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# PARTNERSHIP AGREEMENT

State of Alabama

This Partnership Agreement (the "Agreement") is made and entered into on _____ (the "Execution Date") by and between the following Parties:

_____, located at the following address:

_____

and

_____, located at the following address:

_____

**BACKGROUND:**

A. The Partners wish to associate themselves as partners in business.

B. This Agreement sets out the terms and conditions that govern the Partners within the Partnership.

**IN CONSIDERATION OF** and as a condition of the Partners entering into this Agreement and other valuable consideration, the receipt and sufficiency of which consideration is acknowledged, the Parties to this Agreement agree to the following:

**ARTICLE I. Formation.**

1. By this Agreement, the Partners enter into a general partnership (the "Partnership") in accordance with the laws of the State of Alabama. The rights and obligations of the Partners will be stated in the applicable legislation of the State of Alabama (the "Act") except as otherwise provided in this Agreement.

**ARTICLE II. Name.**

2. The firm name of the Partnership will be the following: _____

**ARTICLE III. Purpose.**

3. The purpose of the Partnership will be the following:

_____

**ARTICLE IV. Term.**

4. The Partnership will begin on _____ and will continue until terminated as provided in this Agreement.

**ARTICLE V. Place of Business.**

5. The principal office of the business of the Partnership will be located at the following address or other such place as the Partners may from time to time designate:

_____

**ARTICLE VI. Capital Contributions.**

6. Each of the Partners has contributed to the capital of the Partnership, in cash, property, or services in agreed upon value, as follows (the "Capital Contribution"):

a. _____ -- $2 (two US dollars)

b. _____ -- $2 (two US dollars)

7. All contributions will be submitted fully and on time, no later than _____.

8. All capital contributions are final unless all partners give written consent of withdrawal.

**ARTICLE VII. Additional Capital.**

9. Capital contributions may be amended from time to time, according to the requirements of the Partnership provided that the interests of the Partners are not affected, except with the unanimous consent of the Partners. No Partner will be required to make additional capital contributions. Whenever additional capital is determined to be required and an individual Partner is unwilling or unable to meet the additional contribution requirement within a reasonable period, as required by Partnership business obligations, remaining Partners may contribute in proportion to their existing capital contributions to resolve the amount in default. In such case, the allocation of profits or losses among all the Partners will be adjusted to reflect the aggregate change in capital contributions by the Partners.

10. Any advance of money to the Partnership by any Partner in excess of the amounts provided for in this Agreement or subsequently agreed to as additional capital contribution will be deemed a debt owed by the Partnership and not an increase in capital contribution of the Partner. This liability will be repaid with interest at rates and times to be determined by a majority of the Partners within the limits of what is required or permitted in the Act. This liability will not entitle the lending Partner to any increased share of the Partnership's profits nor to a greater voting power. Such debts may have preference or priority over any other payments to Partners as may be determined by a majority of the Partners.

**ARTICLE VIII. Capital Accounts.**

11. An individual capital account (the "Capital Accounts") will be maintained for each Partner and their initial capital contribution will be credited to this account. Any additional capital contributions made by any Partner will be credited to that Partner's individual capital account.

**ARTICLE IX. Interest on Capital.**

12. No borrowing charge or loan interest will be due or payable to any Partner on their agreed capital contribution inclusive of any agreed upon additional capital

contributions.

**ARTICLE X. Financial Decisions.**

13. Decisions regarding the distribution of profits, allocation of losses, and the requirement for additional capital contributions as well as all other financial matters will be decided by a unanimous vote of the Partners.

**ARTICLE XI. Interest and Authority.**

14. The Partners' ownership interest in the Partnership will be as follows:

a. _____ -- 50% (fifty percent)

b. _____ -- 50% (fifty percent)

**ARTICLE XII. Profit and Loss.**

15. Subject to the other provisions of this Agreement, the net profits and losses of the Partnership, for both accounting and tax purposes, will accrue to and be borne by the Partners in equal shares (the "Profit and Loss Distribution").

16. The profits and losses will be accounted by a to be determined accountant for the Partnership.

17. The profits and losses will be distributed to the partners using the above Profit and Loss Distribution method weekly and will be paid on the Monday of each week.

18. Each Partner will be responsible for their own taxes on any distribution made.

**ARTICLE XIII. Voting.**

19. In any vote required by the Partnership, the vote cast by each Partner will be assessed where each Partner receives one vote carrying equal weight.

