year, and at any other time on reasonable request of the general partner. The books are to be kept at the principal place of business of the partnership and are to be open for inspection by any partner at all reasonable times. The profits and losses of the partnership and its books of account shall be maintained on a fiscal year basis, terminating annually on *[end date of fiscal year]*, unless otherwise determined by general partner.

**SECTION THIRTEEN. SUBSTITUTIONS, ASSIGNMENTS, AND ADMISSION OF ADDITIONAL PARTNERS**

General partner shall not substitute a partner in *[his/her]* place, or sell or assign all or any part of general partner’s interest in the partnership business without the written consent of limited partners.

Additional limited partners may be admitted to this partnership on terms that may be agreed on in writing between general partner and the new limited partners. The terms so stipulated shall constitute an amendment to this partnership agreement.

No limited partner may substitute an assignee as a limited partner in *[his/her]* place, but the person or persons entitled by rule or by intestate laws, as the case may be, shall succeed to all the rights of limited partner as a substituted limited partner.

**SECTION FOURTEEN. TERMINATION OF INTEREST OF LIMITED PARTNER; RETURN OF CAPITAL CONTRIBUTION**

The interest of any limited partner may be terminated by (1) dissolution of the partnership for any reason provided in this agreement; (2) the agreement of all partners; or (3) the consent of the personal representative of a deceased limited partner and the partnership.

On the termination of the interest of a limited partner there shall be payable to that limited partner, or the limited partner’s estate, as the case may be, a sum to be determined by all partners, which sum shall not be less than *[number of times]* times the capital account of the limited partner as shown on the books at the time of the termination, including profits or losses from the last closing of the books of the partnership to the date of the termination, when the interest in profits and losses terminated. The amount payable shall be an obligation payable only out of partnership assets, and at the option of the partnership, may be paid within *[number of years]* years after the termination of the interest, provided that interest at the rate of *[percentage rate of interest]*% shall be paid on the unpaid balance.

**SECTION FIFTEEN. BORROWING BY PARTNER**

In case of necessity as determined by a majority vote of all partners, a partner may borrow up to $*[dollar amount of loan]* from the partnership. Any such loan shall be repayable at *[description of terms of repayment]*, together with interest at the rate of *[percentage rate of interest]*% per year.

**SECTION SIXTEEN. TERM OF PARTNERSHIP AND DISSOLUTION**

The partnership term commences on *[date of commencement]*, and shall end on (1) the dissolution of the partnership by operation of law; (2) the dissolution of the partnership at any time designated by general partner; or (3) the dissolution of the partnership at the close of the month following the qualification and appointment of the personal representative of deceased general partner.

**SECTION SEVENTEEN. PAYMENT FOR INTEREST OF DECEASED GENERAL PARTNER**

In the event of the death of general partner there shall be paid out of the partnership’s assets to decedent’s personal representative for decedent’s interest in the partnership a sum equal to the capital account of decedent as shown on the books at the time of the decedent’s death, adjusted to reflect profits or losses from the last closing of the books of the partnership to the day of the decedent’s death.

**SECTION EIGHTEEN. 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 and the sharing of profits and losses.

**SECTION NINETEEN. BINDING EFFECT OF AGREEMENT**

This agreement shall be binding on the parties to the agreement and their respective heirs, executors, administrators, successors, and assigns.

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

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

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

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