TEMPLATE

Partnership Agreement

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer–client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Partnership Agreement

This Partnership Agreement (this "Agreement") is made on [Date] between [First Partner's full legal name] of [First Partner's address] and [Second Partner's full legal name] of [Second Partner's address] (each a "Partner" and together the "Partners"). The Partners agree to carry on a business together as a general partnership on the terms of this Agreement. Additional partners may be added under clause 9 and should sign a joinder to this Agreement.

The Partnership will carry on the business of [Describe the nature of the business] under the name [Partnership name] (the "Partnership"), with its principal place of business at [Principal place of business address], beginning on [Start date].

1. Term

The Partnership continues from the date stated above until it is dissolved under clause 11 or, if the Partners state a fixed term below, until the end of that term, whichever happens first: [Term, e.g. a fixed term of five (5) years, or state that the Partnership has no fixed term].

2. Capital Contributions

Each Partner shall make the following contribution to the capital of the Partnership (a "Capital Contribution") on or before [Contribution date, e.g. the date this Agreement is signed]. A Capital Contribution may be cash, property or services, valued as stated below:

(a) [First Partner's name]: [First Partner's Capital Contribution and its value, e.g. $X cash, or a description of property or services and its agreed value];

(b) [Second Partner's name]: [Second Partner's Capital Contribution and its value, e.g. $X cash, or a description of property or services and its agreed value].

3. Capital Accounts and Additional Contributions

The Partnership shall maintain a capital account for each Partner, credited with that Partner's Capital Contribution and share of profits under clause 4, and debited with that Partner's share of losses and any distributions to that Partner. Property contributed as capital is valued at its fair market value as the Partners agree at the time of contribution; services contributed as capital are valued at the amount stated in clause 2, not at an hourly or project rate.

No Partner is required to make any Capital Contribution beyond the amount stated in clause 2, and no Partner is entitled to interest on their Capital Contribution or capital account balance, unless the Partners agree otherwise in writing.

4. Allocation of Profits and Losses

Profits and losses of the Partnership are allocated between the Partners as follows: [First Partner's name], [First Partner's profit and loss share, e.g. 50%]; [Second Partner's name], [Second Partner's profit and loss share, e.g. 50%]. [State whether this matches the Capital Contributions above or is set separately].

Distributions of cash to the Partners are made [Distribution terms, e.g. quarterly, in the same proportions as the profit allocation above, after reasonable reserves for expenses]. No Partner may draw Partnership funds outside a distribution approved under clause 5 without the other Partners' consent.

5. Management and Decision-Making

Each Partner has an equal right to participate in managing the Partnership's business. Decisions in the ordinary course of business are decided by a majority vote of the Partners, with each Partner having one vote regardless of Capital Contribution or profit share, unless the Partners agree in writing to weight votes differently.

Each Partner may act for and bind the Partnership in matters within the ordinary course of its business, consistent with a decision the Partners have approved under this clause. A Partner who acts outside the ordinary course of business, or contrary to a decision the Partners have made, is liable to the Partnership and the other Partners for any resulting loss.

The following decisions require the unanimous written consent of all Partners, regardless of the majority-vote rule above:

(a) borrowing money in the Partnership's name or granting a security interest in Partnership property;

(b) buying, selling, leasing or encumbering real property, or any other asset above [Major transaction threshold, e.g. $10,000] in value;

(c) admitting a new Partner under clause 9, or removing a Partner other than by withdrawal under clause 10;

(d) changing the Partnership's name or principal business, or the allocation in clause 4;

(e) committing the Partnership to a contract with a term longer than [Long-term contract threshold, e.g. one (1) year]; or

(f) any other matter the Partners agree in writing requires unanimous consent.

6. Duties and Time Commitment of Partners

Each Partner shall devote [Time commitment, e.g. their full business time, or a stated number of hours per week] to the Partnership's business and shall act in good faith and in the Partnership's best interest in every matter relating to it.

Except as the Partners agree otherwise in writing, a Partner shall not, without the other Partners' consent, engage in a business that competes with the Partnership or take a business opportunity that belongs to the Partnership for their own account. Each Partner shall account to the Partnership for any profit or benefit they derive from the Partnership's business or its property without the other Partners' consent.

A Partner is not entitled to a salary or wage for services to the Partnership beyond their share of profits under clause 4, unless the Partners agree otherwise in writing and state the amount and terms.

7. Books, Records and Accounting

The Partnership shall maintain accurate books of account on a [Accounting method, e.g. cash or accrual] basis, and each Partner may inspect them, and take copies, at any reasonable time.