**ARTICLE XIV. Accounting.**

20. Accurate and complete books of account of the transactions of the Partnership

will be kept in accordance with generally accepted accounting principles (GAAP) and at all reasonable times will be available and open to inspection and examination by any Partner. The books and records of the Partnership will reflect all the Partnership's transactions and will be appropriate and adequate for the business conducted by the Partnership.

21. Accounting records will be kept on an accrual basis.

**ARTICLE XV. Annual Report.**

22. As soon as practicable after the close of each fiscal year, the Partnership will furnish to each Partner an annual report showing a full and complete account of the condition of the Partnership. This report will consist of at least the following documents:

a. a statement of all information as will be necessary for the preparation of each Partner's income or other tax returns;

b. a copy of the Partnership's federal income tax returns for that fiscal year;

c. supporting income statements;

d. a balance sheet;

e. a cash flow statement;

f. a breakdown of the profit and loss attributable to each Partner; and

g. any additional information that the Partners may require.

**ARTICLE XVI. Banking and Partnership Funds.**

23. The funds of the Partnership will be placed in such investments and banking accounts as will be designated by the Partners. All withdrawals from these bank accounts will be made by the duly authorized agent or agents of the Partners as agreed by unanimous vote of the Partners. Partnership funds will be held in the name of the Partnership and will not be commingled with those of any other person or entity.

## ARTICLE XVII. Fiscal Year.

24. The fiscal year will end on the following date each year: _____.

## ARTICLE XVIII. Audit.

25. All accounts related to the Partnership including contribution and distribution accounts will be audited weekly.

26. Any of the Partners will have the right to request an audit of the Partnership books. The cost of the audit will be borne by the Partnership. The audit will be performed by an accounting firm acceptable to all the Partners.

## ARTICLE XIX. Management.

27. All the Partners will be consulted and the advice and opinions of the Partners will be obtained as much as is practicable. However, the Managing Partner will have management and control of the day-to-day business of the Partnership for the purposes stated in this Agreement. All matters outside the day-to-day business of the Partnership will be decided by a unanimous vote of the Partners.

28. The following Partner will serve as the Managing Partner: _____. The term "Managing Partner" will also include any Party subsequently appointed to that role.

29. In addition to day-to-day management tasks, the Managing Partner's duties will include keeping, or causing to be kept, full and accurate business records for the Partnership according to generally accepted accounting principles (GAAP) and overseeing the preparation of any reports considered reasonably necessary to keep the Partners informed of the business performance of the Partnership.

30. A Managing Partner can voluntarily withdraw from the position of Managing Partner or can be replaced by a unanimous vote of remaining Partners. In the event of a withdrawal or removal of the Managing Partner from the position of Managing Partner or from the Partnership, the remaining Partners will have equal rights in the management of the Partnership until and unless they appoint a successor Managing Partner.

31. The Managing Partner will not be liable to the remaining Partners for any action or failure to act resulting in loss or harm to the Partnership except in the case of gross negligence or willful misconduct.

32. The Managing Partner is authorized and may retain, or otherwise secure or enter into contracts with persons or firms as from time to time may be required in the management of the Partnership's business including, but not limited to, arrangements with sales companies, attorneys, accountants, brokers, advertising, and insurance companies.

**ARTICLE XX. Contract Binding Authority.**

33. Only the Managing Partner will have the authority to bind the Partnership in contract.

**ARTICLE XXI. Compensation for Services Rendered.**

34. Partners may be compensated for services actually rendered as from time to time may be agreed by unanimous vote of the Partners.

**ARTICLE XXII. Tax Matters Partner.**

35. The following Partner will serve as the tax matters Partner: _____. The tax matters Partner will prepare, or cause to be prepared, all tax returns and reports for the Partnership and will make any related elections that the Partners deem advisable.

36. A tax matters Partner can voluntarily withdraw from the position of tax matters Partner or can be appointed or replaced by a majority vote of the other Partners. In the event of a withdrawal of the tax matters Partner from the Partnership, the remaining Partners will appoint a successor as soon as practicable.

**ARTICLE XXIII. Meetings.**

37. Regular meetings of the Partners will be held weekly.

38. Any Partner can call a special meeting to resolve issues that require a vote, as indicated by this Agreement, by providing all Partners with reasonable notice. In the case of a special vote, the meeting will be restricted to the specific purpose for which the meeting was held.

39. All meetings will be held at a time and in a location that is reasonable,

convenient, and practical considering the situation of all Partners.

