Partnership Agreement Template

This partnership agreement ("Agreement") is made and entered into on ______________ ("effective date") by and between:

Party 1
Name: ___________________ and
Address:________________

Party 2
Name ____________________
Address: _________________

Hereafter, both these parties who wish to be associated with each other as business partners will be collectively referred to as “Partners” within this agreement.

Article 1: Partnership creation
In accordance with the terms, conditions, and covenants of this agreement and the laws of [State], the Partners shall enter into a general partnership on the effective date.

Article 2: Name of the partnership
The name of the partnership shall be [business name], hereinafter known as the “Partnership.”

Article 3: Term of the Partnership
The duration of this Partnership is perpetual unless dissolved by the Partners, or by operation of the law.

Article 4: Purpose
The purpose of the Partnership will be to conduct any and all lawful businesses as permitted under the laws of [State]. The specific purpose of the corporation would be to facilitate [Service1], [Service2], [Service3].

Article 5: Location of business
The principal place of business shall be located at ________________________________ or any other place of business as determined by the Partners.

Article 6: Management decisions
1. All decisions shall be made by the Partners who control a majority of the capital of the company, except as otherwise deemed appropriate by the Partners.
2. Meetings between the Partners shall be held at regular intervals of [Number] days, for the duration of the Partnership agreement.
3. All Partnership-led decisions shall be decided based on majority vote, with votes cast in the same percentage as the capital contributions.
4. A management committee shall be elected by the Partners to take ownership of day-to-day operation of the Partnership, other than the affairs that pertain exclusively to
the Partners. Their responsibilities include maintenance of records and books pertaining to the Partnership.

5. All Partners have the right to inspect, audit, or otherwise request access to the Partnership’s records and books, at any time.

Section 7: Capital contributions & ownership
1. The initial capital contribution for the Partnership will be $_________________. Of this, Party 1 will contribute $___________ and Party 2 will contribute $________________ in cash property or services. All contributions are final, unless all Partners offer written consent on withdrawal of contribution.
2. Partners will deposit this capital into a special bank account.
3. Interest and ownership of each Partner in the Partnership is as follows:
   Party 1: ________________%____
   Party 2: _________________%____

Section 8: Profit and loss
1. All of the Partnership’s profits or losses shall be deposited/withdrawn from the special bank account. The balance in this special bank account shall be considered as cash-on-hand of the Partnership for taxation, valuation, and other purposes.
2. The profit or loss will be borne proportionally by the Partners according to their capital contribution share.

Section 9: Annual audit
1. The Partners shall reserve the right to conduct an annual audit of all accounts, records, and books of the Partnership.
2. Annual accounting of the Partnership needs to occur within the first meeting of each calendar year, at a date and time fixed by the Partners.
3. Semi-annually, all financial records shall be reviewed, and also at the request of the Partners.

Section 10: Adding new Partners
This partnership agreement can be amended to add new Partners given a unanimous written vote of all existing Partners.

Section 11: Partner transfer, withdrawal, and removal
1. Transfer: Interest in the Partnership of any Partner can be transferred to a living trust (of which the transferring Partner is the grantor and sole trustee) upon giving written notice to the other Partners.
2. Removal: A majority vote from the Partners with a controlling share of capital and Partnership can be used to remove a Partner. Said Partner shall be notified in writing of their removal. Immediately upon removal from the Partnership, the removed Partner must be compensated for all contributions, minus any liabilities incurred, and plus any gains or interest to which they are entitled.
3. **Withdrawal:** If a Partner chooses to withdraw partially or fully from the Partnership, they may do so with a written notification of withdrawal. The funds shall be withdrawn from the special account, based on the most recent valuation of the Partnership, and transferred to the withdrawing partner’s bank account. Also, the Partnership shall continue to function as a taxable entity as long as enough capital remains in the special account. Notification of the death of any Partner will be considered as a full withdrawal from the Partnership and all funds owed to the deceased Partner shall be transferred to the pre-designated agent or trust.

**Section 12: Partnership termination**

1. The Partnership can be dissolved or terminated with the full agreement of Partners, whose capital represents a majority stake in the Partnership. A written notice about the intent to terminate the Partnership must be shared with all Partners at least [Number] days before the actual termination date.
2. Once the decision to terminate the Partnership is taken, the management committee must notify all Partners immediately and all assets shall be distributed accordingly. Repayment of capital shall be performed according to the percent contributed by each Partner to the bank accounts of record for each partner.

**Section 13: Payment**

1. Drawers are permitted cash transfers up to an amount equal to the lesser of [percentage] of the value of the capital account being withdrawn from, or the value of the capital account being withdrawn, minus any costs incurred in the transaction.
2. At the discretion of the drawer, all withdrawals may be made in cash, securities, or some combination thereof.
3. For all securities withdrawals, a third-party broker must be engaged. The related brokerage fees shall be borne by the drawer.

**Section 14: Forbidden acts**

1. No Partner may bind the Partnership to any service or function other than what is outlined in this agreement.
2. Partners are not allowed to transfer, sell, or loan against their stake in the Partnership, unless approved by a majority of all other Partners.
3. No Partner may engage in any unlawful act that will damage the Partnership’s reputation or professional standing.
4. Partners are prohibited from engaging in any actions that will make it impossible for the Partnership to continue its routine business.
5. No Partner may share confidential information about the Partnership, except in the case of conducting business of the Partnership.
6. Any violation of these forbidden acts will be considered withdrawal from the Partnership by the offending party.

**Section 15: Miscellaneous**
1. Arbitration: Any controversies, claims, or disputes arising from or related to this Agreement shall be settled by arbitration in the State of _________________. Any decision, in writing, of the arbitrator(s) shall be considered final and binding.

2. Binding and legal: This Agreement inures to the benefit of and is binding upon the Partners and their respective legal representatives, heirs, administrators, executors, successors, and permitted assigns.

3. Severability: Should any provision, condition, or term of this Agreement be considered invalid, the remaining Agreement shall continue to be valid and enforceable.

4. Governing law: The terms of this Agreement shall be governed by the laws of the State of _________________.

5. Entire agreement: This Agreement constitutes the entire agreement between the Partners, and it may be amended in whole or part with their unanimous written consent.

6. Counterparts: This Agreement may be executed in one or more counterparts, wherein each shall be deemed as an original. And all of them together shall constitute one and the same document.

7. Notices: All notices by any Partner under this Agreement must be shared in writing and a physical copy must be delivered to the address set out in the header of this agreement. The notice will be considered valid only if an email copy is also sent. If the sender receives an acknowledgment of the receipt of the email notice, or the recipient replies, directly or indirectly, to such notice, then just an email notice will suffice.

8. The failure of any Partner to insist upon the strict compliance with the terms of this agreement shall not be deemed as a waiver of any rights that the Partner may have nor a waiver of any subsequent default of the terms herein contained, but the same shall continue in full force and effect. No waiver shall be considered, unless expressed in writing and signed by the waiving party.

In witness whereof, the Partners have signed this agreement on [date]:

___________________________  ______________________________
(Sign)                              (Sign)

______________________________  ______________________________
[Partner 2 Full Name]             [Partner 1 Full Name]