The Partnership's fiscal year ends on [Fiscal year end, e.g. December 31] . As soon as practicable after the end of each fiscal year, the Partnership shall give each Partner a statement of their share of profits, losses and distributions for tax reporting purposes.

Partnership funds shall be kept in an account in the Partnership's name at [Bank or financial institution, or state to be agreed by the Partners] , and withdrawals require the signature of [Signing authority on Partnership accounts, e.g. any one Partner, or both Partners jointly] .

8. Liability of Partners

This is a general partnership, not a limited-liability entity. Each Partner is personally liable, jointly and severally with the Partnership and the other Partners, for the debts and obligations of the Partnership to the extent the law governing this Agreement provides. This Agreement governs the Partners' rights and obligations among themselves; it does not limit a Partner's liability to a third party, which is set by law and cannot be changed by an agreement between the Partners alone.

As between the Partners, a Partner who pays more than their allocated share of a Partnership debt or liability under clause 4 is entitled to contribution from the other Partners for the excess, in proportion to their loss-sharing percentages.

9. Admission of New Partners

A new partner may be admitted to the Partnership only with the unanimous written consent of all existing Partners, on the Capital Contribution, profit and loss share, and other terms the existing Partners and the new partner agree in writing and record as an amendment to this Agreement.

A new Partner is bound by this Agreement from the date of admission and is not liable for a Partnership obligation incurred before that date, except to the extent of their Capital Contribution, unless the new Partner separately agrees to assume it.

10. Withdrawal of a Partner

A Partner may withdraw from the Partnership by giving the other Partners at least [Withdrawal notice period, e.g. thirty (30) days] written notice. A Partner also withdraws on their death, permanent incapacity, or an assignment for the benefit of creditors, bankruptcy or similar event affecting that Partner.

On a Partner's withdrawal, the remaining Partners may elect, by unanimous written consent within [Buyout election period, e.g. sixty (60) days] of the withdrawal, to continue the Partnership's business and buy out the withdrawing Partner's interest instead of dissolving the Partnership under clause 11.

If the remaining Partners elect to buy out a withdrawing Partner, the buyout price is the withdrawing Partner's capital account balance under clause 3, plus their allocated share of profits and losses through the date of withdrawal, valued as of that date and paid on the following terms: [Buyout payment terms, e.g. in equal monthly installments over twelve (12) months, with interest at X% per year]. The withdrawing Partner remains liable for Partnership obligations incurred before withdrawal, and the remaining Partners shall indemnify the withdrawing Partner against Partnership obligations incurred after it.

11. Dissolution and Winding Up

The Partnership dissolves on the first of the following to occur: the Partners' unanimous written agreement to dissolve; the sale or other disposition of all or substantially all of the Partnership's assets; an event that makes it unlawful for the Partnership to continue its business; or a Partner's withdrawal under clause 10 that the remaining Partners do not elect to continue under that clause.

On dissolution, the Partnership continues only to wind up its affairs. The Partners shall wind up the Partnership's business, collect its assets, and pay or make reasonable provision for its debts and liabilities, including amounts owed to a Partner other than for capital or profits.

After paying or providing for the Partnership's debts and liabilities, the Partnership shall distribute any remaining assets to the Partners in the following order: first, to repay each Partner's positive capital account balance; and second, any remainder in the same proportions as the profit allocation under clause 4. If the Partnership's assets are insufficient to repay a Partner's positive capital account balance in full, the shortfall is shared among the Partners in the same proportions as losses are allocated under clause 4.

12. Dispute Resolution

Before starting arbitration or litigation, the Partners shall attempt in good faith to resolve a dispute arising out of this Agreement or the Partnership's business through direct discussion for at least [Negotiation period, e.g. fourteen (14) days] . If the dispute is not resolved, the Partners shall [Next step, e.g. submit it to mediation, submit it to binding arbitration, or proceed to the courts named in clause 13] .

13. Governing Law and Jurisdiction

This Agreement, and the Partnership it forms, are governed by the laws of [Governing law, e.g. the State of Delaware] . The Partners submit to the exclusive jurisdiction of the courts of [Jurisdiction] .

14. General

This Agreement is the entire agreement between the Partners about the Partnership and replaces any earlier understanding on that subject. It may only be amended in writing signed by all Partners, except as clause 9 permits for admitting a new Partner.

A Partner may not assign or transfer their interest in the Partnership, in whole or in part, without the unanimous written consent of the other Partners; an assignment made without that consent does not make the assignee a Partner or entitle them to participate in management. If any provision of this Agreement is held unenforceable, the rest continues in force, and a failure to enforce a provision is not a waiver of it.

This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

First Partner

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________

Second Partner

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________