**ARTICLE XXIV. Admitting a New Partner.**

40. A new Partner may be admitted to the Partnership with amajority vote of the existing Partners.

41. Any new Partner agrees to be bound by all the covenants, terms, and conditions of this Agreement, inclusive of all current and future amendments. Further, a new Partner will execute such documents as are needed to effect the admission of the new Partner. Any new Partner will receive such business interest in the Partnership as determined by a unanimous decision of the other Partners.

**ARTICLE XXV. Voluntary Withdrawal of a Partner.**

42. Any Partner will have the right to voluntarily withdraw from the Partnership at any time. Written notice of intention to withdraw must be served upon the remaining Partners at least 3 months prior to the withdrawal date.

43. The voluntary withdrawal of a Partner will result in the dissolution of the Partnership.

44. a Dissociated Partner will only exercise the right to withdraw in good faith and will act to minimize any present or future harm done to the remaining Partners as a result of the withdrawal.

**ARTICLE XXVI. Involuntary Withdrawal of a Partner.**

45. Events resulting in the involuntary withdrawal of a Partner from the Partnership will include but not be limited to: death of a Partner; Partner mental incapacity; Partner disability preventing reasonable participation in the Partnership; Partner incompetence; breach of fiduciary duties by a Partner; criminal conviction of a Partner; Expulsion of a Partner; Operation of Law against a Partner; or any act or omission of a Partner that can reasonably be expected to bring the business or societal reputation of the Partnership into disrepute.

46. The involuntary withdrawal of a Partner will result in the dissolution of the Partnership.

47. A trustee in bankruptcy or similar third party who may acquire that Dissociated Partner's interest in the Partnership will only acquire that Partner's economic rights and interests and will not acquire any other rights of that Partner or be admitted as a Partner of the Partnership or have the right to exercise any management or voting interests.

**ARTICLE XXVII. Dissociation of a Partner.**

48. Where the dissociation of a Partner for any reason results in the dissolution of the Partnership, then the Partnership will proceed in a reasonable and timely manner to dissolve the Partnership, with all debts being paid first, prior to any distribution of the remaining funds. Valuation and distribution will be determined as described in the Valuation of Interest section of this Agreement.

49. The remaining Partners retain the right to seek damages from a Dissociated Partner where the dissociation resulted from a malicious or criminal act by the Dissociated Partner or where the Dissociated Partner had breached their fiduciary duty to the Partnership or was in breach of this Agreement or had acted in a way that could reasonably be foreseen to bring harm or damage to the Partnership or the reputation of the Partnership.

**ARTICLE XXVIII. Dissolution.**

50. Except as otherwise provided in this Agreement, the Partnership may be dissolved only with a majority vote of all the Partners.

51. In the event of the dissolution of the Partnership, each Partner will share in any remaining assets or liabilities of the Partnership equally (the "Dissolution Distribution").

52. Upon dissolution of the Partnership and liquidation of Partnership property, and after payment of all selling costs and expenses, the liquidator will distribute the Partnership assets to the following groups according to the following order of priority:

a. In satisfaction of liabilities to creditors except Partnership obligations to current Partners;

b. In satisfaction of Partnership debt obligations to current Partners; and then

c. To the Partners according to the Dissolution Distribution described above.

53. The claims of each priority group will be satisfied in full before satisfying any claims of a lower priority group. Any excess of Partnership assets after liabilities or any insufficiency in Partnership assets in resolving liabilities under this section will be shared by the Partners according to the Dissolution Distribution described above.

**ARTICLE XXIX.**

**ARTICLE XXX.**

**ARTICLE XXXI. Title to Partnership Property.**

54. Title to all Partnership property will remain in the name of the Partnership. No Partner or group of Partners will have any ownership interest in such Partnership property in whole or in part.

**ARTICLE XXXII. Force Majeure.**

55. A Partner will be free of liability to the Partnership where the Partner is prevented from executing their obligations under this Agreement in whole or in part due to force majeure, such as earthquake, typhoon, flood, fire, and war or any other unforeseen and uncontrollable event where the Partner has communicated the circumstance of said event to any and all other Partners and taken any and all appropriate action to mitigate said event.

**ARTICLE XXXIII. Duty of Loyalty.**

56. No Partner will engage in any business, venture, or transaction, whether directly or indirectly, that might be competitive with the business of the Partnership or that would be in direct conflict of interest to the Partnership without the unanimous written consent of the remaining Partners. Any and all business, ventures, or transactions with any appearance of conflict of interest must be fully disclosed to all other Partners. Failure to comply with any of the terms of this clause will be deemed an Involuntary Withdrawal of the offending Partner and may be treated accordingly by the remaining Partners.

