

Partnership Agreement

An agreement between two partners who run a business together. Template v1.0.

Date of this agreement: _____

Partnership name: _____

First partner: _____

Second partner: _____

The two partners named above (the Partners) agree to carry on business together as a partnership (the Partnership) on these terms.

1. The business

Business: _____

Start date: _____

Place of business: _____

The Partnership continues until it is dissolved under Section 9.

2. Contributions

First partner's contribution: _____

Second partner's contribution: _____

Contributions belong to the Partnership. No contribution earns interest, and no Partner has to contribute more, unless both Partners agree in writing.

3. Profits, losses and drawings

First partner's share (percent): _____

Second partner's share (percent): _____

Net profits and losses are shared in these percentages, which add up to 100. Each Partner may draw money against its expected share of profits only in amounts and at times both Partners agree. Drawings are deducted from that Partner's share when the yearly accounts are settled. A Partner repays any drawings that exceed its share.

4. Decisions and banking

Either Partner may make ordinary decisions in the usual course of the business. These major decisions need the agreement of both Partners:

- (a) Borrowing or lending money, or giving a guarantee.
- (b) Buying, selling or leasing land, vehicles or major equipment.
- (c) Signing a contract outside the usual course of the business.
- (d) Hiring or dismissing staff.
- (e) Admitting a new partner, or changing the business, its name or its place of business.

(f) Starting or settling a legal claim.

Bank payments may be signed by: _____

Partnership money is kept in an account in the Partnership's name. A payment linked to a major decision also needs the agreement of both Partners.

5. Time, attention and competition

Each Partner will give the business the time and attention it reasonably needs and act in good faith toward the other. While a Partner, neither may run or join a business that competes with the Partnership without the other's written consent.

6. Accounts and records

The Partnership keeps proper books of account at its place of business. Each Partner may inspect and copy them at any time. The accounts are closed at the end of each financial year and approved by both Partners.

7. New partners

A new partner may join only with the written consent of both Partners and after agreeing in writing to be bound by this agreement.

8. Leaving the Partnership

Days of written notice a Partner must give to leave: _____

A Partner may leave by giving that notice. The remaining Partner may then buy the leaving Partner's share at the value worked out as follows, paid within a period the Partners agree or, if they cannot agree, within twelve months:

The same applies if a Partner dies or can no longer act, with that Partner's estate or representative in its place. If the remaining Partner does not agree to buy within 60 days of the leaving date, the Partnership is dissolved.

9. Dissolution

The Partnership is dissolved if both Partners agree in writing, under Section 8, or when the law requires. The Partners then sell the assets as needed, pay the debts and costs, repay any loans from Partners and return contributions. Any balance or shortfall is shared in the percentages in Section 3.

10. Disputes

The Partners will first try to settle any dispute by talking in good faith. If that fails within 30 days, either Partner may refer it to mediation with a mediator both choose. If mediation does not settle it within 60 days, the dispute goes to final and binding arbitration before a single arbitrator under the arbitration law of the place named in Section 11. Either Partner may still ask a court for urgent relief.

11. Governing law and general terms

This agreement is governed by the laws of:

This is the whole agreement between the Partners. A change is valid only in writing signed by both Partners. If a term cannot be enforced, the rest still applies. It may be signed electronically and in counterparts.

Second partner

Signature

Name

Date

First partner

Signature

Name

Date