PARTNERSHIP AGREEMENT

1. 1. Parties

This Partnership Agreement (the "Agreement") is made effective as of [EFFECTIVE DATE] by and among [PARTNER 1 NAME], residing or located at [PARTNER 1 ADDRESS]; [PARTNER 2 NAME], residing or located at [PARTNER 2 ADDRESS]; and [ADDITIONAL PARTNER NAMES AND ADDRESSES] (each a "Partner" and collectively the "Partners"). The Partners agree to associate as a general partnership under the laws of the State of [GOVERNING STATE] on the terms set out below. Each Partner represents that entering into this Agreement does not breach any other obligation binding on that Partner. Notices under this Agreement are effective when delivered to the addresses above and to the email addresses listed in Exhibit A.

2. 2. Formation, Name, and Principal Place of Business

The Partners form a general partnership to be known as [PARTNERSHIP NAME] (the "Partnership"), with its principal place of business at [PRINCIPAL ADDRESS]. The Partnership will file any assumed name, fictitious name, or doing-business-as registration required in each jurisdiction where it operates, and will obtain the licenses and permits necessary to carry on the business. The Partners acknowledge that in a general partnership each Partner is jointly and severally liable for the debts and obligations of the Partnership, and that this Agreement does not limit that liability toward third parties. The Partnership may change its principal place of business or open additional locations on the approval described in Section 7.

3. 3. Purpose and Term

The purpose of the Partnership is to engage in [BUSINESS PURPOSE, e.g., operating a restaurant, providing architectural services, acquiring and managing rental property] and any lawful activity reasonably related to that purpose. The Partnership begins on [START DATE] and continues until dissolved under Section 12. The Partnership will not engage in any business materially outside the stated purpose without the written consent of [CONSENT THRESHOLD, e.g., all Partners]. The fiscal year of the Partnership ends on [FISCAL YEAR END], and the Partnership will use the [ACCOUNTING METHOD, e.g., accrual] method of accounting unless the Partners agree otherwise in writing.

4. 4. Capital Contributions and Capital Accounts

Each Partner will contribute to the capital of the Partnership as follows: [PARTNER 1 NAME] contributes [CONTRIBUTION AMOUNT AND DESCRIPTION, e.g., $50,000 in cash]; [PARTNER 2 NAME] contributes [CONTRIBUTION AMOUNT AND DESCRIPTION, e.g., equipment valued at $30,000 and services]. Property contributed will be recorded at the agreed value stated in Exhibit B. A separate capital account will be maintained for each Partner, increased by contributions and allocated profits and decreased by distributions and allocated losses. No Partner is entitled to interest on a capital contribution or to withdraw any part of a capital account except as this Agreement allows. Additional capital contributions may be required only on the written approval of [ADDITIONAL CAPITAL THRESHOLD, e.g., Partners holding at least 75 percent of the Percentage Interests], and a Partner who declines to contribute will have the Percentage Interest of that Partner diluted proportionally rather than being personally compelled to pay.

5. 5. Percentage Interests and Allocation of Profits and Losses

The Percentage Interests of the Partners are: [PARTNER 1 NAME] [PERCENTAGE]; [PARTNER 2 NAME] [PERCENTAGE]; [ADDITIONAL PARTNERS AND PERCENTAGES], totaling 100 percent. Net profits and net losses of the Partnership for each fiscal year will be allocated among the Partners in proportion to the Percentage

Interests, except that [SPECIAL ALLOCATION, e.g., losses will not be allocated to a Partner to the extent they would create a deficit capital account beyond the obligation of that Partner to restore it]. Allocations are made for both book and tax purposes in a manner intended to comply with applicable federal income tax rules governing partnership allocations. The Partnership is a pass-through entity, and each Partner is responsible for the income taxes on the share of that Partner regardless of whether cash is distributed.

