

Partnership Agreement

This Contract, made and entered into on the _____ day of _____, 20____
by and between _____ and _____ respectively.

NATURE OF BUSINESS: That the said parties have this day formed a partnership for the purpose of engaging and conducting a _____ and such other businesses of a similar or related nature as may be agreed upon from time to time by the partners.

NAME: The partnership is to be conducted under the name of _____ (hereinafter referred to as _____) and maintain offices at _____

CAPITAL: The partners shall contribute capital in the following amounts and proportions:

Partner	Amount	Proportion
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_____	_____	%
_____	_____	%

The partnership shall maintain a capital account record for each partner; should any partner's capital account fall below the agreed to amount, then that partner shall (1) have his share of partnership profits then due and payable applied instead to his capital account; and (2) shall pay any deficiency to the partnership if his share of partnership profits is not yet due and payable or, if it is, his share is insufficient to cancel the deficiency.

DUTIES. The partners shall provide their full-time services and best efforts on behalf of the partnership. No partner shall receive a salary for services rendered to the partnership. Each partnership shall have equal rights to manage the partnership business.

ALLOCATION OF DEPRECIATION OR GAIN OR LOSS ON CONTRIBUTED PROPERTY: The partners understand and agree that the general allocation rule set forth in Section 704 (c)(1) of the Internal Revenue Code of 1954 shall apply, and that the depreciation or gain or loss arising with respect to contributed property shall be allocated equally between the partners, in determining the taxable income or loss of the partnership and the distributive share of each partner, in the same manner as if such property had been purchased by the partnership at a cost equal to such adjusted tax basis.

DRAWING ACCOUNTS. Partners shall be entitled to make _____ draws upon the assets of the partnership, but only if (1) working capital after payment of the draws shall be sufficient to satisfy debts, and (2) the capital accounts of the partnership will not be impaired.

PROFIT AND LOSS: At the end of each fiscal period, the net profit or loss shall be shared in the following proportions:

PartnerProportion

_____ %
_____ %

ACCOUNTING: The investment and all transactions completed in the operation of the business are to be recorded in books of account in accordance with accepted accounting procedures. These books are to be open for the inspection of each partner at all times.

In _____ of each year, the partnership shall make a complete account of its assets and liabilities. In the event the accounting discloses that one partner has withdrawn more money than he has agreed to draw, the excess shall be paid to the partnership. If, after allowances are made for debts, current liabilities and working capital needs, there are profits remaining, those profits shall be considered "net profits" for the purpose of distribution as described in paragraph 7 above, and shall be distributed in accordance with the schedule in that paragraph.

In the event debts, current liabilities, and working capital needs exceed available assets, the partners will make capital contributions sufficient to eliminate the deficiency. If capital contributions are required they shall be made in the proportions set out in paragraph 3 above.

ELECTION TO CONTINUE BUSINESS: In the event of the retirement, death, or disability of a partner, the remaining partner shall have the right to continue the business of the partnership under its present name, either by himself or in conjunction with any other person or persons he may select, but he shall pay to the retiring partner, or to the legal representative of the deceased or disabled partner, as the case may be, the value of his interest in the partnership, as provided in the following paragraph.

VALUATION OF PARTNER'S INTEREST: The value of the interest of a retiring, deceased, or disabled partner shall be the sum of: (a) his capital account, (b) any unpaid loans due him, (c) his proportionate share of accrued net profits remaining undistributed in his drawing account, and (d) his interest in any prior agreed appreciation in the value of the partnership property over its book value. No value for good will shall be included in determining the value of the partner's interest.

DURATION: The said partnership is to continue for a period of years from _____, 199_____ unless the partners mutually agree in writing to a shorter period.

TERMINATION: At the conclusion of this contract, unless it is mutually agreed to continue the operation of the business under a new contract, the assets of the partnership, after all liabilities are paid, are to be divided in the same proportion

that profits are shared.

LIMITATIONS ON PARTNERS' POWERS: No partner shall, without the consent of the other partners:

Borrow money in the firm name for firm purposes, utilize collateral owned by the partnership as security for such loans, nor enter into any contract in amounts greater than _____ Dollars (\$) on behalf of the partnership;

Assign, transfer, pledge, compromise or release any of the claims of or debts due the partnership except upon payment in full, or arbitrate or consent to the arbitration of any of the disputes or controversies of the partnership;

Make, execute or deliver any assignment for the benefit of creditors or any bond, confession of judgment, chattel mortgage, deed, guarantee, indemnity bond, surety bond, or contract to sell or contract of sale of all or substantially all the property of the partnership;

Lease or mortgage any partnership real estate or any interest therein or enter into any contract for any such purpose;

E. Pledge or hypothecate or in any manner transfer his interest in the partnership, except to the other party of this agreement; F. Become a surety, guarantor, or accommodation party to any obligation.

RETIREMENT: Any partner may retire from the partnership upon 60 days prior notice to the other partner.

NON-COMPETE AGREEMENT: A partner who retires or withdraws from the partnership shall not directly or indirectly engage in a business which is or which would be competitive with the existing or then anticipated business of the partnership for a period of _____, in those _____ of this State where the partnership is currently doing or planning to do business.

ARBITRATION: Any controversy or claim arising out of or relating to this contract or breach thereof shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

In Witness Whereof, the partners have executed this agreement on the date above written.