**ARTICLE XXXIV. Duty of Accountability for Private Profits.**

57. Each Partner must account to the Partnership for any benefit derived by that Partner without the consent of the other Partners from any transaction concerning the Partnership or any use by that Partner of the Partnership property, name, or business connection. This duty continues to apply to any transactions undertaken after the Partnership has been dissolved but before the affairs of the Partnership have been completely wound up by the surviving Partner or Partners or their Agent or Agents.

**ARTICLE XXXV. Duty to Devote Time.**

58. Each Partner will devote such time and attention to the business of the Partnership as the majority of the Partners will from time to time reasonably determine for the conduct of the Partnership business.

**ARTICLE XXXVI. Forbidden Acts.**

59. No Partner may do any act in contravention of this Agreement.

60. No Partner may permit, intentionally or unintentionally, the assignment of express, implied, or apparent authority to a third party that is not a Partner in the Partnership.

61. No Partner may do any act that would make it impossible to carry on the ordinary business of the Partnership.

62. No Partner may confess a judgment against the Partnership.

63. No Partner will have the right or authority to bind or obligate the Partnership to any extent with regard to any matter outside of the intended purpose of the Partnership.

64. Any violation of the above Forbidden Acts will be deemed an involuntary withdrawal of the offending Partner and may be treated accordingly by the remaining Partners.

**ARTICLE XXXVII. Indemnification.**

65. All Partners will be indemnified and held harmless by the Partnership from and against any and all claims of any nature, whatsoever, arising out of a Partner's participation in Partnership affairs. A Partner will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Partner or the breach by the Partner of any provision of this Agreement.

**ARTICLE XXXVIII. Liability.**

66. A Partner will not be liable to the Partnership, or to any other Partner, for any mistake or error in judgment or for any act or omission done in good faith and believed to be within the scope of authority conferred or implied by this Agreement or the Partnership.

**ARTICLE XXXIX. Liability Insurance.**

67. The Partnership may acquire insurance on behalf of any Partner, employee, agent, or other person engaged in the business interest of the Partnership against any liability asserted against them or incurred by them while acting in good faith on behalf of the Partnership.

**ARTICLE XL. Life Insurance.**

68. The Partnership will have the right to acquire life insurance on the lives of any or all of the Partners, whenever it is deemed necessary by the Partnership. Each Partner will cooperate fully with the Partnership in obtaining any such policies of life insurance.

**ARTICLE XLI. Amendments.**

69. This Agreement may not be amended in whole or in part without the unanimous written consent of all Partners.

**ARTICLE XLII. Jurisdiction.**

70. The Partners submit to the jurisdiction of the courts of the State of Alabama for the enforcement of this Agreement or any arbitration award or decision arising from this Agreement.

**ARTICLE XLIII. Severability.**

71. If any provision or term of this Agreement is held to be unenforceable, then this Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of the Agreement, valid and enforceable. If a court declines to amend this Agreement as provided herein, the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining terms and provisions, which shall be enforced as if the offending term or provision had not been included in this Agreement.

**ARTICLE XLIV. Miscellaneous Provisions.**

72. Time is of the essence in this Agreement.

73. This Agreement may be executed in counterpart.

74. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, it is the Parties' intent that such provision be reduced in scope by the Court only to the extent deemed necessary by that Court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired, or invalidated as a result.

75. This Agreement contains the entire agreement between the Parties. All negotiations and understandings have been included in this Agreement. Statements or representations which may have been made by any Party to this Agreement in the negotiation stages of this Agreement may in some way be inconsistent with this final written Agreement. All such statements are declared to be of no value in this Agreement. Only the written terms of this Agreement will bind the Parties.

76. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon the Partner's successors, assigns, executors, administrators, beneficiaries, and representatives.

77. All of the rights, remedies, and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies, and benefits allowed by law.

78. Any notice to be given under this Agreement shall be in writing and shall be sent by first class mail or air mail to the address of the relevant Party set out at the head

of this Agreement. Notices sent as above shall be deemed to have been received 3 working days after the day of posting (in the case of inland first class mail), or 7 working days after the date of posting (in the case of air mail). In proving the giving of a notice it shall be sufficient to prove that the notice was left, or that the envelope containing the notice was properly addressed and posted, as the case may be.

**IN WITNESS WHEREOF**, this Agreement has been executed and delivered in the manner prescribed by law as of the Effective Date first written above.

_____

**Signature :**

_____

**Date :**

_____

_____

**Signature :**

_____

**Date :**

_____