6. 6. Distributions and Partner Draws

Distributions of available cash will be made to the Partners in proportion to the Percentage Interests at the times determined under Section 7, after reserving amounts the Partners consider necessary for working capital, debt service, taxes, and reasonably anticipated liabilities. The Partnership will use commercially reasonable efforts to distribute, within [TAX DISTRIBUTION TIMING, e.g., 75 days after the end of each fiscal year], an amount sufficient to cover the estimated income tax liability of each Partner on allocated income, calculated at an assumed rate of [ASSUMED TAX RATE]. Each Partner may take a regular draw of [DRAW AMOUNT] per [DRAW PERIOD, e.g., month], which is treated as an advance against future distributions. No distribution or draw may be made if it would render the Partnership unable to pay its debts as they come due.

7. 7. Management, Voting, and Authority

Except as limited below, each Partner has equal rights in the management and conduct of the business, and ordinary matters arising in the ordinary course will be decided by [ORDINARY VOTE STANDARD, e.g., a majority of the Percentage Interests]. The following actions require the written consent of [MAJOR DECISION THRESHOLD, e.g., all Partners]: admitting a new Partner; selling, leasing, or pledging substantially all of the assets; borrowing more than [BORROWING LIMIT] or granting a security interest; entering into any contract with a term longer than [CONTRACT TERM LIMIT] or a value greater than [CONTRACT VALUE LIMIT]; amending this Agreement; changing the business purpose; commencing or settling litigation above [LITIGATION THRESHOLD]; and dissolving the Partnership. No Partner may bind the Partnership to an obligation exceeding [INDIVIDUAL SIGNING AUTHORITY] without prior written approval, and a Partner who does so is responsible to the other Partners for any resulting loss.

8. 8. Duties, Time Commitment, and Outside Activities

Each Partner will devote [TIME COMMITMENT, e.g., full time and attention / at least 20 hours per week] to the business of the Partnership and will act in good faith and in the best interests of the Partnership. The specific roles of the Partners are: [ROLE ASSIGNMENTS, e.g., Partner 1 manages operations and staffing; Partner 2 manages finance and business development]. Salaries or guaranteed payments, if any, are set at [SALARY OR GUARANTEED PAYMENT TERMS] and may be changed only by the approval standard in Section 7. During the term of the Partnership, no Partner may engage in a business that competes with the Partnership within [NON-COMPETE SCOPE AND TERRITORY] without written consent, and each Partner will present to the Partnership any business opportunity within the stated purpose before pursuing it personally. A Partner who diverts a Partnership opportunity holds the benefit of it in trust for the Partnership.

9. 9. Books, Records, and Banking

The Partnership will maintain complete and accurate books of account at [RECORDS LOCATION], and every Partner has the right to inspect and copy them at any reasonable time. Financial statements will be prepared [REPORTING FREQUENCY, e.g., monthly and annually] and delivered to each Partner within [REPORTING DEADLINE, e.g., 30 days] after the end of each reporting period. The Partnership will maintain its funds in accounts at [BANK NAME] in the name of the Partnership, and Partnership funds will never be commingled with the personal funds of any Partner. Withdrawals above [DUAL SIGNATURE THRESHOLD] require the signatures of [NUMBER] Partners. The Partnership will designate [PARTNERSHIP REPRESENTATIVE NAME] as the partnership representative for federal tax purposes, and that person will provide each Partner with the applicable tax reporting schedule by [TAX SCHEDULE DEADLINE].

10. 10. Admission of New Partners

A new Partner may be admitted only with the written consent required by Section 7 and only after signing a joinder agreeing to be bound by this Agreement as then amended. On admission, the Percentage Interests of the existing Partners will be diluted proportionally unless the Partners agree otherwise in writing, and the capital account of the new Partner will be credited with the agreed value of the contribution made by that new Partner. A new Partner is not liable for any Partnership obligation that arose before the date of admission beyond the capital contributed by that new Partner. The Partners will amend Exhibit A to reflect the revised Percentage Interests within [AMENDMENT PERIOD, e.g., 15 days] after admission.

11. 11. Withdrawal, Death, Disability, and Buyout

A Partner may withdraw voluntarily by giving [WITHDRAWAL NOTICE, e.g., 90 days] written notice to the other Partners. On the voluntary withdrawal, death, permanent disability, bankruptcy, or expulsion for cause of a Partner (each a "Departure Event"), the Partnership has the option, and if it declines, the remaining Partners have the option, to purchase the entire interest of the departing Partner. The purchase price is the fair value of the interest determined by [VALUATION METHOD, e.g., an independent appraiser selected by the parties / a formula equal to a multiple of trailing twelve-month earnings], reduced by any amount that Partner owes the Partnership. The price is payable [PAYMENT TERMS, e.g., 25 percent at closing and the balance in 36 equal monthly installments with interest at the applicable federal rate]. The Partnership may fund the buyout with life or disability insurance, and the Partners agree to cooperate in obtaining that coverage. A departing Partner remains liable for Partnership obligations incurred before the Departure Event and will be indemnified by the Partnership for obligations incurred after it.

12. 12. Dissolution and Winding Up

The Partnership will be dissolved on the earliest of: the written agreement of [DISSOLUTION THRESHOLD, e.g., all Partners]; the sale of substantially all of the assets; a judicial decree of dissolution; or the occurrence of [SPECIFIED DISSOLUTION EVENT]. A Departure Event does not dissolve the Partnership if the remaining Partners elect to continue the business, which they may do by written notice within [CONTINUATION ELECTION PERIOD, e.g., 60 days]. On dissolution, the Partners will wind up the affairs of the Partnership by liquidating the assets and applying the proceeds in the following order: first to creditors other than Partners; second to Partners for loans made to the Partnership; third to the Partners in proportion to their positive capital account balances; and any remainder to the Partners in proportion to the Percentage Interests. No Partner may take, sell, or encumber Partnership property during winding up except as part of the liquidation.

13. 13. Governing Law, Dispute Resolution, and General Provisions

This Agreement is governed by the laws of the State of [GOVERNING STATE], without regard to its conflict of laws rules. Before starting any proceeding, the Partners will attempt to resolve the dispute through direct discussion for at least [NEGOTIATION PERIOD, e.g., 30 days] and then through mediation in [MEDIATION LOCATION]. Any dispute not resolved that way will be brought exclusively in the courts located in [VENUE COUNTY AND STATE], and the prevailing party may recover reasonable attorney fees and costs. This Agreement is the entire agreement among the Partners regarding the Partnership and replaces all prior discussions and understandings. Amendments must be in writing and signed by the Partners whose approval Section 7 requires. If any provision is unenforceable, the remainder stays in effect and that provision will be narrowed only as far as necessary. No Partner may assign an interest in the Partnership except as Section 11 permits.

14. 14. Signatures

By signing below, each Partner acknowledges having read this Agreement, understanding it, and agreeing to be bound by it as of the Effective Date. PARTNER 1: [PARTNER 1 NAME]. Signature: ______________________. Printed Name: [PRINTED NAME]. Date: [DATE]. PARTNER 2: [PARTNER 2 NAME]. Signature: ______________________. Printed Name: [PRINTED NAME]. Date: [DATE]. ADDITIONAL PARTNER: [PARTNER NAME]. Signature: ______________________. Printed Name: [PRINTED NAME]. Date: [DATE]. This Agreement may be signed in counterparts, and electronic signatures have the same effect as original signatures on a single document.

15. Disclaimer

This template is provided for general informational purposes only and is not legal advice. Partnership law, default profit-sharing rules, and the personal liability of general partners vary by state, and the tax treatment of contributions, allocations, and buyouts can be complex. Review and adapt this document for your own facts, and consult a licensed attorney and a tax advisor in your state before relying on it. Use of this template does not create an attorney-client relationship with ScanContract.